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LEAD STORIES

TRIPS COUNCIL DISCUSSES BIODIVERSITY,
HEALTH IN INFORMAL MODE 1

OTHER NEWS

INDIA, US CLASH OVER US MOVE TO HALT
FEDERAL OUTSOURCING 2

INDIA, BRAZIL, SOUTH AFRICA STRENGTHEN
SOUTH-SOUTH COOPERATION 3

FISCHLER PRESENTS EC SUGAR REFORM
CONCEPT TO LDCS 4

CANADIAN PHARMACEUTICAL PATENT ACT
VIGOROUSLY DISCUSSED 5

IN BRIEF

TRADE IN MEATS GRAVELY AFFECTED BY DISEASE
OUTBREAKS 6

TEXTILE GROUPS CALL FOR QUOTA EXTENSIONS
KENYA SPEAR-HEADS INITIATIVE AGAINST IVORY
SALES 7

POSITIVE PROSPECTS FOR BAHRAIN-US FTA THIS
YEAR 7

NEW EVIDENCE OF GM CONTAMINATION 8

APEC HIGHLIGHTS TRADE, SECURITY ISSUES 8

WTO IN BRIEF

ACCESSION, MARKET ACCESS FOCUS AT LDC SUB-
COMMITTEE 8

WTO APPOINTS PANEL IN US-EU BIOTECH DISPUTE 9

EVENTS & RESOURCES

EVENTS 9

RESOURCES 11

LEAD STORIES

TRIPS COUNCIL DISCUSSES BIODIVERSITY, HEALTH IN INFORMAL MODE

At the 8 March meeting of the WTO Council for Trade-related Aspects of Intellectual Property Rights (TRIPs), the outgoing Chair -- Ambassador Vanu Gopala Menon of Singapore -- reported on the outcomes of informal consultations on how to convert the 30 August 2003 Decision on paragraph 6 of the Doha Declaration (on access to generic medicines) into an amendment of the TRIPs Agreement. Members remained divided over the content and legal form of the amendment and the timing of its finalisation. The Council also discussed a new submission by a group of developing countries, represented by India, proposing a checklist for how to move forward on biodiversity-related discussions.

Last August's Decision on TRIPs and Public Health, together with a clarifying statement by the TRIPs Council Chair (see BRIDGES Weekly, 4 September 2003, <http://www.ictsd.org/weekly/03-09-04/wtoinbrief.htm>), spell out the conditions under which countries without pharmaceutical manufacturing capacity can import generic versions of drugs still under patent. Paragraph 11 of the Decision instructs the TRIPs Council to initiate work by the end of 2003 on an amendment to the TRIPs Agreement to replace the provisions of the waiver contained in the Decision. The amendment should be adopted by the end of June 2004.

Health discussions remain at informal level

Since the last meeting of the TRIPs Council in November 2003, the Chair has been conducting informal consultations on turning the waiver into a more permanent amendment. The US and the EC generally favour a rapid conclusion of the talks by the June 2004 deadline. In contrast, developing countries are taking a more cautious approach, hoping that the 30 August deal can be "improved" based on the experiences gained with its implementation. One option floated in

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the consultations was a delay of nine months, which would correspond to the delay on the original decision.

Regarding the content and legal form of the amendment, the US is advocating the inclusion of a simple footnote in the TRIPs Agreement referring to the 30 August Decision and the accompanying Chair's statement. While not entirely rejecting the idea of a footnote, the EC would prefer an amendment to Article 31 (other use without authorisation of the right holder) of the TRIPs Agreement. It remained unclear what the legal implications of such a footnote would be and in particular how it would affect the legal status of the Chair's statement. The Secretariat's legal division said it would consider this question while stressing that it was up to Members to clarify the issue.

Members did not discuss the amendment further in the TRIPs Council, and the new Chair Joshua Law of Hong Kong will continue to hold informal consultations.

Renewed calls for moving ahead on biodiversity

A group of developing countries, including Bolivia, Brazil, Cuba, Ecuador, India, Peru, Thailand, Venezuela and Pakistan, renewed their efforts to speed up discussions on resolving potential conflicts between the TRIPs Agreement and the Convention on Biological Diversity (CBD). To focus the discussions, their submission (IP/C/W/420, available at <http://docsonline.wto.org>) puts forward a checklist of three issues raised in previous proposals (see BRIDGES Weekly, 26 November 2003, <http://www.ictsd.org/weekly/03-11-26/story4.htm>), namely disclosure of origin and evidence of prior informed consent and benefit-sharing related to genetic material and traditional knowledge (TK).

While the EC did not necessarily agree with all three points, such as evidence of prior informed consent, it was willing to pursue the discussions along those lines. It also stressed that in order to avoid duplication, the TRIPs Council's work on TK should await the outcomes of the WIPO Intergovernmental Commission on Intellectual Property Rights and Genetic Resources, Traditional Knowledge and Folklore. Switzerland and Norway also signalled their openness to discussions. In contrast, the US opposed the checklist, arguing that there was no conflict between the TRIPs Agreement and the CBD and that the CBD should not be enforced through patent law. The US, along with Japan, called for the discussions to take place in WIPO. In response, the India-led group, supported by other developing countries, insisted that discussions should continue in the TRIPs Council pursuant to the mandate set out in para. 19 of the Doha Declaration.

Also at the meeting, the EC responded to an earlier submission by the African Group on the review of Article 27.3(b) (patentability of life forms) of the TRIPs Agreement (IP/C/W/404, see BRIDGES Weekly, 12 June 2003, <http://www.ictsd.org/weekly/03-06-12/story2.htm>). In general, the EC supported the submission's suggested approach to identify and focus on areas where agreement could be reached. However, the EC noted that the African Group's call for a ban on patenting of life was likely to be opposed by countries with biotechnology industries. Moreover, the EC thought the African proposal to provide indefinite protection for TK was "rather unacceptable", given that so far only names (i.e. trademarks and geographical indications) received lifelong protection while patents were subject to a 20-year time limit.

The special session on the multilateral register for wines and spirits will be held on 7 April. The next TRIPs Council is currently scheduled for 15-17 June. The Chair will hold informal consultations on health and biodiversity in the meantime.

The WIPO Intergovernmental Committee is meeting from 15-19 March in Geneva.

For an account of related discussions at the last meeting of the CBD in Kuala Lumpur (9-20 February), see BRIDGES Trade BioRes, 20 February 2004, <http://www.ictsd.org/biores/04-02-20/story1.htm>.

ICTSD reporting; "WTO divided on how to incorporate medicines agreement into TRIPs accord," WTO REPORTER, 10 March 2004; "Developing Countries call for focus on bio-piracy in TRIPs/biodiversity talks," WTO REPORTER, 4 March 2004.

OTHER NEWS

INDIA, US CLASH OVER US MOVE TO HALT FEDERAL OUTSOURCING

In a move to ban the outsourcing of US federal jobs, the US Senate on 4 March approved a measure preventing American companies from using money from certain federal contracts to export jobs overseas. The measure was attached to the "Jumpstart Our Business Strength (JOBS) Act," designed to heal trade ties with the EC. The Act itself aims at repealing a tax break for US exporters, which the WTO has ruled to be an illegal trade subsidy in the EC-US "Foreign Sales Corporations" dispute (see BRIDGES Weekly, 3 March 2004, <http://www.ictsd.org/weekly/04-03->

03/wtoinbrief.htm#3). The measure banning outsourcing would not apply to Defence, Homeland Security and Energy department contracts related to national security.

Zoellick: India not in a position to protest

The new US federal outsourcing ban would not apply to the 28 countries that have signed the plurilateral WTO Government Procurement Agreement (GPA). The GPA, comprising largely developed country Members, prohibits signatories from discriminating against foreign products and suppliers. Testifying at a hearing of the Senate Finance Committee on 9 March, US Trade Representative Zoellick said that "the Indians have absolutely no right to complain" about US restrictions on outsourcing government contracts to other countries because India (as China) is not a signatory to the WTO Agreement on Government Procurement". He also noted that India had been "one of the more difficult players" in the current round of global trade negotiations.

According to Senator Chris Dodd, who sponsored the bill, there was "hardly a level playing field out there," as the US could not compete for procurement contracts in countries such as India. He stated that in practice, procurement contracts were going to countries that were not signatories to the GPA. Forty US states now reportedly outsource jobs, as do 400 of the top 1,000 US corporations.

India: Difficult to accept double standards

The measure evoked complaints from India, which called a meeting of WTO Members in Geneva on 4 March to express concern over US steps to halt the outsourcing of jobs. During a visit by Robert Zoellick to New Delhi on 16 February, Indian Commerce Minister Arun Jaitley described the proposed restrictions as unacceptable to India. He considered it "strange" that on the one hand the US was talking about opening markets, and on the other, banning business process outsourcing. Jaitley declared that "it is difficult for our people to accept the double standards".

According to India's National Association of Software and Services Companies (NASSCOM), the measure would only have a minimal impact, as the share of US federal government contracts in exports of information technology software and services from India was less than two percent. However, the Association expressed dismay over the measure, declaring that it was "not in keeping with the increasing globalisation of trade, which benefits all countries, and is contrary to the spirit of free trade being promoted by the WTO and long espoused by the US".

The US Senate is expected to finish work on the bill later this month.

ICTSD reporting; "US Senate Approves Federal Contract Ban For Outsourcing," DOWJONES, 4 March 2004; "At WTO Meeting, India Signals Concern About U.S. Moves to Counter Outsourcing," WTO REPORTER 9 March 2004; " USTR Says India Has 'No Right' to Criticize U.S. for Seeking to Halt Outsourcing of Jobs," WTO REPORTER, 10 March 2004.

INDIA, BRAZIL, SOUTH AFRICA STRENGTHEN SOUTH-SOUTH COOPERATION

The foreign ministers of Brazil, India and South Africa -- Celso Amorim, Yashwant Sinha and Nkosazana Dlamini-Zuma met in New Delhi from 4-5 March. The India-Brazil-South Africa (IBSA) Trilateral Ministerial Forum in India discussed a wide range of topics related to the strengthening of South-South cooperation, including trade, and adopted a plan of action. The three countries, which played a key role in the establishment of the G-20 group of developing countries in the WTO around last year's Cancun Ministerial, set up the IBSA Forum in June 2003. It was formally launched by Presidents Thabo Mbeki, Lula da Silva and Prime Minister Atal Bihari Vajpayee during the UN General Assembly in September 2003.

Commenting on the group and the meeting, Amorim said "this is a group to spread goodwill and the message of peace we are not against anyone". Sinha stressed "the need to redefine the content of globalisation, to make it more pertinent to the needs and aspirations of the developing world". The three ministers said their partnership was "not just historic but irreversible", and said they would work more closely at multilateral forums such as the UN and the WTO "with the aim of advancing an alternative perspective on world affairs". The ministers discussed their trade links, and how to strengthen cooperation between Mercosur (which comprises Brazil, Argentina, Paraguay and Uruguay), the Southern African Customs Union and the South Asia Free Trade Association. At the end of their meeting, they adopted the New Delhi Agenda for Cooperation and a Plan of Action.

New Delhi agenda for cooperation and plan of action

The outcome of the meeting comprised an agenda for cooperation and a comprehensive plan of action. The plan of action spans such areas as trade and transportation, infrastructure, science and technology, information society, health, energy, and education. The

meeting also agreed on the establishment of the IBSA Fund for Alleviation of Poverty and Hunger, to be managed under UNDP. All three countries pledged financial contributions to the fund.

Specifically on trade and investment, the ministers agreed that "the IBSA countries can reinforce the economic strength of each other by synergising their complementarities in areas of industry, services, business and technologies and create a market of 1.2 billion people, 1.2 trillion dollars of GDP and foreign trade of 300 billion dollars". They also agreed to give further consideration to a trilateral cooperation agreement to promote and facilitate trade.

Further, the three ministers agreed to: seek convergence between the preferential trade negotiations between the three countries and their regions (Mercosur-SACU, Mercosur-India, SACU-India); increase trade flows between the three countries from US\$ 4.6 billion presently to US\$ 10 billion by 2007; and strengthen business to business links among the three countries. In addition, they would continue holding IBSA business summits and conduct studies on how to increase trade and investment among the three countries.

Zoellick calls for concessions from large developing countries

In related news, US Trade Representative Robert Zoellick lashed out at advanced developing countries such as India, China and Brazil in a testimony before the US Senate Finance Committee on 9 March, stressing that "large emerging market countries are going to have to open up more to the US and the global trading system, if they want to continue to enjoy trade benefits". On special and differential treatment, he said competitive countries such as Brazil and Argentina should not expect more lenient terms and longer implementation schedules, which should be the reserve of the poorest developing countries. "So that's how we're going to have to strike the balance," he said -- "for those that are truly in need versus those that are competitive".

During his speech to the US Senate, Zoellick gave an overview of US activities and plans on the multilateral, regional and bilateral trade fronts, taking a tough stance on China, particularly China's currency, certain tax policies and failure to enforce intellectual property rights.

To access the IBSA Plan of Action see <http://www.dfa.gov.za/docs/2004/ibsa0305a.htm>

To access Zoellick's statement before the US Senate Committee on Finance see <http://www.ustr.gov/speech-test/zoellick/2004-03-09-senatefinance.pdf>

"India, Brazil, South Africa begin strategic talks in New Delhi," CHANNEL NEWS ASIA, 5 March 2004; "India, Brazil, S Africa bloc forges ahead," TIMES OF INDIA, 6 March 2004; India, Brazil, South Africa discuss steps to enhance cooperation in economic arena, AP, 4 March 2004; "USTR: India, China Must Give To Get Trade Benefits," DOW JONES, 9 March 2004; "India, Brazil, South Africa Ready to Lead Global South," IPS, 7 March 2004.

FISCHLER PRESENTS EC SUGAR REFORM CONCEPT TO LDCS

At a Least-Developed Country (LDC) Sugar Conference held in Brussels on 3 March, EC Agriculture Commissioner Franz Fischler outlined Europe's main criteria for reforming its protected and subsidised sugar sector. Fischler opened his speech by noting that reform was unavoidable for four reasons. First, the sugar regime is "in complete disharmony" with the overall reform of the EC's Common Agricultural Policy (CAP), which focuses on decoupling domestic support. Second, the regime is being criticised externally by the EC's trading partners for causing distortions through its high border protection and export subsidisation. Third, completely duty- and quota-free access for sugar imports from LDCs -- to be phased in between July 2006 and July 2009 under the Everything But Arms (EBA) initiative -- will challenge the current quota and production scheme. Finally, the pending WTO case against the EC's sugar regime (see BRIDGES Weekly, 17 July 2003, <http://www.ictsd.org/weekly/03-07-17/story5.htm>) may have "severe implications" for African, Caribbean and Pacific (ACP) countries and the level of EC quotas.

Fischler highlights needs for compensation

Elaborating on three possible options for sugar reform outlined in a Commission paper of 23 September 2003 (see BRIDGES Weekly, 25 September 2003, <http://www.ictsd.org/weekly/03-09-25/story2.htm>) -- i.e. status quo, price reduction, and full liberalisation -- the Commissioner explained that the EC would have to consider its international obligations on the one hand, but also the need to compensate both EC producers and ACP countries for losses due to price and quota reductions. Sources reported that Fischler himself said that under the full liberalisation option European sugar production would decrease by 75 percent. According to the European beet growers association (CIBE), some 500,000 jobs depend on the EC sugar regime. In a January paper, Oxfam International stated that it would

support price reduction or fixed quota models, provided they would end export dumping, "ensure reasonable levels of market access to northern markets for developing country agricultural exports -- particularly from the poorest countries," and "promote socially and environmentally sustainable rural sectors in northern and southern countries".

LDCs express concern over reform plans

At the meeting, ministers from Bangladesh, Mozambique, Nepal and Sudan expressed their concern with the proposed reform. Sudanese trade minister Abd al-Hameed Musa Kasha said at the meeting that the reform in 2006 could seriously hurt the poorest and most vulnerable developing countries, as LDCs currently get preferential treatment under the EBA. In a situation of free competition, stronger developing countries such as Brazil and the Balkan states would likely crowd out the LDCs on the EC market. Kasha noted that "Only by allowing us to sell sugar at a certain guaranteed price can EBA become meaningful to our economies". Currently, sugar, rice and bananas are the only products under quota under the EBA. These quotas will be phased out between 2006-2009.

According to Fischler, the European Commission is to table a proposal for sugar reform before the end of this summer. In the meantime, EC Agriculture Ministers will meet on 22 March to discuss the Commission's three-option model.

"The planned reform of the EU's sugar regime and developing countries," EU PRESS RELEASE, 3 March 2004; "Fischler muses on sugar reform," BAKERYANDSNAKS.COM, 4 March 2004; "Sugar Reforms Turning Bitter," IPS, 8 March 2004.

CANADIAN PHARMACEUTICAL PATENT ACT VIGOROUSLY DISCUSSED

On 8 March, the Canadian HIV/AIDS Legal Network made a supplementary submission to the Canadian Parliament on proposed changes to a Canadian law that make it easier for least developed and developing countries to obtain less expensive versions of patented pharmaceutical products. The Canadian government announced in late September that it would amend patent laws to allow generic pharmaceutical companies to produce and export patent-protected drugs to countries unable to manufacture their own (see BRIDGES Weekly, 15 October 2003, <http://www.ictsd.org/weekly/03-10-15/story5.htm>). The Canadian government's announcement followed a 30 August decision of the WTO General Council on a mechanism for relaxing the restrictions in the TRIPS

Agreement (Article 31) on using compulsory licensing to produce generic medicines in one country for export to another (see BRIDGES Weekly, 4 September 2003, <http://www.ictsd.org/weekly/03-09-04/wtoinbrief.htm#1>). Canada is set to be the first country to operationalise the 30 August WTO Decision.

The submission by the HIV/AIDS Legal Network submission is one of a series of actions taken by various civil society organisations such as the Canadian Generic Pharmaceutical Association (CGPA) and the European Aids Treatment Group (EATG) that call on the Canadian government to amend the current draft bill. The organisations are highlighting flaws that would prevent developing countries from reaping the benefits of lower drug costs. The government initially tabled the bill B C-56 last November. It was reinstated this year (and is now called Bill C-9), and a number of non-governmental organisations (NGOs) feel it has not been improved.

Right of refusal provisions

The "right of refusal" provisions in the current bill, giving patent holders the "right" to assume contracts already negotiated between generic producers and purchasers in the importing country, has been a hotly discussed topic. Jim Keon, President of CGPA commented that "the very existence of the right of first refusal will dissuade Canadian generic companies from pursuing agreements or bidding on contracts under this initiative. Generic drug companies will not invest time and millions of dollars if it all could be taken away". In response to such criticism, research-based pharmaceutical companies have proposed an alternative to the right of refusal as it appears in Bill C-9, requiring generic producers to notify the Canadian patent holder of any negotiations it undertakes with a developing country purchaser to supply a pharmaceutical product, thus giving the patent holder the opportunity to bid on the contract. The Canadian HIV/AIDS Legal Network, in response to such an alternative, noted in its latest supplementary submission that the patent holder would have an incentive to undercut any price offered by the generic manufacturer to maintain its monopoly, not solving the drug access problem. The Legal Network has suggested alternatives to allow the generic pharmaceutical manufacturer to obtain either a voluntary (granted by the patent holder, at two percent royalty) or a compulsory (granted by the Commissioner of Patents with a fixed royalty rate) licence to enable a follow through on contracts the generic producer negotiates with a developing country purchaser.

"Schedule 1" and other concerns

Although the Canadian government has recommended attaching a list of pharmaceutical products to the Bill C-9 for which a generic manufacturer could obtain a compulsory license for export (known as "Schedule 1"), the HIV/AIDS Legal Network, among other non-governmental organisations, believes it is important to maintain an open list of pharmaceutical products to be exported. The group noted that "the preferable approach, consistent with and supported by both the Doha Declaration and the 30 August 2003 decision from the WTO, is that the decision making authority decide when to use compulsory licensing to obtain cheaper products should rest with the country that is taking this step to address its own, self-determined 'public health' needs".

Other issues highlighted as problematic included the fact that developing countries that are not WTO Members would be excluded from the remit of the Bill, and the fact that under the Bill as it stands, NGOs and international organisations would not be allowed to obtain generic medicines for patients in developing countries.

Sources of further information

The Canadian HIV/AIDS Legal Network has produced an information kit, available online, which will be sent to all Canadian Members of Parliament. It is available online at http://www.aidslaw.ca/Maincontent/issues/cts/patent-amend/BillC-9_KitMP.htm (English) and

<http://www.aidslaw.ca/francais/Contenu/themes/soinstruments/brevet-amend/trousse%20projet%20de%20loi%20C-9.htm> (French)

The European Aids Treatment Group (EATG) has launched a site for organisations to endorse changes to Bill C-9. To access the sign-on letter see <http://www.eatg.org/modules.php?op=modload&name=News&file=article&sid=172&newlang=eng>

The supplementary submission by the Canadian HIV/AIDS Legal Network to the Parliamentary Standing Committee on Industry, Science and Technology is available at http://www.aidslaw.ca/Maincontent/issues/cts/patent-amend/SCIST%20Submission%20No%202_CHALN_March04.pdf

ICTSD reporting.

IN BRIEF**TRADE IN MEATS GRAVELY AFFECTED BY DISEASE OUTBREAKS**

According to the UN Food and Agriculture Organisation (FAO), one third of global meat exports is affected by bird flu and mad cow disease outbreaks. The resulting loss in trade could rise to US\$ 10 billion in lost revenue in 2004 if import bans on the meat and poultry continue. The Asian region, which comprises nine out of the twelve nations affected, is set to lose at least US\$ 500 million due to the bird flu crisis. One hundred million poultry have died or been culled in the region due to the disease. Export dependent countries are hardest hit; Thailand has already culled 25 percent of its domestic flocks. Consumption patterns in countries not directly affected by bird flu have also shifted, with India's poultry industry reportedly losing more than US\$ 2.2 million daily due to lack of demand for chicken and eggs, accompanied by a one-third drop in chicken prices. Bovine spongiform encephalopathy, or mad cow disease, is affecting the exports of Canadian and US beef, valued at approximately US\$4 billion. Demand for alternatives is expected to increase; shortages of beef and chicken have already led to a 40 percent surge in pork prices in Japan.

ICTSD reporting; "Mad Cows, Sick Chickens Slash Global Meat Export Value," ENS, 3 March 2004.

TEXTILE GROUPS CALL FOR QUOTA EXTENSIONS

On 4 March, a group of textile producers' organisations in the US and Turkey sent a letter to WTO Director-General Supachai Panitchpakdi, calling for a three-year extension to the WTO Agreement on Textiles and Clothing (ATC). The ATC was set up as a transitional mechanism in 1995, with a view to phasing out a world-wide quota system for trade in textiles and clothing by the end of 2004. As the end date is nearing, some producers are worried about its implications, and the letter -- signed by four Turkish and two US groups, including the Turkish Textile Employers Association and the American Manufacturing Trade Action Coalition -- warned of "massive trade and economic disruption". The groups called for an emergency WTO session on the issue to be held prior to 1 July.

These groups, the first to jointly voice their concerns to the WTO, hope that textile producers' organisations from other countries will join their initiative. A number of countries, such as Turkey and Bangladesh that currently export textiles under quotas to developed

countries, are afraid they will lose their markets to cheaper Chinese products under a liberalised scheme. The textile producers' letter in fact stressed that the international situation has changed dramatically since China joined the WTO, and cautioned that China was using illegal practices such as "undervalued currencies and state subsidies". Developed country producers also fear competition from China, and US Trade Representative Robert Zoellick has stressed that "the world will be watching closely to see how China handles this transition". US trade officials have not indicated their support for negotiating an extension at the WTO.

ICTSD reporting; "US, Turk textile groups urge world quota extension," REUTERS, 4 March 2004; "U.S., Turkish Textile Groups Jointly Urge Three-Year Delay in Elimination of Quotas," WTO REPORTER, 5 March 2004.

KENYA SPEAR-HEADS INITIATIVE AGAINST IVORY SALES

A Kenya-sponsored meeting agreed on 9 March to oppose any trade in ivory. Ivory trade was banned in 1998 under the Convention on International Trade in Endangered Species (CITES). African elephant populations had, at the time, halved to 600,000 in just a decade. In 2002 CITES provisionally agreed to allow three African countries -- South Africa, Namibia and Botswana -- to make one-off sales by May 2004 of their stockpiles of ivory obtained from poachers or culled from dead elephants. These countries claimed that their elephant populations no longer were under threat, and said they would use the ivory revenues to finance further conservation programmes.

Kenya, along with Uganda, Ethiopia, Mali, Cameroon, Tunisia and Ghana, oppose any sale of ivory stockpiles however, claiming that the three countries have not met requirements such as installing systems monitoring elephant poaching, registering their ivory stocks and imposing domestic laws and control systems to protect elephants. "Kenya believes that a premature relaxation of the current ban would indicate to the world that elephant populations had miraculously recovered," said Kenyan Vice President Moody Awori. "Any trade in ivory must be regulated, otherwise it will trigger off a massacre of the remaining African elephants," according to Kenyan Environment Minister Newton Kulundu. He said any sale would fuel the flourishing illegal ivory trade.

The CITES Standing Committee will meet in Geneva from 15-19 March to discuss the one-off sale of ivory, among other things.

"Kenya Leads Campaign Against One-Time Ivory Sales," UNWIRE, 8 March 2004; Kenya Asks for Southern African Ivory Sale Freeze, REUTERS, 8 March 2004; "IFAW And 7 African States Opposed to Ivory Trade," ENN, 7 March 2003.

POSITIVE PROSPECTS FOR BAHRAIN-US FTA THIS YEAR

Bahrain's Finance and National Economy Minister Abdulla Saif and US Trade Representative Robert Zoellick announced the formation of a congressional caucus supporting the US-Bahrain Free Trade Agreement on the 3 March. "This frankly may be the quickest we've ever got a free-trade agreement done," commented Zoellick. Lead US negotiator Catherine Novelli noted that the parties hoped to finalise the negotiations in the first half of this year. At the conclusion of the second round of trade talks last week, Novelli said negotiators have yet to come across any "points that are not solvable," and said there were no "deal breaking obstacles" facing negotiators. The agreement will not contain a chapter on new investment rules. Such regulations, along with an investor-state dispute mechanism, already exist in a Trade and Investment Framework Agreement (TIFA) between the countries. The two sides have exchanged market access and services offers. Progress is largely due to the already very open nature of Bahrain's economy, according to Novelli. She added that problems might emerge over discussions that have yet to occur over market access for textiles and apparel. There has been discussion over whether Bahrain would be given a textile and apparel tariff-preference level (TPL), allowing Bahrain to incorporate third country fabric into apparel exported to the US under the free trade agreement. The existing US FTA with Jordan and the recently concluded US-Morocco FTA (see BRIDGES Weekly, 3 March 2004, <http://www.ictsd.org/weekly/04-03-03/inbrief.htm#2>) contain provisions for such an arrangement.

No firm date has been set for their third round of talks, but the countries are looking at dates in May. In 2002, US exports to Bahrain totalled US\$ 419.2 million while Bahrain exported US\$ 395.1 million worth of goods. The US recently signed TIFAs with Kuwait and Yemen and plans to sign agreements with the United Arab Emirates and Qatar. These agreements form the components of a greater Middle East regional free trade agreement, which the US is seeking to agree by 2013.

"US, Bahrain trade talks moving quickly - Zoellick," REUTERS, 3 March 2004; "Congressional Caucus on US Bahrain Free Trade Announced," US NEWswire, 3 March 2004; "Caucus to back US-Bahrain trade deal," TRADE ARABIA, 6 March 2004.

NEW EVIDENCE OF GM CONTAMINATION

A study released by the Union of Concerned Scientists (UCS) in late February, entitled "Gone to Seed," documents research showing that the traditional varieties of three major US food crops are found to have DNA from genetically engineered crops. According to Dr. Margaret Mellon, the lead author of the study, "This study shatters the presumption that at least one portion of the seed supply -- that for traditional varieties of crops -- is truly free of genetically engineered elements... There is no reason to believe that the contamination of the seed supply is limited to what we found." To perform the study, the scientists had purchased six traditional varieties of canola, corn and soybeans from commercial distributors and tested the seeds at two independent commercial laboratories. GM seed levels ranged from 0.05 to 1 percent. In conclusions the report calls for a widespread study on seed contamination, a reservoir of seeds free from GM influence and stricter regulations on biotech crops. Friends of the Earth (FoE) also released a report highlighting the experiences from the last 10 years with genetically modified (GM) crops. The report "Genetically Modified crops: a decade of failure [1994-2004]" outlines problems such as: threat to biodiversity, consumer reluctance towards GM foods, increased ecological vulnerability associated with monoculture agriculture. The report also touches upon the relationship between GMO agriculture, food distribution and malnutrition.

To access the UCS report visit http://www.ucsusa.org/food_and_environment/biotechnology/seed_index.html

To access the FoE report visit <http://www.foei.org/media/gmdecade.html>

"Modified Seeds Found Amid Unmodified Crops," NEW YORK TIMES, 24 February 2004; "Genetically Engineered DNA Found In Traditional US Crops," ENS, 24 February 2004.

APEC HIGHLIGHTS TRADE, SECURITY ISSUES

A Conference on Secure Trade in the APEC (Asia-Pacific Economic Cooperation) Region took place in Viña del Mar, Chile from the 5-6 March 2004. The conference focused heavily on security issues, with four working groups -- on Maritime Security, Air Security, Business Mobility and Financial Intelligence -- agreeing that the need to combat terrorist threats should not obstruct trade. The meeting considered the creation of

financial intelligence units in to curb the diversion of money from trade to terror groups. In the Maritime Security Group, there was agreement that the implementation in the APEC region of the new code on International Ship and Port Security, ISPS, was an important aspect of cooperation and modernisation. Agreement was reached to move forward a Chilean proposal to create a so-called Migratory Alert System, which would use modern technologies to prevent cross border mobility of delinquents. During a preceding Senior Official's meeting on 3 March in Santiago, Chile, countries supported a Japanese proposal to outlaw and police the export of material that could be used to create weapons of mass destruction. Chile's Defence Minister, Michelle Bachelet Jeria emphasised, "Although APEC does not engage directly in security activities, the organisation is increasingly regarded as an important source of regional stability. Such stability is fundamental for economic development".

ICTSD reporting; "APEC meeting backs Japanese weapons proposal," AUSTRALIA BROADCASTING CORPORATION, 4 March 2004; "APEC considers creating financial intelligence units to fight terrorism," CHINAVIEW, 7 March 2004; "APEC meeting backs Japanese proposal," WASHINGTON TIMES, 3 March 2003.

WTO IN BRIEF

ACCESSION, MARKET ACCESS FOCUS AT LDC SUB-COMMITTEE

On 9 March, the WTO Sub-Committee on Least-Developed Countries (LDCs) met to discuss, inter alia, the accession of LDCs to the WTO, market access, and the Integrated Framework. Under the guidance of the new Chair, Ambassador Ian M. de Jong (Netherlands), Members looked at the state of accession of the eight LDCs (Bhutan, Cape Verde, Ethiopia, Lao PDR, Samoa, Sudan, Vanuatu and Yemen), with Members highlighting the need to provide technical assistance in all stages of the process. On market access, Australia notified its duty and quota-free scheme for goods from LDCs (including East Timor). Both Bangladesh and Switzerland intervened with questions on the local content calculation embedded in the scheme's rules of origin requirements -- with the former requesting, inter alia, a clarification of the calculation via an illustration using a numerical example. Australia indicated it would get back to Members on their questions. The issue of supply-side constraints was raised once again by a group of LDCs (including Haiti, Nepal, Senegal and

Zambia). Their insistence on addressing the matter at the Sub-Committee led the Chair to request a paper from the Secretariat on the issue. On the WTO-led Integrated Framework for Trade-Related Technical Assistance to LDCs (IF) -- which is an inter-agency body composed of the WTO, UNCTAD, the ITC, the World Bank, the IMF and UNDP, aimed at coordinating technical assistance for LDCs -- the Secretariat delivered a report (WT/IFSC/7, available at <http://docsonline.wto.org>) on recent developments in the preparation of the programme's next phase (see also BRIDGES Weekly, 19 February 2004, <http://www.ictsd.org/weekly/04-02-19/wtoinbrief.htm>).

Finally, a representative of UNCTAD spoke on diversification activities in LDCs, suggesting, inter alia, that an International Task Force on Commodities (ITFC) could act as one possible mechanism for supporting these diversification efforts.

The Sub-Committee is tentatively scheduled to meet again on 8 June 2004.

ICTSD reporting.

WTO APPOINTS PANEL IN US-EU BIOTECH DISPUTE

The WTO Director-General Supachai Panitchpakdi on 4 March appointed the panel that will rule on the US-Argentina-Canada complaint against the continued EU de facto moratorium on the approvals of new genetically modified organisms (see BRIDGES Trade BioRes, 25 August 2003, <http://www.ictsd.org/biores/03-08-25/story2.htm>). The panel will be chaired by Christian Haberli, Head of the International Affairs at the Swiss Federal Office for Agriculture. Previously, Haberli had served on the panels assessing the US complaints against the EU's banana import regime and Japan's quarantine rules for apples. He will be assisted by Mohan Kumar, a former diplomat at the Indian Permanent Mission to the WTO in Geneva and currently based at the Indian embassy in Sri Lanka. He had previously been a member of the panel that ruled against the US tariffs on steel. The third panel member will be Akio Shimizu, who also served on the panel that evaluated India's complaint against the EU's preferential tariff regime for countries that are fighting the production of illicit drugs. As the next step, the panellists will meet with the parties in the dispute to agree on working procedures and a timetable for submissions.

"WTO chief appoints panelists to rule on the EU GMO restriction," WTO REPORTER, 5 March 2004.

EVENTS & RESOURCES

EVENTS

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

ICTSD Events

17 March, Geneva, Switzerland: WIPO'S NEW IGC MANDATE: IMPLICATIONS FOR INTELLECTUAL PROPERTY, BIODIVERSITY AND TRADITIONAL KNOWLEDGE. Jointly organised with IUCN-The World Conservation Union. The meeting will analyse WIPO's new IGC mandate and its implications for developing countries and traditional knowledge holders, including in light of the recent CBD COP-7 outputs, and evaluate possible ways to strengthen the development dimension in the intersection between intellectual property, biodiversity and traditional knowledge. Speakers will include Kent Nnadozie, SEAPRI, and Rodrigo de la Cruz, COICA. The event will be held in Room B of WIPO. For further information, contact Marie Chamay, ICTSD, tel: (41 22) 9178 497; fax: 9178 093; email: mchamay@ictsd.ch.

19 March, Geneva, Switzerland: EXPLORING THE ENVIRONMENTAL AND DEVELOPMENTAL DIMENSIONS OF GEOGRAPHICAL INDICATIONS. Jointly organised with Institut de Développement Durable et les Relations Internationales (IDDRI). The meeting will assess the potential of geographical indications to contribute towards environmental protection and sustainable development, including the protection of traditional knowledge. Speakers will include Bernard Roussel, French National Museum of Natural History, Antony Taubman, WIPO, and Christian López Silva, CONABIO. The event will be held in Room B of WIPO. For further information, contact Marie Chamay, ICTSD, tel: (41 22) 9178 497; fax: 9178 093; email: mchamay@ictsd.ch.

Coming Up: 11-17 March

9-12 March 2004, Dar-es-Salaam, Tanzania: UNEP-GEF SUB-REGIONAL WORKSHOP ON DEVELOPMENT OF NATIONAL BIOSAFETY FRAMEWORKS FOR ANGLOPHONE AFRICA. This workshop aims to help participants acquire a better understanding of the different options for regulatory regimes and administrative systems for biosafety, as well as legal and administrative requirements of the Cartagena Protocol. For further information contact

Christopher Briggs, tel: +41-22-917-8411; fax: +41-22-917-8070; email: chris.briggs@unep.ch; Internet: <http://www.unep.ch/biosafety/devsubregwrkshops.htm>

11 March, Oaxaca, Mexico: MAIZE AND BIODIVERSITY: THE EFFECTS OF TRANSGENIC MAIZE IN MEXICO. Organised by the Commission for Environmental Cooperation (CEC). The symposium will address key questions in relation to transgenic maize production in Mexico. Issues for discussion include the impacts on environmental, agricultural, animal and human health. Expected participants include members of the public, academia and governments. The Maize and Biodiversity Symposium is an integral part of the CEC's investigation and an opportunity for the public to engage in the process. For further information, contact: the CEC Secretariat: tel: (+1 514) 350-4300 fax: 350-4345; email: meetingservices@ccemtl.org; Internet: http://www.cec.org/pubs_docs/documents/index.cfm?vlan=english&ID=1405

15-19 March, Geneva, Switzerland: SIXTH MEETING OF WIPO'S INTERGOVERNMENTAL COMMITTEE ON INTELLECTUAL PROPERTY AND GENETIC RESOURCES, TRADITIONAL KNOWLEDGE AND FOLKLORE. For more information contact the World Intellectual Property Organisation, tel: +41-22-338-8161; fax: +41-22-338-8810; e-mail: publicinf@wipo.int; Internet: <http://www.wipo.int/tk/en/igc/documents/index.html#6>

15-19 March, Geneva, Switzerland: 50TH MEETING OF THE CITES STANDING COMMITTEE. This meeting is organised by the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora. For further information contact the CITES Secretariat, tel: +41-22-917-8139; fax: +41-22-797-3417; email: cites@unep.ch; Internet: <http://www.cites.org/eng/notifs/2003/076.shtml> Events

16-19 March, Bangkok, Thailand: IOSEA MARINE TURTLE MOU - MEETING OF SIGNATORY STATES. The Second Meeting of Signatory States to the Indian Ocean-South East Asian Marine Turtle Memorandum of Understanding (an Agreement under the Convention on Migratory Species) will take place from 16-19 March 2004 in Bangkok, Thailand. Open to non-Signatory States, and interested IGOs and NGOs, this meeting will review implementation of the MoU's Conservation and Management Plan and will set priorities for future work. For more information contact IOSEA MoU Secretariat, tel: +66-2-288-1471; fax: +66-2-280-3829; email: iosea@un.org; Internet: <http://www.ioseaturtles.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.

11 March: WTO NEGOTIATING GROUP ON RULES - REGIONAL TRADE AGREEMENTS.

15-17 March: WTO TEXTILES MONITORING BODY.

16-17 March: WTO NEGOTIATING GROUP ON RULES.

17-18 March: WTO COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES.

Other Forthcoming Events

27-28 March, Jeju, Republic of Korea: FIFTH GLOBAL CIVIL SOCIETY FORUM (GCSF). This Forum precedes and will present its results to the upcoming Special Session of the UNEP Governing Council. As in the UNEPGC/GMEF meeting, the GCSF will focus on the thematic issue cluster for the 12th Session of the Commission on Sustainable Development, namely water, sanitation and human settlements. For further information visit http://www.unep.org/dpdl/cso/global_csf/issues.html

26 April, New York, US: SPECIAL HIGH-LEVEL MEETING OF ECOSOC AND INTERNATIONAL TRADE AND FINANCIAL INSTITUTIONS. The UN Economic and Social Council (ECOSOC) together with the Bretton Woods Institutions, the World Trade Organisation and the UN Conference on Trade and Development (UNCTAD) will hold a special high-level meeting at the UN headquarters in New York. The meeting will focus on specific issues within the integrated approach of the Monterrey Consensus. For more information contact e-mail: esa@un.org; Internet: <http://www.un.org/esa/coordination/ecosoc/>

8-10 June, Sea Island, Georgia, US: G-8 SEA ISLAND SUMMIT. US President George Bush will host the 2004 G8 Summit. For further information contact the 2004 G8 Summit Planning Organisation, tel: +1-202-647-4804; fax: +1-202-647-3079; e-mail: info@G8USA.gov; Internet: <http://www.g8usa.gov>.

RESOURCES

OIL CRISES & CLIMATE CHALLENGES - 30 YEARS OF ENERGY USE IN IEA COUNTRIES. By the International Energy Agency (2004). This publication examines how energy efficiency and other factors such as economic structure, income, lifestyle, prices, and fuel mix have shaped developments of energy use and CO2 emissions in IEA countries over 30 years. The study provides some challenging findings. For example, the rate of energy savings in IEA economies has slowed since 1990, as has the decline in CO2 emissions relative to GDP. This shows that the changes caused by the oil price shocks in the 1970s and the resulting energy policies did considerably more to control growth in energy demand and reduce CO2 emissions than the energy efficiency and climate policies implemented in the 1990s. For further information see <http://www.iea.org/dbtw-wpd/bookshop/add.aspx?id=174>

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES (WASDE). By the US Department of Agriculture Economic Research Service (March 2004). This full-text monthly report provides the most current USDA forecasts of US and world supply-use balances of major grains, soybeans and products, and cotton; and U.S. supply and use of sugar and livestock products. To access the report visit <http://www.ers.usda.gov/publications/waobr/view.asp?f=wasde-bb>.

U.S.-EU FOOD AND AGRICULTURE COMPARISONS. By the US Department of Agriculture Economic Research Service (February 2004). This report provides information and analysis on a wide range of topics relating to agriculture in the United States and European Union (EU), including comparisons of farm structure, production, agricultural productivity, risk management, environmental, commodity policy, trade, and food consumption, as well as implications of EU enlargement for bilateral relations. The purpose is to provide information to a broad audience seeking to understand key similarities and differences between two of the world's largest agricultural producers and traders and to gain perspective on the issues affecting US-EU relations. To access the report visit <http://www.ers.usda.gov/publications/WRS0404/>

US DUMPING ON WORLD AGRICULTURAL MARKETS: FEBRUARY 2004 UPDATE. By the Institute for Agriculture and Trade Policy (IATP). IATP has documented export dumping from U.S.-based multinational corporations onto world agricultural markets for the last 12 years. Dumping is one of the most damaging of all current distortions in world trade practices. Developing country agriculture, vital for food security, rural livelihoods, poverty reduction and trade,

is crippled by the competition from major commodities sold at well below cost of production prices in world markets. To access the report visit http://www.tradeobservatory.org/library/uploadedfiles/US_Dumping_on_World_Agricultural_Markets_Febru.pdf

"Inserting GM products into the food chain: the market and welfare effects of different labeling and regulatory regimes". By Murray Fulton and Konstantinos Giannakas in the *AMERICAN JOURNAL OF AGRICULTURAL ECONOMICS* 86 (1, 2004) pp. 42-60. The purpose of this article is to examine the system-wide effects of the introduction of genetically modified (GM) products with and without labelling and to compare these two regimes to a third regime where GM products are not present either because they have not yet been developed or because they have been banned. For each regime, the decisions and welfare of consumers, producers, and life science companies are examined. The article explicitly incorporates the consumer response to the introduction of GM technology and considers different market structures of the life science sector.

"Climate change and sustainable development: expanding the options". By Rob Swart, John Robinson and Stewart Cohen in *CLIMATE POLICY* 3 (Sup. 1, 2004) pp. 19-40. Climate change and sustainable development have been addressed in largely separate circles in both research and policy. Nevertheless, there are strong linkages between the two in both realms. This paper focuses on the scientific linkages and discusses the opportunities they provide for integrated policy development, and the necessity to consider the risk of trade-offs. It is suggested that integration may not only provide new opportunities, but may even be a prerequisite for successfully addressing both issues. Since the feasibility of stabilising greenhouse gas concentrations is dependent on general socio-economic development paths, climate policy responses should be fully placed in the larger context of technological and socio-economic policy development rather than be viewed as an add-on to those broader policies. The arguments are supported by a range of examples for various economic sectors in the areas of both mitigation and adaptation, largely drawn from IPCC's Third Assessment Report.

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