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LEAD STORIES

CHINESE TEXTILE EXPORTS SURGE; US, EU TO INVOKE TEXTILE SAFEGUARD?

New data indicating a surge in Chinese textile and clothing imports since the abolition of trade quotas at the end of 2004 have prompted the US government to initiate a process that could potentially lead to the imposition of quantitative import restrictions on certain Chinese products. The EU, for its part, has unveiled a set of guidelines outlining the circumstances under which it will consider limiting imports.

Countries around the world reacted throughout March to initial data on rising Chinese textile exports. Though these seemed to confirm earlier anxieties about export surges from China, they were clouded by uncertainty as to whether the increases would be sustained. Textile producers in several countries have been asking their governments to invoke the 'China textile safeguard' established as part of the terms of China's accession to the WTO. The mechanism allows Members to limit Chinese imports of textiles and clothing products to an increase of 7.5 percent above the previous year's levels if they have been found to cause market disruption. Turkey and Argentina have already invoked the safeguard (see BRIDGES Weekly, 26 January 2005, <http://www.ictsd.org/weekly/05-01-26/story4.htm>).

Just a "first step," US says

US Commerce Department statistics released on 1 April show that Chinese textile and clothing imports into the US were 63 percent higher in the first quarter of 2005 compared to the previous year. The findings back up preliminary data for the month of January that had indicated significant increases in Chinese exports in the wake of the 31 December 2004 elimination of textile and clothing quotas. Responding to the new statistics, the US Committee for the Implementation of Textile Agreements (CITA), an interagency US government group chaired by the Department of Commerce, announced on 4 April that it was initiating 'safeguard proceedings' to determine whether certain Chinese textile and clothing imports are disrupting the US market.

US Commerce Secretary Carlos Gutierrez described the investigations launched by Washington as the "first step in a process" to determine whether the US market is being disturbed and whether China is responsible for any disruption. The products subject to review will be cotton knit shirts and blouses, cotton trousers and underwear, categories in which preliminary data for the first quarter of 2005 suggest that imports from China increased by approximately 1,250 percent, 1,500 percent and 300 percent respectively relative to the first quarter of 2004.

The process will determine whether the US will decide to invoke the China special safeguard import restrictions, as US textile industry groups have been urging for several months.

The CITA will initiate a 30-day public comment period, after which it will make a determination within 60 days (with a possible extension for 60 additional days) on whether the Chinese imports are contributing to the disruption of the US market. If the CITA determines that they are, it will request consultations with the Chinese government and as of that date impose a quota to limit US imports of the relevant product.

"Free trade must be fair trade and we will work to ensure that American manufacturers and workers compete on a level playing field," Gutierrez said. The American Manufacturing Trade Action Coalition, a lobby group representing US-based manufacturers, said they were "very pleased" by the US government decision to initiate the safeguard investigations and urged authorities to be as thorough and quick as possible. US retailers, on the other hand, countered that safeguards "simply are not warranted." They argue that while there has been a shift among the countries exporting to the US, there has not been a shift from US-manufactured goods to imported equivalents and there is thus little grounds for a safeguard.

EU announces "early warning system"

EU Trade Commissioner Peter Mandelson announced an "early warning system" for Chinese textiles and clothing import levels on 6 April. According to the guidelines, the EU would allow Chinese imports of particular products to increase by 10 to 100 percent before triggering investigations to determine their impact in terms of disruption of trade flows and possible injury to EU industry. In parallel to these investigations, the EU would start informal discussions with China to ask it to restrain its exports. Subsequent steps would potentially include formal consultations with China at the WTO under the terms of the textile safeguard -- and eventually, a decision to impose defensive measures.

European producers have been lobbying heavily for the imposition of quantitative import restrictions on Chinese textiles, which already account for 20 percent of the trade bloc's USD400 billion market. Italy and Portugal, countries with traditional clothing industries, have asked Mandelson to implement such limits; Sweden and the UK, on the other hand, have argued against them.

Mandelson stressed that it was too soon to invoke the safeguard mechanism, since there was not yet enough data to determine whether or not market disruption was likely to arise.

Other countries react

Little data is available from other developing countries regarding the impact of the elimination of textiles and clothing quotas. Bangladeshi press reports indicate that the country -- which has been very anxious about the economic and social effects of the quota removal -- increased its overall exports by 35 percent in February after a 13 percent decline in January, with some kinds of garments registering healthy increases over the previous year. Elsewhere, however, approximately six major textile factories shut down in Lesotho at the end of 2004 or early 2005, partially as a result of the quota elimination, although the government announced plans at the end of January to reopen one of the factories.

The "Guidelines for the use of safeguards on Chinese textiles exports to the EU" are available at: http://europa.eu.int/comm/trade/issues/sectoral/industry/textile/memo060405_en.htm

"Free of Quota, China Textiles Flood the US," NEW YORK TIMES, 10 March 2005; "Statement to the Trade Committee of the European Parliament on China and Textiles," EU PRESS RELEASE, 15 March 2005; "Chinese Polyester Manufacturers To Appeal EU Antidumping Ruling," WTO Reporter, 22 March 2005; "China Seeks Talks With United States, EU On Textiles, Urges Patience With Surges," WTO REPORTER, 17 March 2005; "Anxiety at EU plan to curb import of textiles," FINANCIAL TIMES, 5 April 2005; "Italy, Portugal Ask EU Trade Commissioner To Restrict Imports of Textiles From China," WTO REPORTER, 20 March 2005; "CITA Announces Self-Initiation of China Safeguard Proceedings," COMMERCE NEWS, 4 April 2005; "Retailers Oppose Commerce Department Proposal on Chinese Imports," NATIONAL RETAIL FEDERATION, 4 April 2005; "Reaction Statement to US Government Self-Initiating Safeguards," AMTAC, 4 April 2005; "Bangladesh's Export earnings bounce back after January slow down," BANGLADESH JOURNAL, 2 April 2005; "Lesotho: Textile factories may resume operations soon," FIBRE2FABRIC, 31 January 2005; EU Sets Warning System for China Textiles," REUTERS, 6 April 2005.

TRADE FACILITATION DISCUSSIONS CONTINUE: MEMBERS CONSIDER NEW PROPOSALS

WTO Members discussed several new proposals for simplifying and speeding up the procedures related to the cross-border movement of goods at the 22-23 March meeting of the Negotiating Group on Trade Facilitation. Although Members did not have any major disagreements on the submissions considered, developing countries in particular expressed concerns about the cost of implementing the measures that were being proposed.

As per the modalities for trade facilitation set out in the July Package (WT/L/579, available online at http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm), Members are mandated to "clarify and improve relevant aspects" of General Agreement on Tariffs and Trade (GATT) 1994 Articles dealing with freedom of transit for goods from other Member states (Article V), trade-related fees and formalities (Article VIII), and transparency in the regulation and administration of trade regulations (Article X). The meeting saw the submission of ten new proposals dealing with different aspects of this mandate.

Most of the submissions focused on fees and charges related to trade (Article VIII) as well as transparency concerns (Article X). They looked at how fees and charges could be simplified, made more transparent, lowered, and how the processes for paying them could be expedited. Doing so, they argued, would lower the transaction costs involved with trade -- costs that can amount to de facto trade barriers.

A proposal by Japan and Mongolia (TN/TF/W/17) said that problems related to unreasonably high fees and charges, complex documentation requirements for customs clearance, and excessive penalties for minor breaches of procedure could be solved by requiring Members to regularly review and publish their fee structures and penalty provisions, simplify documentation procedures, and prohibit unpublished fees and penalties. A joint EU-Australian submission (TN/TF/W/23) proposed potential disciplines on fees and charges, specifying that a list of permissible fees and charges should be publicly available, and that they should "refer to the approximate cost of the service provided." Chinese Taipei's proposal (TN/TF/W/25) put forward a methodology for analysing the cost of these services. A proposal from the US and Uganda (TN/TF/W/22) called for the prohibition of 'consular' transactions and fees associated with the importation of goods, such as requiring goods for export to be

approved by the importing country's consulate in the exporting country.

China (TN/TF/W/26) and New Zealand (TN/TF/W/24) proposed that countries should give other Members a period in which to comment on new trade-related laws and regulations before they enter into effect. New Zealand's submission specified that companies involved in trade should also be allowed to comment on proposed laws and regulations that would directly affect them. It called for "a greater degree of objectivity" in determining how products are classified for tariff purposes at the time of border entry.

Other submissions aimed at reducing the administrative burden associated with customs procedures included a Korean (TN/TF/W/18) proposal that Members establish 'single windows' to which traders could submit all documents and data required. It further suggested that Members standardise document formats and publish the average time period for the clearing and release of goods. Canada (TN/TF/W/20) echoed the call for 'single windows' and standardising data requirements, and suggested that Members could minimise administrative costs and delays if they adopted commitments to ensure coordination and cooperation between border agencies.

A joint proposal by Canada and Australia (TN/TF/W/19), as well as a separate one by the US (TN/TF/W/21), suggested that in the event of delays in completing customs procedures, the release of imported goods from customs agencies could be sped up by allowing traders to put up collateral or monetary securities that would be sufficient to pay for any duties and taxes ultimately assessed on the goods in question.

Several Members commented on these proposals at length. Developing countries in general were worried about the cost of implementing some of the proposals. They noted that training customs officials and developing the appropriate technical infrastructure would require significant technical assistance and capacity building, and wanted a clearer picture of what costs that would entail for governments and traders. Some Members questioned whether binding obligations on the issues being discussed were even necessary. India pointed out that the proposal to allow traders to put up monetary guarantees for the eventual payment of duties assessed would be difficult to enforce, and that it is easier to collect duties before releasing a good from customs. Other countries said that the language in many of the proposals was ambiguous, and that their proponents would need to clarify exactly what they meant by phrases such as "reasonable period of time," "unwarranted," and "excessive."

Jamaica summed up many of the developing country concerns in saying that "Some of these proposals are sweeping and far reaching. We have to move cautiously and take into account the economic environment and realities of Members... We should not confuse good objectives with binding commitments."

A developing country delegate indicated that developing countries are likely to submit a proposal detailing areas in which they need technical assistance. The trade facilitation talks are notable because they represent the first time negotiations in the WTO link developing country Members' eventual obligations to the successful delivery of technical assistance.

Sources report that the Chair of the trade facilitation talks, Ambassador Muhamad Noor Yacob of Malaysia, has been "hinting" that Members should try to agree on some sort of text by July, in line with Members' agreed date to come up with 'first approximations' of an eventual deal to be adopted at the WTO's December Ministerial Conference in Hong Kong (see BRIDGES Weekly, 16 February 2005, <http://www.ictsd.org/weekly/05-02-16/story2.htm>). This text would contain language that could form part of an eventual Hong Kong agreement on trade facilitation.

Members are to try to submit proposals by July. The next meeting of the Negotiating Group on Trade Facilitation is scheduled for 2-4 May.

ICTSD reporting.

CAIRNS GROUP MEET URGES FULL COMMITMENT TO AGRICULTURE LIBERALISATION

Ministers from the Cairns Group of 17 agricultural exporters met in Cartagena, Colombia from 30 March to 1 April to discuss the ongoing negotiations at the WTO. Chaired by Australian Agriculture Minister Mark Vaile, the 27th meeting of the Cairns Group ended with the adoption of a 'Cartagena Declaration,' which stresses the need for a high level of ambition in agriculture talks in the lead-up to Hong Kong. EU Agriculture Commissioner Mariann Fischer Boel, US Secretary of Agriculture Mike Johanns, and Kenyan Minister of Trade and Industry Mukhisa Kituyi also attended the meeting. Following the gathering, New Zealand Trade Negotiations and Agriculture Minister Jim Sutton said "the really burning question is market access. Nothing is more fundamental to the world trading system. Nothing else will deliver a bigger development dividend."

Cartagena Declaration

The Cartagena Declaration emphasises that "there can be no successful outcome to the Doha Round without a substantial package of reforms in agriculture," and expresses concern that some WTO Members appear to be shying away from the ambitious goals agreed at the outset of the Doha Round -- something that could threaten the round as a whole.

With regard to the run-up to December's WTO Ministerial Conference in Hong Kong, the Cairns Group ministers reiterated their previous position that all export subsidies should be phased out as rapidly as possible, and that "reductions to trade-distorting domestic support must cut significantly into the current spending levels of the major developed countries." They were careful to note, however, that developing countries that allocate de minimis support mostly to subsistence and resource-poor farmers should be exempt.

Tariff reform must be substantial and based on the tiered tariff reduction formula. In this regard, tariffs on so-called sensitive products must also be decreased through combinations of tariff reductions and tariff quota expansion.

The Cairns Group noted that "A strong outcome in the Doha Round provides the best guarantee for developing countries that food security will not be undermined, and the best possible climate for sustainable development, including to address poverty alleviation and the particular development concerns of their rural populations." The ministers specified that according provisions for special products (SPs) and a special safeguard mechanism (SSM) to developing countries would be essential to helping them adjust.

The Cairns Group members are Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay.

The next 'agriculture week' at the WTO is scheduled for 13-19 April. Members are continuing to process data in capitals in order to be able to progress in discussions on how to convert 'specific' agricultural tariffs based on import volumes into 'ad valorem' equivalents (AVEs), i.e., tariffs based upon the price of the product (see BRIDGES Weekly, 23 March, <http://www.ictsd.org/weekly/05-03-23/story2.htm>).

The Cartagena Declaration is available at http://www.cairnsgroup.org/meetings/min27_communique.html

ICTSD reporting; "Colombia's Cairns Group Meeting Closing Friday," PRENSA LATINA, 1 April 2005; "Cairns Group reaffirms ambitions Ag reform," NEW ZEALAND GOVERNMENT RELEASE, 3 April 2005.

JAPAN-MEXICO FTA COMES INTO FORCE

Japan's free trade agreement (FTA) with Mexico came into effect on 1 April. The accord, signed in 2004 after over two years of hard negotiations, is Japan's first comprehensive FTA to affect its heavily protected agriculture sector, lowering tariffs on Mexican exports including pork, chicken, and oranges.

A latecomer to the international race to strike bilateral and regional trade agreements, Japan has been emulating the EU, the US, and China in recent years, exploring possibilities for bilateral FTAs in East Asia and elsewhere. Agriculture was not an issue in its only other FTA, a 2002 pact with Singapore, since the island city-state produces none of the farm products so sensitive to Japan.

The accord is to phase out tariffs on 90 percent of goods within ten years, by which time 98 percent of Japanese exports and 87 percent of Mexican ones will receive duty-free market access. It immediately lowers tariffs on Mexican pork through the establishment of a low-tariff import quota. Japanese pig farmers have never faced competition before. Similar quotas have been established for chicken, beef, oranges, and orange juice. Tariffs on Mexican mangoes and avocados have been eliminated. The quotas will be expanded in 2009. Mexico has established a tariff-free import quota for Japanese automobiles; it is to eliminate tariffs on them altogether in seven years.

The pact includes provisions on investment and intellectual property rights, areas that have proved controversial in other FTAs for their potential negative effects on environmental and public health concerns. Some analysts, however, suggest that the agreement will encourage Japanese firms to shift production to Mexico in order to gain access to the US and Canadian markets under the North American Free Trade Agreement (NAFTA).

Bloomberg reports that if Japan does eventually agree to start FTA talks with Australia, it would be unlikely to include agricultural products.

ICTSD reporting; "Japan-Mexico FTA takes effect; mango tariffs nil," JAPAN TIMES, 2 April 2005; "Mexican free trade under way," ASAHI SHIMBUN, 2 April 2005; "Japan adjusts to free trade deal," BBC NEWS, 1 April 2005; "Japan to Exclude Agriculture in

Australian Accord, Review Says," BLOOMBERG, 6 April 2005.

IN BRIEF

G8 MINISTERS TO TACKLE ILLEGAL LOGGING, FALL SHORT OF IMPORT BAN

Environment and development ministers from the Group of Eight (G8) industrialised nations agreed at a 17-18 March meeting in Derbyshire, England, to step up efforts to combat the illegal timber trade by reducing both the supply of and demand for the illicit commodity, but fell short of endorsing binding import restrictions on uncertified timber.

The G8 ministers decided to "encourage, adopt or extend public timber procurement policies that favour legal timber," and to encourage the private sector to use legally-sourced timber. They also agreed to develop WTO-consistent voluntary arrangements aimed at helping border control authorities halt the import of illegal timber. The group further acknowledged the need to increase support to developing countries to enforce forest law and improve governance.

The US was the main opponent of the binding import restrictions that the UK government had been lobbying for. A leaked US State Department memo said that "demand side actions involving new import or procurement regulations/restrictions are unacceptable." The memo also indicated that the US would make efforts to dissuade Russia and Japan from supporting the UK.

Nonetheless, UK Secretary of State for International Development Hilary Benn said his government was "delighted" with the agreement reached at the meeting. European Commissioner for Development and Humanitarian Aid Louis Michel, however, expressed "disappointment at the lack of new concrete outcomes." The environmental community was even more critical. Greenpeace Britain chief Stephen Tindale described it as a "missed opportunity," saying "They know what needs to be done but just lack the political will." His colleague Nathalie Rey likened the policy to "putting a band-aid on a gunshot wound," since it ignored the impacts of logging that is legal but unsustainable.

The G8 statement is available at <http://www.dfid.gov.uk/news/files/illegal-logging-g8-statement.asp>.

"G8 Environment and Development Ministers Agree Action on Illegal Logging and Put Climate Change in Africa on Agenda for G8 Heads," UNIVERSITY OF TORONTO G8 CENTER, 18 March 2005; "Illegal Mahogany Logging Exposed in Peru's New National Park," ENS, 31 March 2005; "US tries to sink forests plan," THE GUARDIAN, 16 March 2005; "G8 Agrees Need for Action on Logging, Africa," REUTERS, 21 March 2005; "G8 Ministers Pledge to Curb Illegal Logging, Climate Change," IPS, 21 March 2005.

MILLENNIUM ECOSYSTEM ASSESSMENT REVEALS 'STRAIN' ON EARTH

Human activity is damaging the planet's ecosystems at unprecedented rates that call into question the ability of the environment to sustain the processes that support life, according to a landmark report released on 30 March. The Millennium Ecosystem Assessment Synthesis Report, the result of four years of research by over 1,300 experts, says that as much as 60 percent of life-supporting systems are being degraded. It goes on to predict abrupt changes such as the emergence of new diseases, sudden changes in water quality, the collapse of fisheries, and shifts in regional climates as a result of ecosystem deterioration.

Efforts to meet growing demands for food, fresh water, timber, fibre, and fuel have caused widespread changes in ecosystems over the last 50 years, the experts say. In particular, evidence suggests capture fisheries and fresh water are currently well beyond the levels that can sustain current demands, much less those of future generations. The report suggests that a change in perception that recognises ecosystems' full value would make it possible to harness technology and knowledge to preserve the environment.

Critics such as environmental group Friends of the Earth said that the report could have elaborated on the links between natural resources and trade liberalisation, arguing that liberalisation made it even more important for local and national governments to focus on regulating access to resources within their borders.

The Millennium Ecosystem Assessment was launched by UN Secretary-General Kofi Annan in June 2001 in order to generate scientific information concerning the consequences of ecosystem change for human well-being and put forward options for responding to those changes. This synthesis report is the first of six reports aimed at different audiences.

The Synthesis Report and the statement by the MEA Board, "Living Beyond Our Means: Natural Assets and Human Well-being", can be accessed at <http://www.millenniumassessment.org/en/index.aspx>

"Human Damage To Earth Worsening Fast - Report," REUTERS, 30 March 2005; "Environment: Most Ecosystems Threatened, Major Report Says," IPS, 30 March 2005.

UN SECRETARY GENERAL CALLS FOR DISMANTLING OF TRADE BARRIERS

UN Secretary General Kofi Annan has called on developed countries to establish a timetable to dismantle market access barriers as part of a set of proposals for UN and global policy reform. The 21 March report, entitled "In Larger Freedom: towards development, security and human rights for all," also pointed to the phase-out of trade-distorting domestic subsidies in rich countries -- particularly those to agricultural production -- as an "urgent priority."

The report, intended to put forward a set of "bold but achievable" reform proposals, also urged WTO Members to complete the Doha Round of trade negotiations by 2006. To this end, Annan suggested that they should provide duty-free and quota-free market access for all exports from least-developed countries.

Furthermore, the report calls on UN members to ensure environmental sustainability in their national development plans, and stresses the importance of global action towards reducing desertification, biodiversity depletion and climate change. Describing climate change as "one of the greatest environmental and development challenges in the twenty-first century", Annan called for the creation by 2012 of a more inclusive international framework to mitigate climate change that includes major emitters of greenhouse gases. International charity Oxfam urged countries to take action in accordance with the report's recommendations, specifically those that pertain to poverty reduction.

The report can be accessed at <http://www.un.org/largerfreedom/>

"Politics: Landmark UN Report on Reform Gets Mixed Reviews," IPS, 22 March 2005; "Annan Calls for Bold Moves to Reform United Nations," ENS, 21 March 2005.

USTR TAKES AIM AT BARRIERS TO US EXPORTS

The Office of the US Trade Representative (USTR) has released its annual report on foreign barriers to trade and investment as well as US efforts to tear down those

barriers. The 2005 National Trade Estimate Report on Foreign Trade Barriers (NTE) is significant because it will help serve as a guide for US trade negotiations over the next year. After releasing the report, Acting USTR Peter Allgeier said that the US would use "consultations, negotiations, and litigation... aggressively to make sure that Americans are treated fairly."

The 672-page report provides detailed descriptions of what the USTR describes as "barriers and unfair trade practices" vis-à-vis market access for US goods, services, and farm products in 61 of the US' trading partners. Notable issues identified in this year's list include counterfeiting and piracy in China and Mexico's 20 percent tax on beverages and syrups made with sweeteners other than cane sugar, which affects US-produced sweeteners like high-fructose corn syrup. India was criticised for high tariffs, various non-tariff barriers including complicated customs procedures, and undue subsidies. Reopening Japan's market to US beef -- banned since late 2003 when BSE was found in a cow in the US -- was identified as another priority.

The same week, the USTR announced the results of its '1377 Review,' a similar report focusing on telecommunications trade. It criticised China, India, and Japan for maintaining high levels of protection in the sector.

The NTE report is available online at <http://www.ustr.gov>

"USTR Releases 2005 Inventory of Foreign Trade Barriers," USTR PRESS RELEASE, 30 March 2005; "USTR Issues 2005 '1377' Review of Telecommunications Trade Agreements," USTR PRESS RELEASE, 1 April 2005; "US hits out at India's high tariff wall," ECONOMIC TIMES, 2 April 2005.

WTO IN BRIEF

WTO MEMBERS MISS 31 MARCH DEADLINE FOR TRIPS AMENDMENT

WTO Member governments have missed a 31 March deadline for agreeing on how to modify the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in order to address concerns about access to affordable medicine.

At an official meeting of the TRIPS Council on 31 March, Members could not agree on how to integrate the so-called 30 August 2003 Decision into the official text of the TRIPS Agreement. This Decision spells out the circumstances under which countries without pharmaceutical manufacturing capacity can import generic versions of drugs still under patent by waiving other Members' obligations under TRIPS Article 31(f) to allow them to export pharmaceuticals produced under compulsory licence. In the Decision, Members agreed that the waiver would last until the TRIPS Agreement is permanently amended. The already-extended deadline for doing so was 31 March.

The emotional meeting chaired by Tony Miller of Hong Kong concluded the formal TRIPS Council meeting of 8-9 March (see BRIDGES Weekly, 16 March 2005, <http://www.ictsd.org/weekly/05-03-16/story1.htm>). Ambassador Choi Hyuck of Korea, who as of now takes over as Chair of the TRIPS Council, will lead the consultations on the TRIPS amendment. These will continue in the run-up to the next WTO General Council meeting in May.

The next TRIPS Council meetings are scheduled for 14-15 June, and 25-26 October.

ICTSD reporting; "TRIPS Public Health Amendment Deadline Missed," INTELLECTUAL PROPERTY WATCH, 31 March 2005.

LATIN AMERICANS SEEK WTO ARBITRATION OVER EU'S PROPOSED BANANA TARIFF

On 30 March five Latin American countries -- Colombia, Costa Rica, Ecuador, Guatemala, Honduras and Panama -- requested arbitration at the WTO due to disagreements over the EU's new tariff rate for bananas in a longstanding trade dispute on bananas (see BRIDGES Weekly, 2 February 2005, <http://www.ictsd.org/weekly/05-02-02/WTOinbrief.htm>)

The EU notified the WTO of its proposed new tariff for banana imports on 31 January. The new tariff of 230 euros per tonne for most favoured nation (MFN) suppliers -- mostly in Latin America -- will replace the current tariff quota system from 1 January 2006, while a preference scheme for African, Caribbean and Pacific (ACP) countries will be maintained.

While ACP countries have, in order to maintain their own preferential access to the EC market, advocated for an even higher tariff of 275 euros on Latin American banana producers, Latin American countries have expressed their dissatisfaction with any tariff rate higher

than their current preferential level of 75 euros per tonne. Negotiations with the EU following the 31 January notification failed to yield any results, leading to this request for arbitration. This arbitration does not arise from WTO rules, but is the result of a special agreement between the EU and the Latin American countries concerned.

ICTSD reporting; " Latin America: Banana Producers Go to WTO," FINANCIAL TIMES, 30 March 2005.

DSU NEGOTIATIONS: DISCUSSIONS ON NEW PROPOSALS CONTINUE

At the Dispute Settlement Body (DSB) Special (negotiating) Session meeting on 5 April, WTO Members continued a discussion started at a 28 February session on two previously submitted contributions. The first, by a group of seven delegations -- Argentina, Brazil, Canada, India, Mexico, New Zealand and Norway -- addresses the issue of enhanced third-party rights at all stages of the dispute settlement process. The second contribution, presented by the US, relates to the provision of additional guidance to WTO panels and the Appellate Body concerning the nature and scope of their work, as well as rules for interpreting WTO agreements (see BRIDGES Weekly, 2 March 2005: <http://www.ictsd.org/weekly/05-03-02/story6.htm>). These discussions were held in informal mode; sources report that consensus did not appear to be emerging.

Two new proposals were also discussed. The first was jointly submitted by the EU and Japan and the second by the EU alone. The EU-Japan joint proposal outlined suggested procedures to follow in cases where a Member had taken a measure to comply with the DSB's recommendations and rulings, while the complainant had simultaneously been granted authorisation to retaliate against the Member concerned. The EU paper built upon earlier contributions seeking the installation of a permanent WTO dispute settlement panel. Both Malaysia and Australia indicated that they would soon submit contributions.

The next DSB special session is scheduled for 9-10 May.

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.

Coming Up: 7-13 April

11-22 April 2005, New York: THIRTEENTH SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT. CSD-13 is the policy session in the first two-year "Implementation Cycle" and will focus on the thematic cluster of water, sanitation and human settlements. It will build upon the outcome of CSD-12 -- the review session of the cycle -- and take policy decisions on practical measures and options to expedite implementation of commitments in water, sanitation and human settlements as contained in Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation, as well the Millennium Declaration. For further information contact Federica Pietracci, Major Groups Programme Coordinator, UN DSD/DESA, tel: +1 (212) 963-2803; fax: +1 (212) 963-4260; email: pietracci@un.org; Internet: <http://www.un.org/esa/sustdev/csd/csd13/csd13.htm>.

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.

6 - 7 April: WTO COMMITTEE ON TRADE AND DEVELOPMENT - SPECIAL SESSION.

7 - 8 April: WTO COMMITTEE ON ANTI-DUMPING PRACTICES.

8 April: WTO COMMITTEE ON CUSTOMS VALUATION.

11 April: WTO WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY.

11 - 13 April: WTO NEGOTIATING GROUP ON RULES.

13 - 15 April: WTO NEGOTIATING GROUP ON AGRICULTURE.

14 April: WTO WORKING PARTY ON THE ACCESSION OF THE RUSSIAN FEDERATION.

14 - 15 April: WTO COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES.

Other Upcoming Events

14 April, Paris, France: STUDIES ON THE IMPACT OF TRADE AGREEMENTS ON SUSTAINABLE DEVELOPMENT: ASSESSMENT AND PROSPECTS. Organised by the French Ministry of Ecology and Sustainable Development, and GRET. The seminar, which will be given in French and English, aims specifically to bring together experts involved in impact assessments and sustainable development (the ministries of EU member states, international organisations, research institutes, the private sector, and NGOs) so as to take stock of impact assessments and reflect on operational ways to improve this tool. For further information, contact Isabel Berest, tel: +33 1 40 05 61 51; email: berest@gret.org.

18-22 April, Geneva, Switzerland: JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE UNCTAD/WTO. The topic of this advisory group will be "Doha, Hong Kong, and Beyond: Challenges and Opportunities for Business." The Group will examine the activities of the ITC and make recommendations to the UNCTAD Trade and Development Board as well as the WTO General Council. For further information contact Carlos Fortin, fax: +41 (0)22 730 0575; email: itcreg@intracen.org; Internet: <http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=9931&year=2005&month=4>.

RESOURCES

"Trade Effects of the East African Community." By Matthias Busse and Rasul Shams. THE ESTEY CENTRE JOURNAL OF INTERNATIONAL LAW AND TRADE POLICY, 2005. This report evaluates the trade effects of the new East African Community, which fosters trade liberalisation among Kenya, Tanzania and Uganda. It identifies commodities that will be particularly affected by the customs union. The results show that considerable trade effects cannot be expected, except for a very narrow range of products. A transitional fund proposed to counter trade imbalances resulting from the new customs union seems less

urgent from this perspective. For access visit http://www.esteyjournal.com/j_pdfs/busseshams6-1.pdf.

INTERNATIONAL TRADE NEGOTIATIONS, REGIONAL INTEGRATION AND SOUTH-SOUTH TRADE, ESPECIALLY IN COMMODITIES. By the United Nations Conference on Trade and Development (UNCTAD), 2005. This paper discusses capacity building for international trade negotiations, including growing demands for such efforts focusing on multilateral and regional trade agreements; South-South trade and regional integration; and increasing South-South cooperation in commodities. For access to this report visit http://www.unctad.org/en/docs/ditctncdmisc20043_en.pdf.

SPECIAL AND DIFFERENTIAL TREATMENT IN THE WTO AGRICULTURAL NEGOTIATIONS. By Alan Matthews. Trinity College Dublin, 2005. This paper examines the case for special and differential (S&D) treatment for developing countries within the WTO Agreement on Agriculture (AoA) and the particular instruments or exemptions which such a treatment should contain. It highlights that there have been a number of major shortcomings since the implementation of the AoA. The paper also highlights that changes in the treatment of developing countries in the AoA would be desirable in the areas of tariffs, safeguards and domestic supports. For access visit <http://www.tcd.ie/iiis/Discussion%20Paper%20pdfs/iiisd%20p61.pdf>.

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