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### LEAD STORIES

#### SUPACHAI: NEGOTIATIONS BEHIND SCHEDULE FOR JULY, HONG KONG

WTO Director-General Supachai Panitchpakdi warned Members at a 28 April meeting that the ongoing Doha Round trade negotiations were well behind the pace they had set out to achieve earlier this year, potentially threatening the chances of an agreement at the December Ministerial Conference in Hong Kong.

Speaking to the WTO Trade Negotiations Committee (TNC), which he chairs, Supachai described overall progress in the ongoing Doha Round trade talks as "rather worrying," and called on Members to display a "greater sense of urgency" and be more result-oriented.

Members had agreed in February on an end-July target for 'first approximations' of an eventual Hong Kong deal that would set the stage for concluding the Doha Round within a year. At the time, Supachai told the TNC that in order for the Round to be finished in 2006, Members would need to agree at Hong Kong on modalities for the agriculture and non-agricultural market access talks, "a critical mass of market opening offers in services, significant progress in areas such as rules and trade facilitation, and a proper reflection of the development dimension." The July approximations would have to "already provide a sufficient level of confidence" to assure Members that their different areas of interest were being addressed in the negotiations (see BRIDGES Weekly, 16 February 2005, <http://www.ictsd.org/weekly/05-02-16/story2.htm>).

#### Problems in agriculture, NAMA, services

In his recent speech, however, Supachai said that he had "certainly toned down the optimism" that he had earlier this year, warning that if the talks continued to progress at the current rate, Members would be unable to meet either deadline. "Despite some initial signs that we were about to start really negotiating on substance [as opposed to simply technical work]," he continued, "we seem to have stalled at the first difficult issue confronting us."

To support these assertions, Supachai pointed to problems in virtually every area of the negotiations. He specifically drew attention to the "fairly serious setback" posed to the agriculture negotiations by Members' recent failure to agree on a way to convert specific tariffs and other duties not based on the value of the imported good into 'ad valorem' equivalents (AVEs). Declaring that "it is simply not credible that this issue could torpedo the Round," he urged Members to work with Ambassador Tim Groser of New Zealand, the Chair of the agriculture negotiations, to find a solution to the issue that has brought the talks about market access for farm products to a standstill (see related story, this issue).

Supachai also urged Members to start substantive discussions based on the existing proposals in the deeply divided negotiations on non-agricultural market access (NAMA), arguing that "we simply cannot afford to wait for agriculture to move forward" before doing so. He said that the services negotiations, too, had not "gathered the much needed momentum," calling on Members to table initial and revised offers of market access to foreign services providers before the end of May.

Referring to the recent impasse in the negotiations on special and differential treatment for developing countries, Supachai asked Members to be more flexible in accommodating each other's interests. (See BRIDGES Weekly, 13 April 2005, <http://www.ictsd.org/weekly/05-04-13/story3.htm>)

### **Some Members lowering expectations for July, Hong Kong**

Trade sources indicate that a wide number of Members agreed with Supachai's gloomy prognosis, and admitted to significantly lowered expectations for July and December. Though some delegations had initially hoped that the 'first approximations' would be agreed preliminary versions of negotiating modalities in areas such as NAMA and agriculture, many now suggest that the July talks are likely to produce little more than progress summaries prepared by the Chairs of each of the negotiating bodies. At best, these reports would indicate potential areas of convergence in their respective negotiating areas. Moreover, they are likely to remain unadopted by Members.

On the other hand, some negotiators have noted that WTO negotiations tend not to progress except when Members are under pressure to make deals, and that consistent movement over the course of the entire year was an unrealistic expectation.

A developing country negotiator accused agriculturally-protectionist developed countries of lowering ambitions

for July because they want to trade off a low level of agriculture liberalisation against milder commitments on NAMA, rules, and other areas, according to trade news reports.

### **Supachai: Members cannot leave everything to the last minute**

Supachai concluded his statement by emphasising that "we simply cannot leave too much to the autumn," explaining that "consensus cannot be built overnight, and if we do not kick start the process towards it rapidly, we could be facing serious problems." He later told journalists that "there was too much on the plate at Cancun," which contributed to Members' failure to reach an agreement at the Ministerial Conference held there in September 2003.

Although Supachai did tell Member delegations "I am not pushing the alarm button now," he warned that his "finger is hovering over it." He appealed to them to show a "greater sense of urgency" and to "not waste any of the limited time ahead of us."

Part of the urgency to complete the Round springs from the mid-2007 expiry of US President George W. Bush's 'Trade Promotion Authority,' after which the Bush Administration will no longer be able to negotiate trade agreements without clause-by-clause approval from the US Congress. This would almost certainly complicate WTO negotiations.

Ministers and senior trade officials from several influential WTO Member countries are meeting in Paris from 3-4 May on the sidelines of the Organisation for Economic Cooperation and Development (OECD) ministerial gathering to discuss how to bring the Doha Round talks back on track.

ICTSD reporting; "Supachai Sounds Alert on Doha Round, Warns of Failure at Hong Kong Ministerial," WTO REPORTER, 29 April 2005; "Supachai pessimistic on HK ministerial," BUSINESS STANDARD, 3 May 2005; "Skirt Cancun to reach Hong Kong," ECONOMIC TIMES; 3 May 2005.

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## **AGRICULTURE: MINISTERS MEET IN PARIS TO REMOVE AVE STUMBLING BLOCK**

The so called "five interested parties" (FIPs) -- Australia, Brazil, EU, India and US -- failed to make a breakthrough on agriculture technicalities during a 2-3 May meeting in Paris. The meeting was held in advance of a 4 May 'mini-ministerial' gathering of representatives from influential WTO Member countries

on the sidelines of the annual Organisation for Economic Cooperation and Development (OECD) meeting there. In Geneva, WTO agriculture talks had been suspended on 19 April after a reported deal on the process for converting 'specific' agricultural tariffs based on import quantities into 'ad valorem' equivalents (AVEs), i.e., tariffs based on the price of the product, fell through (see BRIDGES Weekly, 20 April 2005, <http://www.ictsd.org/weekly/05-04-20/story1.htm>). On 4 May, ministers from around 30 countries continued talks on the issue.

Speaking to ministers on 4 May, WTO Director-General Supachai Panitchpakdi stressed that making progress at this moment was critical, given that "We are fast approaching the time when we should be able to start to see the outline of potential outcomes at our Sixth Ministerial Conference in Hong Kong, China in December." He warned that technical issues such as AVE conversion had to be resolved and said "it is unimaginable to me that we could leave Paris without resolving this issue."

In advance of the meeting, EU Trade Commissioner Peter Mandelson called AVE conversion a "thorny issue," stressing that "We need to find a basis for an agreement to put into the Geneva negotiating machinery." Recently confirmed US Trade Representative Robert Portman, on his way into the meeting, said "There are some stumbling blocks at the moment, but I'm optimistic about making progress on them, even this afternoon." Other participants, however, sent less optimistic signals, many blaming the EU for holding up an agreement.

### **Tensions grow over AVE hitch**

AVE conversion has pitted the EU and G-10 countries against the US, the Cairns Group of agricultural exporters and the G-20 (which includes major developing countries such as Brazil, India and South Africa). The former groups make use of a large number of specific tariffs; these need to be converted to AVEs in order for countries to proceed with their work on the tiered tariff reduction formula (under which higher tariffs will be reduced more steeply).

AVE conversion is straightforward for some tariff lines; Members are set to use the 'unit value' method in these cases, basing the conversion on import volumes and notified import values in the WTO Integrated Database (IDB). Complications arise, however, with some products, such as sugar and cheeses, where preferences or tariff quotas are involved. In such cases, import prices often differ significantly from world prices compiled in the UN commodity trade statistics (ComTrade) database.

Agricultural exporters would like to see the conversion based on the lower world prices, which would lead to higher AVEs, and eventually, steeper tariff cuts. The EU and G-10 counter that this approach would fail to adequately reflect qualitative factors related to certain products. In their near-deal two weeks ago, Members had agreed to use weighted averages of the IDB and ComTrade data to derive AVEs for complex cases (such as 75/25). The prices of basic products, such as sugar, would have been closer to ComTrade prices, while the prices of processed goods would have been closer to the IDB price. Due to a misunderstanding, however, Members were not clear as to at what point the weighted averages would be calculated -- before or after the AVE conversion -- and they failed to agree on this point. The EU was of the opinion that the weighting should take place before AVE conversion, while the rest of the FIPs said it should be done once the conversion, based on the IDB and ComTrade data, had already been carried out.

Meeting on 2-3 May at the senior official and ministerial levels, the FIPs had hoped to find a new compromise. Australia and Brazil reportedly said they could consider the sequencing favoured by the EU, but in this case would look for a weighted proportion closer to ComTrade data. The EU was not able to reconsider the IDB/ComTrade proportions, however, so no final compromise was agreed.

Already as the AVE deal fell through in April, a number of countries blamed the EU for backpedaling on it due to pressure from certain EU members states -- something the EU has strongly denied.

The EU also presented a new proposal spanning all three pillars of the agriculture negotiations (market access, export competition and domestic support) at the meeting. The proposal was well received by all Members, however, with some countries complaining that it strayed away from the task at hand, namely, resolving the AVE hitch. According to the proposal, reform of each pillar should be implemented in three stages.

### **Developing countries blame the EU**

A number of developing countries blamed the EU for holding up agreement on the AVE issue, which is now putting the Doha Round as a whole at risk. Argentine Commerce Secretary Alfredo Chiaradia (present in Paris, though Argentina is not one of the FIPs) said outright that "The problem is Europe... We hope for an agreement, but it depends on the Europeans, frankly. We keep on throwing out alternatives, but they keep saying no; we throw out another alternative, they again say no." Brazilian Trade Minister Celso Amorim, for his part, said "some countries with a strong desire to

maintain protectionism" were "politicising an issue which is essentially technical."

The G-20 and G-10 also met at the sidelines of the meetings.

The next 'agriculture week' at the WTO is scheduled to start on 30 May. Members are seeking to produce a 'first approximation' of agriculture modalities by July, with actual modalities -- percentages of tariff cuts, reduction formulae, criteria for domestic support, deadlines, and transition timeframes -- to be completed by the December WTO Ministerial Conference in Hong Kong.

ICTSD will round up coverage of the Paris meeting in the next issue of BRIDGES Weekly.

"Ministers Very Close to Farm-Duty Accord, U.S. Says," BLOOMBERG, 4 May 2005; "EU's Mandelson calls for end to dispute on farm import duties," AFX NEWS, 4 May 2005; "US's Portman sees progress on farm duty row today," AFX NEWS, 4 May 2005; "Officials Play Down Prospects for Paris Deal On Tariff Conversions; EU Offers Ag Proposal," WTO REPORTER, 4 May 2005; "FIPs Group Fails to Break Deadlock On Tariff Conversions; Talks to Continue," WTO REPORTER, 4 May 2005; "OECD Council at Ministerial Level: Trade Negotiations under the Doha Development Round," WTO RELEASE, 4 May 2005; "Kamal Nath to address OECD meet tomorrow," THE HINDU, 2 May 2005.

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## DG RACE DOWN TO LAMY AND PEREZ DEL CASTILLO

Mauritian Foreign Affairs and Trade Minister Jaya Krishna Cuttaree has withdrawn his candidacy to succeed Supachai Panitchpakdi as the next Director-General of the WTO. The race is now down to two candidates: former EU Trade Commissioner Pascal Lamy of France and former Uruguayan WTO Ambassador Carlos Perez del Castillo.

WTO General Council Chair Ambassador Amina Chawahir Mohamed of Kenya told a 29 April meeting of heads of Member delegations that the second round of the selection process she is leading indicated that Cuttaree was the least likely of the three remaining candidates to attract the consensus support of all WTO Members.

Mohamed reported on her assessment of Members' preferences (including second preferences, if stated) and the breadth of support enjoyed by each candidate among least-developed countries, developing countries, and developed countries (no other groupings were considered). She told the delegates that on the basis of

the views privately expressed to her by 144 of the WTO's 148 Members in the second round of consultations, Lamy "enjoyed the highest level of support... both in terms of preferences and breadth of support."

EU Trade Commissioner Peter Mandelson welcomed the results, saying "I detect a growing tide in [Lamy's] favour and I believe this is good for the WTO and its work."

Cuttaree had enjoyed the support of the 56 African, Caribbean, and Pacific (ACP) Group WTO Member countries, and had reportedly finished ahead of Perez del Castillo in the first round of consultations. Trade sources report some Cuttaree supporters as suggesting that the EU's 25 WTO Members had expressed secondary support for Perez del Castillo in the expectation that the ACP countries, which receive preferential access to the EU market, would transfer their support to Lamy in the Mauritian's absence. (For more on the first round of consultations, see BRIDGES Weekly, 20 April 2005, <http://www.ictsd.org/weekly/05-04-20/story3.htm>)

Mohamed announced that the third and final round of consultations would be held the week of 9 May, reminding Members that their views from one round do not carry to the next. Along with Dispute Settlement Body Chair Ambassador Eirik Glenne of Norway and Trade Policy Review Body Chair Ambassador Don Stephenson of Canada, she will repeat the question posed to delegations in previous rounds of the process: "What are your preferences?"

According to the procedures agreed to in December 2002, Members are to agree by consensus on a new Director-General at a meeting of the General Council before the end of May.

ICTSD reporting; "Mauritian Cuttaree Withdraws From Race to Head WTO; EU's Lamy Remains Favorite," WTO REPORTER, 2 May 2005; "Lamy's Bid for Top WTO Job Buoyed as Rival Eliminated," BLOOMBERG, 29 April 2005; "Mauritian candidate quits WTO leadership race, Lamy stays top," AGENCE FRANCE PRESSE, 29 April 2005.

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## NAMA: DIVISIONS AMONG MEMBERS ENDANGER JULY 'APPROXIMATIONS'

At the close of a week of WTO negotiations on non-agricultural market access (NAMA) from 25-29 April, NAMA Negotiating Group Chair Ambassador Stefan Johannesson of Iceland warned that Members were in danger of being unable to agree on even "an outline of

a formula" for reducing tariffs on industrial goods by the end of July.

Members remain divided on both the tariff reduction formula and the treatment of so-called 'unbound' tariff lines, i.e., items for which countries have not yet established an upper limit for tariffs. Johannesson appealed for an "urgent meeting of minds to arrive at 'first approximations' of a NAMA package by July, which Members could then finalise and adopt at the WTO's December Ministerial Conference in Hong Kong.

Members agree formula will be non-linear, but divided on unbound tariffs

Johannesson did say that Members have broadly "accepted the use of a non-linear formula," according to which all tariffs would not be cut by the same proportion. He also said that countries generally agree that it will be a "Swiss or Swiss-type" formula that would cut higher tariffs more steeply than lower ones, though they differ significantly on various aspects of it. Indeed, the five proposals currently on the table -- from Norway (TN/MA/W/7/Add.1); the US; the EU; Mexico, Chile, and Colombia; and Argentina, Brazil, and India (TN/MA/W/54) -- all incorporate non-linear formulae for tariff reduction. (For more information on these proposals, see BRIDGES Weekly, 16 March 2005, <http://www.ictsd.org/weekly/05-03-16/story5.htm>; and BRIDGES Weekly, 20 April 2005, <http://www.ictsd.org/weekly/05-04-20/story2.htm>).

With regard to unbound tariffs, however, Johannesson conceded that he did not see "any light at the end of the tunnel." Members are divided on whether they should be required to bind all of their tariff lines. They also disagree on if and how newly bound tariff lines should be subject to reduction as per the tariff reduction formula.

### Differences repeated in informal consultations

These differences came to the fore repeatedly during the first half of the NAMA week, particularly during discussions of a joint paper from Argentina, Brazil, and India (TN/MA/W/54, available online at <http://docsonline.wto.org>) that proposed both a formula and a way to deal with unbound tariffs while according special and differential treatment to developing countries. Several Members, including the EU, the US, Chile, and Costa Rica criticised the proposal for being unlikely to result in meaningful levels of liberalisation. Others argued that only a small number of developing countries would be able to take advantage of the flexibilities it proposed to allow countries to maintain high levels of protection for sensitive unbound tariff lines. However, a number of developing countries did express support for the proposal's suggestion that a

country's average tariff level should factor into its reduction commitments, even if they stopped short of endorsing the three-country paper. (For more on the first half of the NAMA week, see BRIDGES Weekly, 27 April 2005, <http://www.ictsd.org/weekly/05-04-27/story1.htm>)

Delegates report that Members by and large stuck to their positions during the Chair's informal consultations -- so-called 'Room F' meetings of 12 to 20 selected Members -- on 28-29 April. At the 28 April session to discuss the tariff reduction formula, attended by 14 Members including the EU, the US, Brazil, India, and China, Johannesson pressed the sponsors of the different papers to suggest values for the coefficients associated with the formulae that they are proposing. However, all of them were reluctant to do so, fearing that any numbers put forward would be perceived by other Members as a starting point for negotiation. The extent of tariff reduction under a formula depends heavily on the value of the coefficients associated with it. The Argentina-Brazil-India proposal explicitly links the value of the coefficients with progress in other areas of the Doha Round negotiations, agriculture trade liberalisation implicitly among them. Sources suggest that the EU and the US also asked Brazil to provide values for the coefficients, though they have not yet done so for their own proposals.

The Chair's consultations on unbound tariffs also mirrored previous discussions. Members need to agree on how to mark up the rate that countries are applying to unbound tariff lines in order to establish a base rate for subsequent reduction. Responding to the Argentina-Brazil-India paper's proposal for unbound tariff lines, developed countries insisted that all tariffs should be bound as a matter of principle; some developing countries that have bound all of their tariffs said that it would be unfair to allow other developing countries to retain several unbound tariff lines. Malaysia, which applies a relatively low tariff rate to its unbound lines, is said to prefer its own informal March 2005 proposal to bind unbound tariff lines at an average level of 25 percent with a maximum of 40 percent. It also believes that newly-bound tariffs should not be subject to the tariff reduction formula.

Pointing out that the much-criticised Argentina-Brazil-India proposal actually represented the first time India had signed on to a document committing it to bind 100 percent of its tariffs, a developing country source argued that the paper would have received "much more support" had it not been for the complicated issue of unbound tariffs. However, rules on unbound tariffs that were acceptable to the proposal's sponsors were unpalatable to Members with different interests and circumstances, such as Indonesia, the Philippines, Malaysia, and some Latin American countries.



## **Johannesson urges Members to concentrate on formula, unbound tariffs**

Members also held small group meetings on 'sectorals' (accelerated tariff reduction or elimination for particular sectors) and non-tariff barriers. Canada and the US formally submitted an informal paper (TN/MA/W/55) that they had tabled at an earlier NAMA meeting. The proposal's 'critical mass' approach to sectoral liberalisation would have participating countries reduce tariffs in the particular sector to a target level as soon as the Members participating in the initiative account for an agreed proportion -- such as 80 to 90 percent -- of global trade in it. The United Arab Emirates put forward a list (TN/MA/W/37/Add.2) of raw materials for possible sectoral liberalisation.

In his concluding remarks, Johannesson asked Members to focus on the formula and unbound tariffs, reminding them that only 35 working days remain before the July 'first approximations' are due.

The next meeting of the NAMA Negotiating Group is scheduled for 6-8 June.

ICTSD reporting; "NAMA hits snag as North attacks Argentina-Brazil-India proposal," SOUTH-NORTH DEVELOPMENT MONITOR (SUNS), 3 May 2005; "EC And Malaysia Proposals On NAMA," THIRD WORLD NETWORK, 20 March 2005; "'Urgent Meeting of Minds' Needed On Formula, Says WTO NAMA Group Chair," WTO REPORTER, 2 May 2005.

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## **EU SUGAR DISPUTE: WTO APPELLATE BODY CONFIRMS BRAZIL'S WIN**

On 28 April, the WTO Appellate Body released to the public its report on an appeal brought by Brazil, Thailand and Australia with regard to their challenge against the EU's sugar regime. Following closely on the heels of Brazil's recent win in the "cotton appeal" (see BRIDGES Weekly, 9 March 2005, <http://www.ictsd.org/weekly/05-03-09/story1.htm>), the Appellate Body upheld all of the dispute settlement panel's findings. Furthermore, it disagreed with the panel's decision not to rule on Brazil's claim under the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement).

The panel had found that the EU subsidises sugar exports beyond the level formally notified to the WTO -- its so-called 'commitment schedule' -- and was thus in violation of the WTO Agreement on Agriculture (AoA), see BRIDGES Weekly, 15 September 2004, <http://www.ictsd.org/weekly/04-09-15/story1.htm>. The Appellate Body upheld this major finding.

The panel had also found that sugar exports in excess of the EU's commitment level equalled the amount of sugar imported under preferential arrangements from the African, Caribbean and Pacific (ACP) countries and India, as well as that of sugar produced in excess of EU sugar quotas. The EU had argued that a footnote in its commitment schedule excluded 1.6 million tonnes of sugar -- equivalent to the quantity that it imported from the ACP and India -- from the scope of its subsidies reduction requirements. The panel dismissed this argument, holding that the footnote had no legal effect and could not enlarge or modify the EU's specified commitment levels.

The Appellate Body agreed with the panel on these points, which were also of significance to ACP countries (some of which were third parties in this dispute and filed submissions in the appeal). Nonetheless it ruled that contrary to the panel's reasoning, the footnote did indeed have legal effect -- but not "the legal effect of enlarging or otherwise modifying the [EU's] commitment levels as specified in its Schedule."

## **Panel erred in applying "judicial economy" on SCM claim**

On 25 January 2005, Brazil, Australia and Thailand filed counter-appeals regarding the panel's decision not to rule on their claims that the EU's subsidies for sugar exports violated of the SCM Agreement. The panel had declined to rule on the matter because it found that its decisions under the Agreement on Agriculture (AoA) rendered such a ruling unnecessary and because the parties had not sufficiently substantiated their subsidiary claims relating to the SCM Agreement (see BRIDGES Weekly, 20 October 2004, <http://www.ictsd.org/weekly/04-10-20/story1.htm>). The co-complainants had wanted to take advantage of the remedies provided for under this agreement, since they would have shortened the time frame granted to the EU to comply with the ruling.

The Appellate Body held that the panel was wrong in exercising "judicial economy," and had failed to discharge its obligation under dispute settlement rules. However, it declined to "complete the legal analysis and to examine the Complaining Parties' claims under the SCM Agreement left unaddressed by the Panel," saying that it had not been presented with enough information to allow it to determine the appropriate period of time for withdrawing any subsidies that would have been found to be "prohibited" under the SCM Agreement.

## **Complainants satisfied with ruling, EU, ACP concerned**

Australia's Trade Minister, Mark Vaile, said in a 28 April statement that the "EU will be required to significantly

reduce its sugar exports and expenditure on export subsidies," and that "removing up to 4 million tons of subsidised sugar from the world market will make a significant difference to Australian sugar producers who compete on the world stage." Linking it to Brazil's victory in the cotton case, Eduardo Pereira de Carvalho, president of Unica, Brazil's largest sugar industry association, said that "these two decisions have completely changed the way subsidies for agricultural products are viewed in international trade."

On the other hand, ACP countries, concerned about the ruling's impact on their preferential access to the EU sugar market, have expressed disappointment about the ruling. The general secretary of the Fiji National Farmers Union, Mahendra Chaudhry, said Fiji was expected to lose \$120 million in sugar earnings because of the WTO decision. He said this could aggravate the acute poverty faced by 200,000 Fijian citizens who depended on the sugar industry for their livelihoods.

Alluding to the EU's promise to help ACP countries adjust to the consequences of the WTO ruling on their sugar preferences, EU Commissioner for Agriculture and Rural Development Mariann Fischer Boel said "naturally, I will take account of this verdict when I finalise the reform proposals we are due to publish on 22 June. We will continue to defend the valid interests of sugar producers and consumers in both the EU and the ACP countries. I am determined now to modernise our sugar regime to ensure it has a viable future." EU Trade Commissioner Peter Mandelson also noted that the EU would abide by "its international obligations on the sugar regime and will work closely with Member States on the necessary reforms ahead of the WTO Ministerial in December."

Aside from the WTO ruling, the ongoing internal EU reform on sugar is expected to cut internal sugar prices and quotas, reduce exports and export refunds, and provide tailored assistance to the ACP sugar exporting countries impacted by the reduction in EU prices.

The EU's 28 April press release in response to the sugar ruling "European Commission regrets attack on EU sugar regime, but will abide by WTO Appellate Body ruling" (IP/05/506) is available at <http://www.europa.eu.int>.

ICTSD reporting; "EU loses sugar price bid," FIJI TIMES, 30 April 2005; "EU Loses WTO Sugar Appeal, Paves Way to Revamp Export Policies" BLOOMBERG, 28 April 2005; "Europe Loses Sugar Appeal at W.T.O." NEW YORK TIMES, 28 April 2005.

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## IN BRIEF

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### KEMAL DERVIS NOMINATED TO HEAD UNDP

UN Secretary-General Kofi Annan has nominated Kemal Dervis, a former Finance Minister of Turkey, to lead the UN Development Programme (UNDP). If the UN General Assembly confirms the 26 April nomination, it will be the first time the administrator of the UN's largest independently-funded agency has been chosen from outside the major donor nations.

Dervis, a 56-year old Member of the Turkish Parliament, was a World Bank official for 22 years and Turkey's Finance Minister between March 2001 and August 2002. During that time, he was credited with leading his country out of a major economic crisis. He will succeed Mark Malloch Brown, who has been appointed the Secretary-General's chief of staff. Before Malloch Brown, a Briton, the previous five UNDP heads had been American.

Annan said Dervis, a widely published economist and expert on global economic governance, had a "passionate commitment to addressing the scourge of poverty." He will be expected to champion the UN's Millennium Development Goals and to manage an annual budget of over USD 3 billion.

Dervis is expected to take office before the annual meeting of the General Assembly in September.

ICTSD Reporting; "UN Secretary-General Kofi Annan nominates former Turkish Finance Minister Kemal Dervis to head UNDP", UNDP NEWS RELEASE, 26 April 2005; "UN Post For Turkish Ex-Minister", BBC NEWS ONLINE 27 April 2005.

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### WIPO DEVELOPMENT AGENDA DEBATE CONTINUES AT SEMINAR

Representatives from governments, non-governmental organizations and the private sector met at the World Intellectual Property Office (WIPO) on 2-3 May to discuss the relationship between intellectual property (IP) issues and development.

WIPO co-organised the International Seminar on Intellectual Property and Development with the UN Conference on Trade and Development (UNCTAD), the World Health Organization (WHO), the UN Industrial Development Organization (UNIDO), and the WTO in order to provide an international forum on IP open to all.

The seminar heard presentations on subjects such as public health, biodiversity and traditional knowledge, copyright and related rights in the digital environment, competition policy, and creating value from intellectual property. Furthermore, the Seminar expanded on several countries' national experiences with their respective IP laws.

The seminar was one of a number of official responses taken during the last WIPO General Assembly as a reaction to a September 2004 proposal by fourteen developing countries (WO/GA/31/11) for the 'Establishment of a Development Agenda for WIPO' (see BRIDGES Weekly, 8 September 2004, <http://www.ictsd.org/weekly/04-09-08/story1.htm>). An 'inter-sessional inter-governmental meeting' (IIM) also on the subject was held on 11-13 April, and two further meetings are to be held before the end of July 2005 (see BRIDGES Weekly, 13 April 2005, <http://www.ictsd.org/05-04-13/story1.htm>).

The program for the International Seminar is available at <http://www.wipo.int/meetings/2005/isipd/en/>.

ICTSD reporting.

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## WTO IN BRIEF

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### AFRICAN GROUP SUBMITS PROPOSAL IN COTTON SUB-COMMITTEE

The WTO Sub-Committee on cotton held its third meeting on 29 April (see BRIDGES Weekly, 24 November 2004, <http://www.ictsd.org/weekly/04-11-24/story2.htm>). The group of African WTO Members submitted a proposal (TN/AG/SCC/GEN/2) at this meeting calling for radical reforms in the trade of cotton and "cotton by-products" including textiles. The African Group wants changes with regard to all three dimensions or "pillars" of the overall agriculture negotiations -- market access, domestic support and export subsidies -- as they relate to cotton. While the proposal was well received by the majority of WTO Members present at the meeting (because it allowed the Sub-Committee to begin addressing the substantive issues rather than procedural ones), others argued that any reforms in the cotton sector should be addressed within the broader ongoing agriculture negotiations and not in the Sub-Committee.

Speaking on behalf of the group at the meeting, the Rwandan delegate said the proposal reflected the urgency of the cotton issue. The Africa group called for

a decision on cotton by July 2005, when the agriculture negotiations chair, Ambassador Tim Groser, aims to produce a "first approximation" of modalities for liberalising trade in farm products.

ICTSD reporting.

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## INTEGRATED FRAMEWORK YIELDING RESULTS, LDCs SAY

Least-developed countries (LDCs) participating in the 29 April meeting of the Steering Committee of the Integrated Framework for Trade-Related Technical Assistance to LDCs (IFSC) said that the Integrated Framework (IF) process was starting to bear fruit and leading to increasing funding and efforts to ensure that national trade policies cohere with developmental policy. The Minister of Trade from the Comoros welcomed the IFSC's decision to begin the IF process in his country with the approval of a technical review. Similar approvals were also granted for the Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Haiti and Sudan.

The IFSC meeting was preceded by an IF Working Group (IFWG) meeting on 27-28 April. In response concerns on how to move the IF process forward in LDCs after the completion of the study that diagnoses a country's trade-related potential and constraints, one donor suggested that countries hold a "simulation exercise." This would be a major event bringing together the government, donors and the private sector for a "play" that would visually communicate the results of the diagnostic study.

The Integrated Framework currently has 24 beneficiaries and brings together the International Monetary Fund, the International Trade Centre, UNCTAD, the UN Development Programme, the World Bank and the WTO to deliver trade-related assistance to LDCs and ensure that national trade policies are integrated into the overall development and poverty-reduction strategies of each country.

ICTSD reporting.

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## EVENTS & RESOURCES

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### EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web



calendar at: <http://www.ictsd.org/cal/index.htm>. If you would like to submit an event, please email [events@ictsd.ch](mailto:events@ictsd.ch).

### Coming Up: 5 May - 11 May

4-7 May, Turkey, MARINE TURTLES CONFERENCE. This conference is organised by the Council of Europe. For further information contact Mr. Eladio Fernandez-Galiano; tel: (+33) 388 41 22 59; fax: (+33) 388 41 37 51; e-mail: [eladio.fernandez-galiano@coe.int](mailto:eladio.fernandez-galiano@coe.int); Internet: [http://www.coe.int/T/E/Cultural\\_Co-operation/Environment/](http://www.coe.int/T/E/Cultural_Co-operation/Environment/).

6-8 May, New York, United States of America. CLIMATE CHANGE AND THE WORLD'S PROTECTED AREAS. This is the first conference of the Stony Brook World Environmental Forum, convened by Richard Leakey. Its aim is to address the effects of global climate change on the world's protected areas, and the consequences for biodiversity. For further information contact Ms. Eugenia M. Reiersen; tel: (631) 632-1654; fax: (631) 632 7243; e-mail: [Eugenia.Reiersen@Stonybrook.edu](mailto:Eugenia.Reiersen@Stonybrook.edu).

8-10 May, Cairo, Egypt: PAN ARAB CONFERENCE ON WORLD SUMMIT ON THE INFORMATION SOCIETY PHASE II: TOWARDS WSIS II - AN ARAB REGIONAL DIALOGUE. This conference will be held under the auspices of the League of Arab States, in coordination with the International Telecommunication Union and the WSIS Executive Secretariat. Organised and hosted by Egypt's Ministry of Communications and Information Technology, the conference will revolve around activating the Declaration of Principles and is expected to produce an updated version of the Pan Arab Regional Plan of Action. For further information contact the Egyptian Ministry of Communications and Information Technology; e-mail: [mayconf@mcit.gov.eg](mailto:mayconf@mcit.gov.eg); Internet: <http://www.wsis-egypt.gov.eg/>.

10 May, Paris, France: SCIENCES SOCIALES ET DEVELOPPEMENT. This conference is organised by the French NGO 4D, and will focus on the interface between social sciences and sustainable development. For further information contact 4D; tel: +33 1 44 64 74 94; fax: +33 1 44 64 72 76; e-mail: [adebouci@association4d.org](mailto:adebouci@association4d.org); Internet: <http://www.association4d.org>.

### WTO Events

An updated list of forthcoming WTO meetings is posted at: [http://www.wto.org/english/news\\_e/meets.pdf](http://www.wto.org/english/news_e/meets.pdf). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all

WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

5 May: ASCENSION DAY (WTO NON-WORKING DAY)

6 May: WTO NON-WORKING DAY

10 May: COUNCIL FOR TRADE IN GOODS

10 May: DISPUTE SETTLEMENT BODY - SPECIAL SESSION

11 May: TRADE POLICY REVIEW BODY- NIGERIA

11 May: COMMITTEE ON TRADE AND DEVELOPMENT

### Other Upcoming Events

11-13 May, Vienna, Austria: THE GLOBAL FORUM ON SUSTAINABLE ENERGY (GFSE-5). This meeting will consider the theme of "Enhancing International Cooperation on Biomass." with special emphasis on building up the needed institutional capacity to promote South-South cooperation on biomass. For further information contact: Irene Freudenschuss-Reichl tel: +43 5 01150 4432; fax: +43 5 01159 270; e-mail: [irene.freudenschuss-reichl@bmaa.gv.at](mailto:irene.freudenschuss-reichl@bmaa.gv.at); Internet: <http://www.gfse.at/>.

27-28 May, Edinburgh, United Kingdom: REGIONAL TRADE AGREEMENTS AND THE WTO LEGAL SYSTEM. ILA British Branch 2005 Spring Conference. This conference brings together trade negotiators, WTO officials, and leading academics with the aim of analysing and comparing different regional trade agreements (RTAs), and investigating the areas of potential legal conflict between RTAs and the WTO system. For further information contact Lorand Bartels; e-mail: [lorand.bartels@ed.ac.uk](mailto:lorand.bartels@ed.ac.uk); Internet: <http://www.hss.ed.ac.uk/ila/index.htm>.

15-16 June, Hong Kong, China. RENEWABLE ENERGY FINANCE ASIA FORUM. This forum aims to provide networking opportunities for the financial community to learn about renewable energy issues. For further information contact: Sarah Ellis, Green Power Conferences; tel: +44 870 758 7808 e-mail: [sarah.ellis@greenpowerconferences.com](mailto:sarah.ellis@greenpowerconferences.com); Internet: <http://www.greenpowerconferences.com/events/RenewableFinanceAsia.htm>.

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## RESOURCES

**FOOD AID OR HIDDEN DUMPING? SEPARATING WHEAT FROM CHAFF.** Oxfam International, April 2005. In a world prone to natural and human disasters, where 850 million people still suffer from hunger, food aid can sometimes be a crucial lifeline. However, food aid has also been used for less noble aims, including to dump surplus production and promote donor country exports. This type of food aid hurts poor farmers and distorts international trade. Strong disciplines against abuse of food aid must be agreed as part of the Doha Round negotiations at the WTO. To access the report visit

[http://oxfam.org/eng/pdfs/bp71\\_food\\_aid\\_240305.pdf](http://oxfam.org/eng/pdfs/bp71_food_aid_240305.pdf).

**THE END OF AN ILLUSION: WTO REFORM, GLOBAL CIVIL SOCIETY AND THE ROAD TO HONG KONG.** Focus on the Global South, April 2005. The July Package is the last nail in the coffin of the illusion that the WTO can somehow be reformed, either piecemeal or comprehensively, to serve the interests of developing countries. More than ever, the July Package and its aftermath have revealed the WTO to be an iron cage that traps developing countries in a negotiations game that is systematically skewed in favour of the big trading powers of the North. To access this paper visit <http://www.focusweb.org/trade/html/modules.php?op=modload&name=News&file=article&sid=256>.

**THE TRAVELS OF A T-SHIRT IN THE GLOBAL ECONOMY: AN ECONOMIST EXAMINES THE MARKETS, POWER AND POLITICS OF WORLD TRADE.** By Pietra Rivoli. Wiley, John & Sons, February 2005. This book takes the reader on an adventure to reveal the life story of a six-dollar T-shirt from a West Texas cotton field to a Chinese factory, and from trade negotiations in Washington to a used clothing market in Africa. It argues that both globalisation's critics and its cheerleaders have oversimplified the world of international trade. The book contends that "free markets" usually aren't free; that even the staunchest allies of free trade regularly benefit from its restriction; that the alleged "victims" of globalisation are often its greatest beneficiaries; and that the life story of her T-shirt turns as much on power and politics as it does on markets.

**DOES TARIFF LIBERALIZATION INCREASE WAGE INEQUALITY? SOME EMPIRICAL EVIDENCE.** By Branko Milanovic and Lyn Squire. World Bank, April 2005. The objective of the paper is to answer an often-asked question: If tariff rates are reduced, what will happen to wage inequality? The authors consider two types of wage inequality: between occupations (skills premium) and between industries. They use two large databases of wage inequality that have recently become available and a large data set of average tariff

rates covering the period between 1980 and 2000. The authors find that tariff reduction is associated with higher inter-occupational and inter-industry inequality in poorer countries and the reverse in richer countries. However, the results for inter-occupational inequality must be treated with caution. To access this paper visit <http://www.worldbank.org>.

"Climate change, regulatory policy and the WTO: How constraining are trade rules?" By Andrew Green in *JOURNAL OF INTERNATIONAL ECONOMIC LAW* 8 (1, 2005), pp. 143-189. Climate change has come to be seen as a major global environmental challenge. This paper examines the extent to which WTO rules constrain countries' ability to address climate change through domestic regulatory policies such as standards, labels, voluntary agreements and domestic emissions trading programs. The paper argues that existing WTO rules provide members with some scope to take action on climate change. However, they do constrain domestic regulatory policy, and the debate about future institutional changes will be central to how effectively global environmental issues such as climate change will be addressed.

"Limiting Access to Knowledge: Copyright Provisions in Bilateral Trade Agreements" in *SOUTH CENTRE AND CIEL QUARTERLY IP UPDATE*, First Quarter 2005. In addition to an update on relevant intellectual property developments in various fora, the update includes a report on increasing levels of protection of copyright and related rights established by bilateral trade agreements and their significance for the intellectual property and development agenda. To access the report visit <http://www.southcentre.org/info/sccielquarterly/ipdev2005q1.pdf>.

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## ON THE MOVE

The US Senate confirmed Rob Portman as the US Trade Representative on 29 April. The Bush Administration had announced his nomination on 17 March (see *BRIDGES Weekly*, 23 March 2005, <http://www.ictsd.org/weekly/05-03-23/inbrief.htm#1>).

China's Ministry of Commerce has named Vice Minister of Commerce Gao Hucheng to lead a special office for international trade negotiations. The 30 April announcement makes him the country's most senior trade negotiator.

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Contributors to this issue of **BRIDGES Weekly Trade News Digest**® are Yvonne Apea, Trineesh Biswas, Johanna von Braun, Dominic Furlong, Hilde Ludt, Sarah Mohan, Malena Sell, and Andrew Stevenson.. Editor: Trineesh Biswas, [bridges\\_weekly@ictsd.ch](mailto:bridges_weekly@ictsd.ch). Director: Ricardo Meléndez-Ortiz, [rmelendez@ictsd.ch](mailto: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.

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