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LEAD STORIES

AGRICULTURE: KEY TRADE MINISTERS STRIKE AVE DEAL IN PARIS

Ministers from thirty key WTO Member countries made a technical breakthrough in the WTO agriculture talks on 4 May on an issue that had been bedeviling the overall progress of the Doha Round talks. They reached a preliminary compromise on how to convert 'specific' agricultural tariffs based on quantities imported into 'ad valorem' equivalents (AVEs), i.e., tariffs based on the price of the product. Members have been caught up in disagreement over the conversion process for months; settling the matter is a prerequisite for the rest of the agriculture negotiations to proceed.

The deal was facilitated by the so-called 'five interested parties' (FIPs) -- Australia, Brazil, the EU, India and the US -- during a 'mini-ministerial' meeting that took place on the sidelines of an Organisation for Economic Cooperation and Development (OECD) summit in Paris (see BRIDGES Weekly, 4 May 2005, <http://www.ictsd.org/weekly/05-05-04/story2.htm>).

However, it still needs to be agreed to by the WTO's full membership, and certain elements, notably the treatment of sugar and the process through which Members would verify each others' AVEs, remain undecided.

Geneva delegations considered the guidelines for AVE conversions produced by the Paris gathering at a 10 May meeting called by agriculture negotiations Chair Ambassador Tim Groser of New Zealand. No delegations opposed the broad shape of the deal, though some asked for more time to examine it.

Ministers smooth out political differences in Paris

AVE conversion is a mathematical exercise through which 'per tonne' or 'per litre' tariff rates are expressed as a percentage of the value of the commodity being traded. Specific tariffs can mask very high 'ad valorem' rates: if a tonne of rice only costs USD 100, a USD 100 per tonne specific tariff on it would amount to an ad valorem rate of 100 percent. The cost of imported goods is thus central to the calculation of AVEs -- and the higher the 'per unit' import price, the lower the AVE.

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Determining import prices 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 submitted to the WTO Integrated Database (IDB).

Complications arise, however, with some products such as sugar and cheeses, for which import prices often differ significantly from world prices compiled in the UN commodity trade statistics (ComTrade) database. Cases for which the two data sets produce particularly divergent prices (and consequently, ad valorem rates) are 'filtered' out, and the AVE conversions are subsequently carried out based on both IDB and ComTrade data.

Agricultural exporters had been pushing for a conversion based more closely on the lower world prices. These would lead to higher AVEs, eventually putting the commodities in line for steeper tariff reductions. The EU and G-10 countries, which accord relatively high levels of protection to their agricultural sectors, had argued in favour of giving more 'weight' to the higher IDB data. They contended that factors related to product quality would be neglected if the prices used were closer to ComTrade than IDB data. Furthermore, they have argued in discussions that specific tariffs can sometimes actually amount to fairly low ad valorem rates.

Two main differences had been preventing agreement. The first was on the specific weight given to each data set's estimates. The second was on sequencing -- whether to determine a price on the basis of the IDB and ComTrade data sets and then perform a single AVE conversion; or to first calculate AVEs for each data set and then arrive at a point between the two resulting figures on the basis of the agreed weighting.

Compromise puts basic farm products on track for higher tariff cuts

Following tense negotiations in Paris, participants in the mini-ministerial agreed on specific figures for weighting averages of the IDB and ComTrade price estimates. The prices of basic products will be weighted further towards the lower ComTrade prices, while the prices of processed goods will be relatively closer to the higher IDB levels. In terms of sequencing, the weighting of the prices in the two datasets will take place before a single AVE conversion is carried out. The final sequencing agreed was in line with what the EU had wanted, and enabled the EU and G-10 to agree to a weighting more skewed toward the ComTrade data than they had initially been willing to accept.

According to the deal struck in Paris, an '82.5/17.5' weighting will be applied to the Comtrade and IDB data to determine price levels for basic products. The numbers refer to the location of the AVE conversion price between the price levels indicated by each data set. 82.5/17.5 means that the price for the AVE conversion would be at a level that is 17.5 percent of the way towards the higher IDB figure from the lower Comtrade statistic. For example, if the Comtrade price for an unprocessed product is USD 100 per kilogram, and the IDB price is USD 200 per kilogram, the compromise would see a price of USD 117.5 per kilogramme used for the AVE conversion. For processed goods, the weighting agreed to was '60/40.' This means that the earlier price differential would, for a processed good, yield a figure of USD 140 per kilogramme for the purposes of determining the AVE.

In formula terms, the adjusted AVE conversion prices for the two types of products would be expressed as follows:

Unprocessed = (0.825 x Comtrade price) + (0.175 x IDB price)

Processed = (0.6 x Comtrade price) + (0.4 x IDB price)

Ministers hail deal; Groser calls meeting in Geneva

Following the compromise, US Trade Representative Rob Portman commented that it "was a significant breakthrough... Without that... the round would have continued to be stalled." EU Trade Representative Peter Mandelson added that the agreement on AVEs represented just a first step, and much work remained to be done, while Brazil's Celso Amorim stressed that all sides had shown flexibility in the end. Some Geneva sources expressed satisfaction that the AVE disagreement had been dealt with, since the issue had unnecessarily been blown out of reasonable proportion. Speaking in Kingston on 5 May, Jamaican Foreign Affairs and Trade Minister K. D. Knight sounded even less sanguine about an eventual deal on agriculture, saying that "certain sensitive [agricultural] products must be secure from competition," otherwise "we are going to have a deadlock in Hong Kong."

Sugar was explicitly left out of the list of commodities for which Members have been asked to work out AVEs as soon as possible. In Paris, delegates had discussed basing the conversion on prices defined by the London and New York sugar exchanges. However, both the US and EU found this idea problematic, with the EU saying that it would hurt the African, Caribbean and Pacific countries currently enjoying preferential market access to the EU market.

At the 10 May meeting, the US, Brazil, Switzerland, and Australia urged Members to accept the compromise package. No countries expressed explicit opposition to the deal, although a handful said that they would need more time to consider it. Some delegations -- China among them -- said that the package was imperfect, but that they were willing to accept it in order to move on with the negotiations.

The Philippines argued that the distinction between basic and processed products -- specifically the milder tariff cuts on the latter -- was unnecessary, particularly since tariff escalation (low tariffs on raw materials, steadily higher tariffs for more processed products) was already a problem.

Sugar-producing countries including Mauritius, the Philippines, Antigua and Barbuda, and Barbados expressed concern about the exclusion of sugar from the agreement on AVEs. Australia, on the other hand, contended that sugar prices were so distorted by protection in the US and the EU that it was likely to end up slated for steep tariff cuts regardless of which price database is used.

Groser told Members that verifying each others' AVE calculations would not be a major undertaking if the methodology used to calculate them were sufficiently specific. Accepting a suggestion from Australia and Mexico, he established 20 May as a "soft deadline" for major countries to provide their AVE calculations. Smaller countries, he said, would receive extra time as well as assistance from the Secretariat to do so.

The next agriculture week is scheduled from 30 May to 3 June, with delegates set to focus on market access issues. Groser has said that he would like Members to start discussions on the tariff reduction formula during that week.

ICTSD reporting; "WTO Agriculture Chairman Tim Groser To Hold Talks on Tariff Conversion Accord," WTO REPORTER, 10 May 2005; "World trade talks crisis averted after tariffs row," REUTERS, 4 May 2005; "Free Trade Begins With School Math," BLOOMBERG, 10 May 2005; "Knight predicts deadlock at the WTO ministerial, unless...", THE JAMAICA OBSERVER, 8 May 2005.

PARIS MINI-MINISTERIAL REVIVES OPTIMISM ABOUT JULY 'APPROXIMATIONS'

Trade ministers from 30 influential WTO Member countries have once again cast their eyes on the end of July for coming up with well-developed 'first

approximations' of a deal that Members may then flesh out and adopt at the WTO's December Ministerial Conference in Hong Kong. This followed a 4 May breakthrough on a technical issue related to agricultural tariffs that had been effectively blocking the Doha Round trade talks, during the course of a WTO 'mini-ministerial' meeting in Paris (see related story, this issue).

The renewed optimism comes only a week after a 28 April WTO meeting during which Director-General Supachai Panitchpakdi warned Members that they were well behind the pace required to reach their July target for such an outline, endangering the chances of agreement at Hong Kong (see BRIDGES Weekly, 4 May 2005, <http://www.ictsd.org/weekly/05-05-04/story1.htm>). In fact, only hours before the breakthrough on 4 May, Supachai had warned the ministers attending the meeting that the negotiations were not "on course."

Ministers reiterate commitment to July 'approximations'

Although the compromise on converting specific tariffs on agricultural goods (those based on quantities imported) into value-based 'ad valorem' equivalents (AVEs) gave the ongoing talks a much-needed shot in the arm, participants at the Paris gathering agreed that a great deal remains to be done before July -- in agriculture as well as the other negotiating areas.

According to the summary of the proceedings prepared by meeting chair John Tsang, Hong Kong's Commerce Secretary, the five governments which hammered out the understanding that went on to be accepted by other attendees had "committed to work with the Chair of the Negotiating Group [on Agriculture] in building a consensus" around it in Geneva.

Progress on NAMA, services seen as crucial

Sources indicate that most of the meeting was taken up by the discussions on AVE equivalents, and that there was little time to discuss other issues in detail. Nevertheless, Tsang's summary -- an unendorsed informal document -- also said that participants agreed on the need for expanded market access for non-farm products, and that "a substantial cut to tariffs, in particular tariff peaks, tariff escalation, and high tariffs... is desirable." It reported that ministers had encouraged their trade officials to "seek out the common elements" from the different proposals currently on the table in the non-agricultural market access (NAMA) negotiations in order to construct an acceptable tariff-reduction formula. This, however, may prove difficult, as Members have proved deeply divided thus far on both

the structure of the formula and the flexibilities in its application afforded to developing countries.

With the regard to the services negotiations, the summary said that officials at the meeting reiterated the importance of tabling "a critical mass of high-quality initial/revised market opening offers" by the end-May deadline set out by the July Package. They also "agreed on the need for practical means of assessing the quality" of those offers. Trade news sources report that some delegations in Geneva are beginning to suggest that these benchmarks should establish targets for the overall negotiations, rather than simply serving as measures of the depth and coverage of offers.

Participants also called for progress on development issues, WTO rules, and trade facilitation.

Ministers react positively, look forward to July

"I think we made good progress," said Brazilian Foreign Minister Celso Amorim after the meeting, "and we made good progress thanks to the fact that everybody was able to show flexibility."

The new US Trade Representative, Robert Portman, said "I hope we've been able to jump-start the process in Geneva so that by the end of July we will have been able to make enough progress to be optimistic by Hong Kong in December." He turned his focus to the NAMA talks, saying that "it would be difficult to... make progress at the end of the year in Hong Kong" unless Members can develop "a formula that we can all work with" by July. EU Trade Commissioner Peter Mandelson asked the WTO Secretariat to start plugging actual numbers into the different formulae that have been proposed, in order to give Members a better appreciation of the tariff cuts that they would entail.

Other delegations expressed satisfaction that the AVE issue is "behind us," allowing the talks to move forward. Pointing to the complexity of the upcoming negotiations, a Geneva delegate from a developing country told BRIDGES that even with the AVE hurdle crossed, "We barely have enough time to do what is necessary by July. Members are charting a new course, especially on agriculture, where they are defining a number of issues, thus laying the foundation of a new agreement. We need to establish the modalities -- lay the foundation properly -- before negotiating the level of ambition, that is, specific numbers for tariff reduction." "We can make it if everyone is keen to work together and makes a political commitment to do so," the negotiator continued, "but even if there's will, there's not much time given the sheer complexity and breadth of the technical issues before us."

The next mini-ministerial meeting is set to take place in China in July. At that meeting, ministers expect to see draft 'first approximations' prepared by the Chairs of the various Doha Round negotiating groups. "While these will differ in form," concluded Tsang's summary, "they should provide sufficient specificity to allow us to identify early the commonalities where agreement is close and seek movement and trade-offs in areas of difference, to ensure that we are on track for Hong Kong. There is no time to lose."

ICTSD reporting; "WTO ministers reach agreement on tariffs issue," AGENCE FRANCE PRESSE, 4 May 2005; "Key WTO Members Clinch Deal on Ag Tariff Conversions, Avoiding Setback to Doha Talks," WTO REPORTER, 5 May 2005; "Progress at last," THE ECONOMIST, 5 May 2005.

OTHER NEWS

TRADE FACILITATION TALKS SEE FLURRY OF NEW PROPOSALS

The 2-3 May meeting of the Negotiating Group on Trade Facilitation saw several new proposals, as its previous session had in March (see BRIDGES Weekly, 6 April 2005, <http://www.ictsd.org/weekly/05-04-06/story2.htm>). Eleven new papers were tabled, by both developing and developed country Members.

As before, the simplification and standardisation of rules governing the movement of goods was an underlying theme in most of the submissions. According to one Geneva source, several capital-based officials familiar with the issues were present at the meeting, facilitating constructive discussions and 'on the spot' responses to proposals.

The July Package (WT/L/579, available on http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm) sets out modalities for the trade facilitation negotiations, mandating Members 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 discussions were structured in three parts -- cross-cutting issues, substantive aspects related to the three articles, and presentations by relevant international organizations.

Peru calls for inventory of trade facilitation measures

In its submission (TN/TF/W/30) aimed at all three of the GATT Articles that come under the remit of the trade facilitation talks, Peru proposed establishing an inventory of applied trade facilitation measures. The inventory would link each measure to its beneficiaries, the sectors involved in its implementation, related regulations, and in particular, its economic and trade impacts. This information would then provide the basis for determining "which measures currently applied need to be endorsed and encouraged by technical and financial cooperation activities and reflected in WTO provisions"; and which new measures need to be developed and adopted by WTO Members, accompanied by appropriate assistance. China and Pakistan (TN/TF/W/29) supported by Sri Lanka proposed that Members use a common tool based on work already done by international organisations to identify trade facilitation needs and priorities.

One trade diplomat stated that Members need to assess the 'implementation gap' on the basis of countries' abilities to meet the demands of actual proposals. On the basis of this 'gap,' they could then decide whether to adjust a particular country's commitments downwards, or to accord it special and differential treatment (S&D) and technical assistance to help it make up the shortfall.

Transit Issues receive Greater Attention

Many of the new submissions focused on the transit of goods (Article V). This was welcomed by several landlocked countries. Bolivia, Mongolia and Paraguay (TN/TF/W/28) put forward a joint submission, as did Paraguay, Rwanda and Switzerland (TN/TF/W/39). Other papers came from Korea (TN/TF/W/34) and the EU (TN/TF/W/37). Most of these proposals highlighted various obstacles to the quick and predictable transit of goods. These obstacles, which render goods from landlocked countries particularly uncompetitive in world markets, included additional and sometimes illegal controls, excessive security measures, excessive and non-standardised documentation requirements, and a lack of coordination among different customs-related agencies. The EU submission (TN/TF/W/35) listed similar transit-related problems.

The submissions also highlighted unpublished and unreasonably high transit charges faced by landlocked Members in neighbouring countries. Paraguay, Rwanda and Switzerland's proposal noted that for landlocked least developed countries (LDCs), freight and insurance costs in accounted for an average of 12.9 percent of total exports (compared to 8.1 and 5.8 percent in developing and developed countries, respectively), and

that for some African LDCs, the figure was over 50 percent.

The submissions suggested solutions such as extending the non-discrimination principle to modes of transport, origin and destination, carriers, routes and goods, as well as promoting coordination among relevant authorities in neighbouring countries and the use of international standards for transit formalities. One delegate remarked that certain countries frequently discriminate in terms of treatment between ships and trucks from different countries, e.g., by requiring them to follow routes that are not cost-effective.

Proposals on transparency emphasize advance notice

The Peruvian submission also addressed transparency (Article X), as did a paper from Hong Kong (TN/TF/W/32). They underscored the importance of giving traders sufficient time to prepare themselves for new trade-related regulations. The Peruvian submission called for the publication of all relevant legislation on customs procedures as well as the establishment of minimum time periods before new regulations can enter into force. The Hong Kong submission reinforced this by demanding that new measures be published as early as possible.

Fees and formalities: use of international standards deemed essential

New Zealand, Norway and Switzerland (TN/TF/W/36) said that simplifying, reducing, and standardising documentation for trade-related fees and formalities (Article VIII) would help small and medium enterprises. Singapore's submission (TN/TF/W/38) stressed the importance of advance rulings (i.e. advance information on tariff classification, customs valuation, etc.) in improving certainty and predictability with regard to customs procedures. Peru's paper recommended that Members accede to the World Customs Organization (WCO) conventions that seek to harmonise and simplify customs procedures.

Africa Group Emphasizes Right to select policy options and policy flexibility

The group of African WTO Members (TN/TF/W/33) stated that the right to select policy options and exercise flexibilities granted to developing and least-developed countries must remain sacrosanct. The proposal emphasised the importance of S&D, technical assistance, capacity building and support for implementation assistance. Priorities identified by the African Group included reducing transport and communication costs, enhancing the capacities of customs agencies, and the integration of African

enterprises and economies into international payment and insurance systems.

South African trade analyst Nkululeko Khumalo wrote in the Johannesburg daily Business Day that the WTO needs to go beyond the scope of its current discussions and put greater emphasis on capacity building and technical assistance, particularly as it pertains to infrastructure needs such as transportation networks. A Geneva-based delegate countered this by indicating that Members must decide on actual commitments before they can make concrete decisions about necessary assistance.

Sources report that one of the notable aspects of the meeting was a World Bank presentation on a project in Jamaica which apparently not only enhanced trade facilitation but also enabled government agencies to participate in WTO negotiations.

The EU (TN/TF/W/37) described its current technical assistance initiatives, including a 60 million euro project to overhaul the Egyptian customs system. It also stated that trade-facilitation related technical assistance was an important component of its regional trade negotiations with developing countries.

'Hong-Kong is not the horizon' for trade facilitation

A negotiator said that there is no urgency to develop 'modalities' for trade facilitation as there is for other areas of the negotiations, since the GATT Articles themselves give Members a basis to work from. Delegates simply needed to assess progress in the discussions and determine what should go into a package for adoption at the WTO's December Ministerial Conference in Hong Kong. As far as the negotiations are concerned, however, "Hong Kong is not the horizon for trade facilitation."

Another trade diplomat remarked that Members differed on what should come first -- needs assessment, technical assistance, or WTO commitments.

The next meeting of the Negotiating Group is scheduled for 13-14 June. According to one trade source, there was some expectation that Members would table proposals regarding the future direction of negotiations.

ICTSD reporting; "Break down Africa's Barriers," BUSINESS DAY, 10 May 2005.

SERVICES: MEMBERS DISCUSS MODE 4-RELATED VISA PROCEDURES

The special session of the Council for Trade in Services reconvened on 27 April to continue discussions on a number of negotiating proposals and statements that had been made to its last meeting in February.

Although the meeting had been slated to focus on the earlier submissions, Members devoted most of their attention to two new papers. The first was an informal room document submitted by Colombia, Peru and the Philippines on regulatory issues affecting services supplied through Mode 4, which governs the so-called 'movement of natural persons.' The second was a Swiss submission on its experience with commitments in education services.

The informal Mode 4 paper sought to provide concrete suggestions on how to address the problems posed by visa measures to would-be service providers. These problems were first identified by Colombia in its submission to the Working Party on Domestic Regulation (WPDR; S/WPDR/W/29), in which it argued that visa-related administrative procedures could constitute an effective obstacle to doing business. Among the approaches suggested by the three sponsors of the room document are consistency in the application of criteria and time frames when processing visas, the possibility of streamlined or more expeditious processing if the applicant is able to comply with additional documentary requirements, and improved transparency with respect to visa and entry permit requirements and procedures.

As a way of responding to earlier contentions from certain developed country Members that visa measures are outside the scope of the General Agreement on Trade in Services (GATS), the room document set out a legal analysis of the GATS Annex on the temporary movement of natural persons, arguing that it provides for a qualified inclusion of visa measures under the GATS. The developing countries contend in their document that visa measures are excluded from coverage of the GATS only if their application does not 'nullify or impair' benefits arising from specific liberalisation commitments undertaken by a Member. To the extent that they nullify or impair these expected benefits, as they would if they render doing business impossible, visa measures are covered by the GATS and the ongoing services negotiations.

Although Members had very little time to review the Mode 4 document, many developing countries expressed support for the paper and the legal

interpretation it offered. Notably, sources report that developed country delegates did not identify flaws in the document's legal analysis during the meeting. Nonetheless, delegates expect that the informal paper will give rise to spirited debate during the next 'cluster' of services meetings, scheduled for 20 June - 1 July.

ICTSD reporting.

IN BRIEF

WTO FOOD AID DISCIPLINES COULD INCREASE HUNGER, WARNS UN AGENCY CHIEF

The head of the UN World Food Programme (WFP) warned WTO delegates from developing countries on 9 May that improperly drafted new rules on food aid could contribute to hunger in the world's poorest countries.

The EU and other exporters of agricultural products have been arguing that food aid should be largely restricted to cash grants, except during emergencies. They aim to halt what they see as US exports of surplus subsidised products in the guise of bilateral aid programmes. The US denies these charges, countering that EU agricultural subsidies are the real source of harm. The cash grant proposal is supported by some recipient countries such as Uganda, which have seen poor farmers displaced from local markets by subsidised agricultural surpluses that entered the country as food aid.

James Morris, the executive director of the Rome-based agency, said that the WFP was "absolutely opposed" to limiting food aid to cash, since this may dissuade countries -- especially developing ones such as India -- from making legitimate in-kind donations.

Morris questioned the need for disciplines on food aid at a time when overall food donations are dropping, citing WFP statistics showing that food aid in 2004 amounted to 7.5 million tonnes -- a 30 percent drop from the year before, and half the 1999 level. The number of chronically hungry people has increased to 852 million. Arguing that food aid now accounts for only 0.3 percent of worldwide cereals production, Morris said that food aid should be judged according to its end use, as opposed to whether or not it is surplus. He also urged donor countries to increase food aid back to the 11 million tonne mark it was at in 2001.

"Move by WTO 'is threat to food aid,'" FINANCIAL TIMES, 9 May 2005; "UN Comments On WTO Food Aid Controls," ASSOCIATED PRESS, 9 May 2005; "UN raises eyebrows as WTO farm talks," ECONOMIC TIMES, 10 May 2005.

MERCOSUR, GULF COUNTRIES AGREE TO LAUNCH FTA TALKS

During a Latin American-Arab League Summit in Brasilia, the Common Market of the South (MERCOSUR) and the Gulf Cooperation Council (GCC) signed an agreement to begin negotiations on a free trade agreement. According to GCC Secretary General Abdulrahman al-Attiya, the 10 May accord laid a solid foundation for the future conclusion of a free trade agreement between the two trade blocs. The agreement calls for an increase in capital flows and investments in industry, agriculture and trade between the two areas, and creates a joint economic, technical and investment committee that will monitor and promote bilateral exchanges among the countries involved.

The 10-11 May summit was organised by Brazilian President Luiz Inacio 'Lula' da Silva to boost cooperation between South America and the Arab League and counter the global influence of the US and other major developed countries. Silva urged the participants to fight for free-trade rules that help the developing world's impoverished masses, instead of benefiting only rich countries and multinational corporations. "Our great challenge is to design a new international trade and economic geography," he said, specifically criticising US and EU agricultural subsidies.

The spirit of the summit was somewhat dampened by the poor representation of Arab League members -- only 5 of the 22 invitees were represented by heads of state. In addition, Argentina aired reservations about Lula's push for increased South-South trade, noting that it could come at the expense of other markets.

MERCOSUR includes Brazil, Argentina, Paraguay and Uruguay and the GCC includes Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, Kuwait and Oman.

"Mercosur, GCC sign free trade zone frame agreement," CHINAVIEW, 11 May 2005; "Leader says free trade must aid poor," AP, 10 May 2005; "Trade or politics? Latin America and Arabs differ," REUTERS, 10 May 2005; "Latin, Arab nations seek 'alliance of civilizations'," MIDDLE EAST ONLINE, 11 May 2005; "South Americans, Arabs meet to forge links," AP, 11

May 2005; " Priorities differ as Latins meet Arabs," NEW YORK TIMES, 12 May 2005.

2005; " WTO talks: Nath raises duty issues," ECONOMIC TIMES, 5 May 2005.

OECD MINISTERS CALL FOR 'URGENCY' TO FINISH DOHA ROUND

Ministers from the thirty primarily developed country members of the Organisation for Economic Cooperation and Development (OECD) called for "a heightened sense of urgency to achieve an ambitious result from the Doha Development Agenda by the end of 2006," during the group's 3-4 May annual ministerial summit in Paris. Describing such an outcome as "a powerful engine for global growth, employment, development, and poverty reduction," they emphasised the need for progress in every major area of the negotiations. The official statement adopted at the meeting stressed that developmental concerns should be "reflected across the board."

Participants recognised that progress towards most of the UN Millennium Development Goals is "seriously lagging" in parts of the world. Ministers exhorted donor countries to "make their best efforts" to increase aid flows in order to help meet these objectives. They also urged "all countries to address greenhouse gas emissions towards the ultimate objective of the UN Framework Convention for Climate Change."

A handful of ministers from non-OECD developing countries were invited to the gathering. Indian Commerce and Industry Minister Kamal Nath called for a 'development audit' of the ongoing talks, declaring that "If ambition does not enhance development, then it is not 'ambition,' but illusion." Chinese Minister of Commerce Bo Xilai said that developed country WTO Members should act like advanced players and accord developing countries meaningful special and differential treatment.

The meeting took place concurrently with a WTO 'mini-ministerial' meeting from 2-4 May.

The chair's summary of the meeting's proceedings is available at http://www.oecd.org/document/10/0,2340,en_2649_201185_34842314_1_1_1_1,00.html

The official meeting statement is available at [http://www.ois.oecd.org/ois/2005doc.nsf/linkto/c-min\(2005\)2](http://www.ois.oecd.org/ois/2005doc.nsf/linkto/c-min(2005)2)

"Chinese Commerce Minister makes three-point proposal on DDA," PEOPLE'S DAILY ONLINE, 8 May

FIRST STOCKHOLM CONVENTION COP MOVES TOWARDS IMPLEMENTATION

Delegates at the first meeting of the Conference of the Parties to the Stockholm Convention on 2-6 May took substantial steps towards establishing the process for implementing the Convention, which aims to reduce and eliminate a list of highly hazardous chemicals known as persistent organic pollutants (POPs). However, they continued to struggle with developing countries' capacity to implement the health- and environment-motivated global treaty.

The meeting, held in Punta del Este, Uruguay, considered a new set of guidelines on best practices to prevent or reduce the release of dioxins and furans, toxic chemicals that are created unintentionally as by-products of combustion and industrial processes. Developing countries raised concerns about their capacity to adopt such environmental techniques. The COP clarified that they are not mandatory, and created a working group to make the guidelines more user-friendly. The meeting also created the Persistent Organic Pollutants (POP) Review Committee (POPRC) that will manage the process to add new chemicals to the list and approved a system for countries to be exempted if necessary from the ban on DDT, a toxic chemical used to combat malaria.

"The Stockholm Convention will save lives and protect the natural environment – particularly in the poorest communities and countries," said UNEP Executive Director Klaus Toepfer. It "reminds us that the central ideal of acting together in mutual self-interest is still alive and kicking." Article 3.2 of the Convention restricts trade in listed chemicals to cases where the purpose is environmentally sound disposal, unless an exemption is provided.

ICTSD Reporting; EARTH NEGOTIATIONS BULLETIN, Vol. 15 No. 117; "WWF Lists 20 Chemicals to be Added to POPs Treaty," WWF PRESS RELEASE, 28 April 2005; "Governments Meet to Eliminate 12 Persistent Organic Pollutants," ENS, 2 May 2005; "US Looking Next Year to Join Global Treaty Banning World's Most Toxic Chemicals," AP, 6 May 2005; "Despite Int'l Agreement, DDT Will Not Disappear Overnight," IPS, 5 May 2005.

WTO IN BRIEF

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DISCUSSIONS ON PROPOSALS
CONTINUE**

The special (negotiating) session of the WTO Dispute Settlement Body (DSB) met on 9-10 May to continue discussions on how to improve and clarify the rules governing dispute settlement. On 9 May, Members discussed one new proposal as well as several recently-tabled ones. Australia submitted the new paper, which suggested ways to save time during Dispute Settlement Understanding (DSU) procedures. For instance, it called for halving the timeline for cases under the WTO Agreement on Safeguards -- a suggestion about which various Members expressed reservations. Some Members were concerned that the proposal contained no special and differential treatment provisions for developing countries. Australia argued that such expedited procedures already existed for perishable goods and that safeguard measures were unique in that unlike antidumping or countervailing duty measures, they affected the entire membership. Other proposals discussed included a joint EU and Japan paper regarding the sequencing of compliance and retaliation procedures and an EU paper on panel composition -- both previously discussed at the 5 April meeting (see BRIDGES Weekly, 5 April 2005, <http://www.ictsd.org/weekly/05-04-06/wtoinbrief.htm#3>).

Chair Ambassador David Spencer of Australia discussed the possibility of submitting a DSB special session report on activities and expected achievements to the WTO General Council in July. Spencer said that this would be appropriate in light of the July target for 'first approximations' of an eventual agreement in other negotiating areas. He also called on Members to revisit old proposals. Spencer further announced his intention to hold informal consultations before the group's next meeting on 21-22 June. These informal consultations would address matters such as whether the special session should submit a negotiated report to the July General Council or whether the Chair should prepare such a report on his own responsibility.

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: 12-18 May

16-20 May, Auckland, New Zealand: MEETING OF THE AD HOC TECHNICAL EXPERT GROUP ON GAPS AND INCONSISTENCIES IN THE INTERNATIONAL REGULATORY FRAMEWORKS ON INVASIVE ALIEN SPECIES. Organised by the Convention on Biological Diversity. For further information, contact the Secretariat, tel: (+1 514) 288-2220; fax: 288-6588; email: secretariat@biodiv.org; Internet: <http://www.biodiv.org/meetings/default.aspx>.

17-19 May, New Delhi, India: MEETING OF THE CITES TIGER ENFORCEMENT TASK FORCE. This meeting is organised by the Secretariat of the Convention on International Trade in Endangered Species (CITES). For further information contact the Secretariat, tel: (+41 22) 917-8139; fax: (+41 22) 797-3417; email: cites@unep.ch; Internet: <http://www.cites.org/eng/news/calendar.shtml>.

16-27 May, Bonn, Germany: 22ND SESSIONS OF THE SUBSIDIARY BODIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC). Following an agreement at the tenth Conference of Parties to the UNFCCC in December 2004, SB-22 will be preceded by a "Seminar of Government Experts," which will seek to promote an informal exchange of information on actions concerning mitigation and adaptation, and on policies and measures adopted by governments supporting the implementation of existing commitments under the UNFCCC and Kyoto Protocol. For further information contact the UNFCCC Secretariat, tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int.

17-25 May, Geneva, Switzerland: 15TH MEETING OF THE CITES PLANTS COMMITTEE AND 21ST MEETING OF THE CITES ANIMALS COMMITTEE. The Animals Committee and Plants Committee of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) will address the resolutions and decisions directed to

them by the 13th meeting of the Conference of the Parties of CITES in Bangkok, Thailand, in October. As well they will undertake periodic reviews of species, in order to ensure appropriate categorization in the CITES Appendices; advise when certain species are subject to unsustainable trade and recommending remedial action; and draft new resolutions on animal and plant matters for consideration by the Parties at the next COP, to be held in the Netherlands in 2007. For further information contact the CITES Secretariat, tel: +41-22-917-8139; fax: +41-22-797-3417; email: cites@unep.ch.

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.

12 May: WTO COMMITTEE ON TRADE AND DEVELOPMENT - SPECIAL SESSION.

13 May: TRADE POLICY REVIEW BODY - NIGERIA.

17-18 May: NEGOTIATING GROUP ON RULES - REGIONAL TRADE AGREEMENTS.

Other Forthcoming Events

19 May, Geneva, Switzerland: LA JURISPRUDENCE RELATIVE AU PRINCIPE DE PRÉCAUTION DANS LE DROIT DE L'OMC. Organised by the Faculty of Law, University of Geneva. This event is the inaugural lecture (in French) by Professor Gabrielle Marceau. For further information, contact Urs P. Thomas, tel: (+41 22) 379-8491; email: Urs.Thomas@droit.unige.ch.

25-27 May, Bangkok, Thailand: EXCHANGING NATIONAL EXPERIENCES AMONG THE PRINCIPAL EXPORTING DEVELOPING COUNTRIES: ENVIRONMENTAL REQUIREMENTS AND MARKET ACCESS FOR ELECTRICAL AND ELECTRONIC GOODS. This workshop is organised by UNCTAD and the UN Economic and Social Commission for Asia and the Pacific as part of the Consultative Task Force (CTF) on Environmental Requirements and Market Access for

Developing Countries. For further information contact Ulrich Hoffman, tel: (+41 22) 917 5780; fax: 917 0247; email: Ulrich.hoffman@unctad.org; Internet: http://r0.unctad.org/trade_env/test1/openF1.htm.

25-27 May, Entebbe, Uganda: INVESTMENT FOR AFRICAN DEVELOPMENT: MAKING IT HAPPEN. This roundtable is organised by the New Partnership for Africa's Development (NEPAD) and the Organisation for Economic Cooperation and Development (OECD). It will focus on investment policy, including measures to enhance national investment climates and attract investors. Discussions will look at two specific issues: the regulatory environment for foreign direct investment in African countries; and the experiences with, and the prospects for, private participation in the infrastructure and utilities sectors. The roundtable will aim to initiate a process leading to increased private sector participation in two selected sectors, namely transport infrastructure and telecommunications. Participants will be invited to discuss benchmarks for future self-evaluation and reporting of progress in the areas under consideration. For further information contact Mr. Sudir Chuckun, tel: (+27 11) 313-3166; fax: 313 3583; email: sudirc@nepad.org; Internet: http://www.oecd.org/document/27/0,2340,fr_2649_2011_85_34519323_1_1_1_1,00.html

25 May - 4 June, Paris, France: THIRD SESSION OF THE INTERGOVERNMENTAL MEETING OF EXPERTS ON THE NEGOTIATION ON THE PRELIMINARY DRAFT CONVENTION OF THE DIVERSITY OF CULTURAL CONTENTS AND ARTISTIC EXPRESSIONS. The session, organised by UNESCO, is a follow-up to the Second Session of the Intergovernmental Meeting (31 January - 11 February 2005), during which the experts recommended that the third session be convened with a view to completing the remaining work on the negotiation of the draft. For further information contact Moe Chiba, tel: (+33 1) 4568-4316; fax: 4568-5597; email: m.chiba@unesco.org; Internet: http://portal.unesco.org/culture/en/ev.php-URL_ID=26852&URL_DO=DO_TOPIC&URL_SECTION=201.html.

31 May - 16 June, Geneva, Switzerland: 93RD SESSION OF THE INTERNATIONAL LABOUR CONFERENCE. This is the general conference of the International Labour Organization (ILO). For further information, contact the Official Relations Branch, tel: (+41 22) 799-7732; fax: 799-8944; email: RELOFF@ilo.org; Internet: <http://www.ilo.org/public/English/standards/reim/ilc/ilc93/reports.htm>

6 June, Copenhagen, Denmark: GATS AND TRADE IN SERVICES. Organised by the "WTO, Trade and

Development" Network of the Danish Institute of International Studies, the event will include Niels Jon Mortensen, DIIS, Peter Gammeltoft, Copenhagen Business School and (to be confirmed) Alejandro Jara, Chile's Ambassador to the WTO and Chair of the special session of the WTO Council for Trade in Services. For further information contact Michael Friis Jensen, tel: (+45 32) 69 8787; fax: 3269 8800; email: mje@diis.dk; Internet: <http://www.diis.dk/sw239.asp>

RESOURCES

"Environmental Impacts Of Trade In India" by Kakali Mukhopadhyay and Debesh Chakraborty in *INTERNATIONAL TRADE JOURNAL* 19 (2), Summer 2005. This article aims at contributing to the environment and trade debate by evaluating the impacts of international trade on emissions of carbon dioxide, sulphur dioxide, and nitrogen oxides for the Indian economy during 90s using input-output techniques. The authors have constructed an index of pollution terms of trade. Results show that the indices are below 100, indicating that India produces goods that are more environmentally friendly than goods it imports, thus challenging the pollution haven hypothesis for India. The article also offers explanations for these results.

"Hard Red Spring Wheat At A Genetic Crossroad: Rural Prosperity Or Corporate Hegemony?" By R. Dennis Olson in *CONTROVERSIES IN SCIENCE AND TECHNOLOGY: VOLUME 1: FROM MAIZE TO MENOPAUSE*. Edited by Daniel Lee Kleinman, Abby J. Kinchy and Jo Handelsman, January 2005. Shortly after biotech company Monsanto submitted applications in 2002 to release its genetically modified Roundup Ready wheat, the company publicly pledged that it would not commercially release the world's first GM wheat until it was accepted on the market and approved by regulatory bodies in both the US and Canada. After strong resistance from the wheat industry, Monsanto decided in June 2004 to withdraw its application for regulatory approval for GM wheat. This turn-around has strong implications for consumers and industry interested in the biotechnology debate. To access the report visit <http://www.agobservatory.org/library.cfm?refid=70055>

COTTON E-PROFILE. United Nations Conference on Trade and Development (UNCTAD), April 2005. In its effort to enhance market transparency and monitor commodity information, UNCTAD is launching a new monograph on cotton. This e-profile is articulated around 10 main thematic entries, and seeks to examine the latest developments throughout the cotton marketing chain in the light of current economic, trade

and social developments. To access the study visit <http://r0.unctad.org/infocomm/anglais/indexen.htm>

DEPENDENCY OF DEVELOPING COUNTRIES ON NON-AGRICULTURAL COMMODITIES: CHARACTERISTICS AND CHALLENGES. South Centre, April 2005. The purpose of this paper is to identify the extent of the dependency of developing countries on non-agricultural commodities, to identify the main characteristics of this dependency, and to point to the challenges faced by these dependent developing countries, both in the trade arena and in connection with issues that are not trade-related. To access the paper visit http://www.southcentre.org/tadp_webpage/research_papers/commodities_project/devg_cntries_nonag_comm_apr05.doc

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