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LEAD STORIES

TEXTILES ROW DEEPENS AS CHINA REVOKES EXPORT TARIFFS

The Chinese government on 30 May revoked export tariffs on several categories of textile and clothing products in retaliation against import restrictions imposed by the US, as well as an EU move to impose similar restrictions. The Chinese move came just ten days after it announced that it would raise export tariffs five-fold on 74 categories in an attempt to prevent the US and EU from restricting imports. The government had said at the time that it would remove export tariffs from any categories subject to import restrictions (see BRIDGES Weekly, 25 May 2005, <http://www.ictsd.org/weekly/05-05-25/story2.htm>).

According to the Customs Tariff Commission of the Chinese cabinet, the decision to revoke export tariffs was made "in the wake of the EU's decision to impose quotas on imports of Chinese textiles, as well as the US decision to re-impose restrictions on seven kinds of Chinese textile and clothing imports recently." Chinese Commerce Minister Bo Xilai said that all 81 categories for which export tariffs were cancelled were threatened by US and EU import restrictions.

The US and the EU have justified import restrictions as part of the 'textile specific safeguard clause' that is part of China's WTO accession agreement. The clause allows WTO Members to impose quantitative restrictions on imports of Chinese textiles and clothing products if they are found to disrupt markets.

On 27 May the EU formally requested WTO consultations with China on two categories of textiles and clothing products, although they had earlier said that they would give China until 31 May to resolve the issue through informal discussions. Under the EU process, China now has until 10 June to limit its exports to the EU to no more than 7.5 percent above the amount that entered the EU market during the period from March 2004 to February 2005 -- equal to the extent to which Members are permitted to limit Chinese textile import increases under the safeguard clause. If China should fail to do so, and formal discussions on an alternative method of addressing increased Chinese

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imports into the EU do not bear fruit, the EU at that time will be able to invoke the clause to impose equivalent import quotas.

The US has already imposed seven safeguard import restrictions, using the 'textile-specific safeguard clause' to justify them. The first three were imposed on 13 May after a US government body found that market disruption was indeed occurring. (see BRIDGES Weekly, 18 May 2005, <http://www.ictsd.org/weekly/05-05-18/story3.htm>). The import restrictions on four additional categories announced on 27 May, however, were based upon a finding that the 'threat' of market disruption existed, i.e., that continued imports from China threatened to impede the orderly development of trade in the textile products in question.

A US appeals court ruled in April that safeguards could indeed be imposed upon the sole basis of the "threat" of market disruption, according to the terms of China's 'textile specific safeguard clause.' The clause itself states that safeguard measures against certain products can be taken if Chinese imports "due to market disruption, [were] threatening to impede the orderly development of trade in these products." However, it stipulates that governments must give the Chinese authorities data showing "the existence or threat of market disruption" to justify imposing safeguards.

Bo said at a 30 May press conference that the US and EU measures were "groundless," arguing that they had failed to meet the requirements of the safeguard clause. "We believe that not only have Europe and the US failed to provide detailed data to China," he said, "but also that on these matters there is a big discrepancy between their and our analysis of the specific facts." In addition, he said that the short period of time that the US and the EU have used to gather data is an "unreasonable and unscientific" basis for justifying the safeguards.

According to Bo, countries invoking the safeguard clause needed to prove that Chinese exports were responsible not only for "market disruption" but also for forcing down the prices of affected goods and threatening the "orderly development" of domestic industries in the importing countries. Data cited by the minister, however, showed that prices have increased somewhat for t-shirts and flax yarn, the two products for which the EU is considering safeguards. The EU rejected Bo's comments, saying that it had demonstrated that the surge in Chinese exports posed an "immediate risk" to European manufacturers.

China had proposed on 20 May to introduce an export tax on flax yarn to address EU concerns regarding its increased exports, but decided to scrap the idea in its revocation of such duties.

Export tariffs will be revoked effective 1 June on 81 categories including 74 of the 148 categories in which such tariffs were introduced on 1 January and 3 categories that were to be subject to new export tariffs according to the 20 May decision.

Although a senior official with the Chinese Ministry of Commerce told state-run television there on 26 May that the government was preparing to launch a WTO complaint against the EU and US textile import restrictions, Bo has said that he will resist such retaliatory action for the moment, seeking instead to pursue further talks. However, he added, the US and EU actions could be challenged at the WTO and "whether we will resort to it and when we will do that is completely up to us."

"Beijing To Revoke Tariffs In Retaliation," INTERNATIONAL HERALD TRIBUNE, 31 May 2005; "Announcement of Request for Bilateral Textile Consultations," COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS, 26 May 2005; "EU, US Moves To Limit China Textile Exports Have No Basis - Bo," AFX NEWS, 30 May 2005; "China To Scrap Export Taxes," REUTERS, 29 May 2005; "EU Takes Textiles Dispute With China To The WTO," ASSOCIATED PRESS, 31 May 2005.

PASCAL LAMY CONFIRMED AS NEXT WTO DIRECTOR-GENERAL

WTO Members formally appointed former EU Trade Commissioner Pascal Lamy to be the next Director-General of the WTO at a 26 May meeting of the organisation's General Council. The Frenchman will start his four-year term on 1 September 2005.

At the gathering, General Council Chair Ambassador Amina Chawahir Mohamed of Kenya, who had led the consultative process to determine Supachai Panitchpakdi's successor for the WTO's top job, formally recommended Lamy for the post. Mohamed had announced to delegations on 13 May that Lamy had emerged as the candidate most likely to gain the consensus support of all WTO Members (see BRIDGES Weekly, 18 May 2005, <http://www.ictsd.org/weekly/05-05-18/story1.htm>). His last rival for the job, Uruguayan WTO Ambassador Carlos Perez del Castillo, withdrew his candidacy at that time. The two other candidates, Mauritian Foreign Affairs and Trade Minister Jayakrishna Cuttaree and Brazilian WTO Ambassador Luiz Felipe de Seixas

Correa, had pulled out of the five-month long race after earlier rounds of consultations.

The 148 Members of the WTO unanimously accepted Mohamed's recommendation. Costa Rica, the only country to express qualms about Lamy's selection at the 13 May meeting, kept to its promise to not veto his appointment by preventing consensus.

Lamy sets Doha Round completion as priority

In prepared remarks, Lamy said he was "honoured" to assume the role of Director-General. The completion of the Doha Round of trade talks "will be my immediate, first, second, and third priority," he said, "so as to ensure that trade opening continues to contribute to development and that we place the interests of developing countries at the centre of the world trading system."

With the December Ministerial Conference in Hong Kong approaching and a significant end-July target for 'first approximations' of an eventual deal, Lamy encouraged trade diplomats not to wait for his arrival on the job, but to achieve as much as possible before the summer break in August. Lamy said "if we were to wait until September to start preparing seriously for the conference, Hong Kong would be in real danger."

Supachai noted, "I intend to make every effort to move the Doha Development Agenda negotiations as far as possible to ensure that we are well positioned for our Hong Kong... A solid outcome in our July General Council will give Pascal a very good platform from which to launch the last stage of Ministerial preparations."

In addition to the Doha Round talks, Lamy will also have to address the effects of China's surging textile exports in the wake of the expiry of trade quotas, which have created tension with the US and EU (see related story, this issue). He may also have to contend with a high-profile WTO dispute between the US and the EU over billions of dollars worth of subsidies to their respective large civilian aircraft manufacturers (see related story, this issue).

Positive response surrounding Lamy appointment

Lamy's candidacy had been controversial because of policies he espoused during his tenure as EU Trade Commissioner from 1999 to 2004. Nonetheless, Lamy managed to win the support of many developing countries during his campaign, and a generally positive response surrounded his appointment.

Many trade negotiators expressed relief that in the end, the nomination race went smoothly, and allowed delegations to remain focused on the actual work of the ongoing negotiations. Others had specific praise for Lamy himself. Supachai praised Members' selection for his successor, saying that Lamy's "experience in trade matters, his grasp of detail and his proven track record in institutional management, ensure that he will be an excellent Director-General." Pointing to the Lamy's knowledge of trade matters, international experience, concern for development, and constant search for consensus, EU Commission President Jose Manuel Barroso described him as "uniquely qualified to lead the WTO at this defining moment."

Johannesburg-based daily Business Day quoted South African chief trade negotiator Xavier Carim as saying that the future Director-General had vast experience with the global multilateral trading system and would make a "positive contribution" to the Doha Round. UN Secretary-General Kofi Annan said that Lamy's "understanding that progress on trade is vital to our work to reach the Millennium Development Goals (MDGs) makes him an excellent leader of the WTO at this defining time."

Groser to stay on as agriculture Chair for time being

During the same General Council meeting, Mohamed read out a statement thanking New Zealand's government for agreeing to continue to provide funding to their former WTO Ambassador, Tim Groser, as he stayed on as Chair of the WTO agriculture negotiations (see BRIDGES Weekly, 25 May 2005, <http://www.ictsd.org/weekly/05-05-25/story3.htm>). The former diplomat, who is now running for political office in New Zealand, is chairing this week's talks in the Committee on Agriculture. He has indicated that he would like to stay on as Chair of the talks in his private capacity until July or even December. However, it is possible that some delegations may not approve of having an active politician as Chair of the sensitive negotiations. Mohamed announced that she would start consultations with WTO members to find out what they think would be the best way to proceed.

ICTSD reporting; "SA upbeat on Lamy's selection as head of trade body," BUSINESS DAY, 31 May 2005; "Lamy warns on Doha trade talks", FINANCIAL TIMES, 28 May 2005; "Lamy Formally Secures Appointment As Next World Trade Organization Chief," WTO REPORTER, 27 May 2005; "WTO Members choose Lamy as organization's 5th Director-General," WTO PRESS RELEASE, 26 May 2005; "WTO Confirms European Union's Lamy as Next Chief," BLOOMBERG, 26 May 2005; "France's Pascal Lamy chosen to head WTO", REUTERS, 26 May 2005; "Former EU Trade

representative confirmed WTO chief", MERCOSUR, 26 May 2005; "European Commission welcomes appointment of Pascal Lamy as next WTO Director General", EUROPA, 26 May 2005; "Annan Congratulates Former EU Official on Selection As Head of World Trade Organization," UNITED NATIONS PRESS RELEASE, 30 May 2005.

TALKS ON SMALL ECONOMIES MOVE TOWARDS SOLUTIONS

WTO Members on 25 May considered a new paper that proposes solutions to the problems faced by small economies as well as a process for these solutions to be adopted into ongoing negotiations. The paper (WT/COMTD/SE/W/13, available online at <http://docsonline.wto.org>) was submitted to the meeting of the Committee on Trade and Development Dedicated Session -- Small Economies (CTD-DS) by a group of 20 Members, many of which were the original proponents of a special work plan for small economies in the Doha Round. The sponsors of the paper had consulted extensively with other countries before putting it forward. Nonetheless, some Members raised concerns about the feasibility of giving concessions to small economies without creating a new category of developing countries, as well as the appropriate forum to consider such concessions.

The CTD-DS is mandated by Paragraph 35 of the Doha Declaration to "frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members." During the CTD-DS's February meeting, Members had agreed to move forward the body's work plan by first examining the characteristics and problems faced by small economies, and then designing solutions to them (see BRIDGES Weekly, 23 February 2005, <http://www.ictsd.org/weekly/05-02-23/story1.htm>). The current paper is intended to serve a "bridge" between the two phases.

The paper's sponsors felt the need for such a bridge after the committee's April gathering (see BRIDGES Weekly, 13 April 2005, <http://www.ictsd.org/weekly/05-04-13/story4.htm>). Although that meeting saw the start of discussions on the 17 characteristics and problems presented by the proponents (see WT/COMTD/SE/W/12), informal consultations soon thereafter revealed that while some Members wanted to continue discussions on these aspects of small economies, others wanted to move on to the next phase, arguing that agreeing on solutions was the most pressing need. Some of the latter delegations were concerned that negotiations on characteristics implied the creation of a new category of Members.

Possibility of characteristic-based concessions promoted...

The new paper summarises the trade-related problems arising from the characteristics of small economies. It argues that while these characteristics may not be unique to small economies, the combination and intensity with which small economies face problems deriving from them, coupled with their lack of resilience, is particularly challenging for these countries.

In addition, the countries behind the submission note that the creation of solutions and concessions based upon characteristics is not new. They cite characteristic-based concessions given to net food importing developing countries in the Uruguay Round, as well as in Paragraph 11 of Annex A of the July Package to "developing countries that allocate almost all de minimis support for subsistence and resource poor farmers." The creation of a new category of Members, they say, is thus unnecessary. The CTD-DS could instead simply build on precedent by extending the "characteristic approach" that it has been using thus far to create concessions in a similar manner.

The submission goes on to suggest twelve "elements of responses," many of which suggest solutions through concessions granted in particular WTO negotiating areas. For example, it proposes three measures relating to services negotiations, one of which calls for "special efforts" to be made to "facilitate the full range of services exports of small, vulnerable economies which can assist in compensating for their size and geographical disadvantages." The paper says that the CTD-DS should agree on proposed solutions and forward them to the General Council as per the procedure outlined by the General Council for the CTD-DS (see WT/L/447). The document's proponents suggest that the General Council could then decide to "direct relevant subsidiary bodies to frame responses to the trade-related issues identified by the CTD with a view to making recommendations for action" as originally outlined in the framework, though they specify that this would not limit the ability of small economies to bring up the issues directly within negotiating bodies.

The proponents of the small economies work programme which presented the paper are Antigua and Barbuda, Barbados, Bolivia, Cuba, Dominica, Dominican Republic, El Salvador, Fiji, Grenada, Guatemala, Honduras, Jamaica, Mongolia, Nicaragua, Paraguay, Solomon Islands, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines and Trinidad and Tobago.

.... But cynicism persists

After brief presentations from some of the proponents on examples of their trade-related problems, a number of Members responded to the proposal. The EU, New Zealand and Japan all expressed doubts as to whether the CTD-DS was the appropriate forum to work on proposals that might better be dealt with directly in the relevant negotiating bodies. The EU encouraged the proponents to table their proposals -- which are expected to be forthcoming in coming months -- directly in the negotiating bodies to save time in the run-up to the July target date for "first approximations" and the Hong Kong Ministerial Conference in December. They added that in some instances, special treatment could only be granted bilaterally as in the example of the request-offer process used in services negotiations.

The US also repeated views it had expressed during the two weeks of informal consultations that preceded the meeting, warning that the proponents may "miss the train" in other negotiating fora by seeking a process in the CTD-DS. It also said, along with China, that the paper appeared to be defining a new category of developing countries.

Brazil similarly suggested that the proponents take their proposals to the relevant negotiating bodies, possibly in conjunction with work in the CTD-DS, and repeated its opposition to further categorisation of developing countries.

ICTSD reporting.

DISPUTE SETTLEMENT UPDATE: AIRBUS, SUGAR AND GAMBLING

The Office of the United States Trade Representative (USTR) announced 30 May that it would file a request for the establishment of a WTO panel to hear its challenge against EU subsidies for 'large civil aircraft' manufacturer Airbus the following day. The EU responded by saying that it too would renew its WTO challenge against US aircraft manufacturer Boeing. In October 2004, both Members had requested formal WTO consultations on aircraft subsidies on behalf of their respective aircraft makers, but had subsequently agreed to discuss the bilaterally outside the WTO. The breakdown of the much-publicised bilateral consultations set the stage for what would be one of the most commercially significant WTO disputes in the history of the institution.

The US alleges that the launch aid for Airbus as well as other government support to the company qualify as illegal subsidies under the WTO Agreement on Subsidies and Countervailing Measures. The recent decision to actually launch litigation in the WTO came in the wake of recent preparations by EU member states

to commit USD 1.7 billion in what the USTR called "new risk-free launch aid subsidies" for Airbus.

The EU argues that the launch aid that the US is criticising does not constitute a subsidy, since EU governments have earned commercial rates of return on its loans to Airbus. Its counter-motion targets US tax incentives to Boeing as well as what it alleges to be some USD 23 billion in subsidies to the company since 1992 in the form of research and development programmes funded by the US defence and space programmes. The US has described these figures as inflated.

Trade experts have expressed concern about the impact of this case on the ongoing Doha negotiations. Some fear that it could heighten tensions in the already sensitive talks -- a concern that has been down played by both the EU and US. On this matter, EU Trade Commissioner Peter Mandelson noted "everything that is wrapped up in the Doha Round is infinitely more important than what is basically a grudge fight between the two companies." He also suggested that even a clear decision against one or both sides would not be feasible to enforce, since neither side would benefit from trade retaliation on such an enormous scale.

DSB adopts Sugar rulings, US reports on implementation of Gambling findings

In other dispute settlement news, on 19 May, WTO Members sitting as the Dispute Settlement Body (DSB) adopted the Appellate Body and Panel reports on Australia, Thailand and Brazil's challenge against the EU's sugar regime (see BRIDGES Weekly, 4 May 2005, <http://www.ictsd.org/weekly/05-05-04/story5.htm>). The three co-complainants in this dispute welcomed the findings of the Appellate Body and the Panel.

Brazil added that nothing in the reports compelled the EU to change its preferential access for sugar from African, Caribbean and Pacific (ACP) countries. The EU noted its intention to comply with both reports. However, it expressed concern about a number of systemic issues raised by the report such as the legal effect of a footnote which, it had argued at the panel level, excluded 1.6 million tonnes of sugar from the scope of its subsidies reduction requirements -- an amount equivalent to the EU's sugar imports from the ACP and India. Speaking on behalf of the ACP countries, some of who were third parties in this dispute, Mauritius expressed concerns about the socio-economic impact of the findings on the weak and vulnerable ACP States. According to Mauritius, some ACP states such as St Kitts and Nevis were already being forced out of sugar production.

At the same meeting, the US announced its intention to implement the recent panel ruling in the gambling dispute involving Antigua and Barbuda. However, it noted that it would need a reasonable period of time within which to do so (see BRIDGES Weekly, 13 April 2005, <http://www.ictsd.org/weekly/05-04-13/story2.htm>). Antigua asked the US to be more precise about its implementation plans. Antigua commented that implementation would require not only a clarification of US internet gambling restrictions but also market access for Antigua for the provision of gambling and betting services.

Further background on the Airbus dispute, including the USTR press release is available at: http://www.ustr.gov/Document_Library/Press_Releases/2005/May/United_States_Takes_Next_Step_in_Airbus_WTO_Litigation.html

Further information on the 19 May DSB meeting is available at: http://www.wto.org/english/news_e/news05_e/dsb_19may05_e.htm

ICTSD reporting; "Growing disputes hit global trading," FINANCIAL TIMES, 1 June 2005; "War of aircraft titans gives WTO biggest case yet," FINANCIAL TIMES, 1 June 2005.

NEGOTIATORS DEBATE CLIMATE STRATEGY TO FOLLOW KYOTO

Climate change negotiators from around the world met for the biannual meetings of the UN Framework Convention on Climate Change (UNFCCC) subsidiary bodies from 19-27 May in Bonn, Germany. These meetings, focusing on science, technology and implementation, directly followed a 16-17 May Seminar of Governmental Experts on Climate Change, which started untangling issues related to a future climate regime to follow the Kyoto Protocol after its expiry in 2012. In related news, the European Parliament adopted a resolution on 12 May calling on the EU to play a leading role in building a future climate change agreement, and to consider including in it trade measures to offset any price advantages that might be enjoyed by producers in rich countries that choose not to be bound by the new regime. Meanwhile, civil society groups have expressed their disappointment at a leaked document on climate change that is set to be adopted at the next G-8 summit, scheduled for 6-8 July at Gleneagles, Scotland.

Expert seminar discusses options for post-Kyoto era

The meeting of the UNFCCC Subsidiary Body for Scientific and Technological Advice (SBSTA) tackled issues related to mitigation and adaptation, as well as technology transfer. The Subsidiary Body on Implementation (SBI) focused on preparations for the next Conference of the Parties to the UNFCCC scheduled for December this year in Montreal, which also will serve as the very first Meeting of the Parties to the Kyoto Protocol following its entry into force in February this year. The Montreal meeting will seek to operationalise some key Kyoto issues, such as the compliance system. In addition, a number of delegates are hoping that the meeting will adopt a more detailed roadmap for negotiations.

Although negotiations on the post-2012 climate change regime had been mandated to begin in 2005, negotiations on the post-Kyoto period stalled at COP-10 in Buenos Aires (see BRIDGES Trade BioRes, 20 December 2004, <http://www.ictsd.org/biores/04-12-20/story1.htm>). The Bonn Seminar of Governmental Experts set off informal discussions on the issue, although it did not lead to a formal, negotiated outcome. While many participants said the discussions were constructive, they also noted that the meeting highlighted some of the well-known divergences between countries. Those that have not signed on to the Kyoto Protocol (most notably the US and Australia) preferred a more lenient, technology-focused approach to climate change mitigation and a focus on reduced emission intensity rather than quantitative reductions. The current developed country Parties to the Protocol hoped to secure a credible follow-up instrument to the Kyoto Protocol, with binding commitments and the widest possible participation -- not least to provide their private sectors with certainty regarding the future policy environment and a continuation of emissions trading schemes. A number of developing countries, for their part, were looking for signs of real progress in implementation by developed countries as a prerequisite for beginning to engage in a discussion on the possibility of taking on some type of binding commitments of their own. South Africa, China, Argentina and Mexico also outlined their own policies for combating climate change under their non-binding commitment to do so as Parties to the UNFCCC. Environmental groups welcomed this as a positive signal within the climate process.

European Parliament urges trade measures

In advance of the Seminar of Governmental Experts on Climate Change in Bonn, the EU Parliament adopted a resolution on 12 May, urging the EU to play a leading role in shaping a future climate change agreement. The resolution stressed the EU objective of maintaining the average global temperature increase below 2C above pre-industrialisation levels, and called on the European

Commission to put forth proposals for the post-2012 period based on eco-innovation and development of environmental technologies. The resolution stressed the need to include the US and advanced developing countries in a future climate agreement, and called for an international sector-specific approach for emissions reductions in particularly emissions-intensive industries, in order to ensure an international level playing field. In addition, it called on the Commission to "take into account in any cost-benefit analyses of climate policies the possibility to adopt border adjustment measures on trade in order to offset any competitive advantage producers in industrialised countries without carbon constraints might have."

Gleneagles next

The UK G-8 presidency, headed by Prime Minister Tony Blair, has declared climate change a top priority (see BRIDGES Trade BioRes, 4 February 2005, <http://www.ictsd.org/biores/05-02-04/story1.htm>), and the G-8 summit in Gleneagles in July is set to adopt a communiqué on the issue. A draft version of the document was recently leaked to non-governmental organisations, which were quick to respond, condemning the document for lacking urgency. Specifically, the communiqué on climate change and sustainable energy does not outline timeframes and targets for emissions reductions, and falls short of pressuring the US to join in the fight against global warming. According to Friends of the Earth, "The alarm bells on climate change are ringing, but the world's richest nations aren't listening. President Bush is continuing to block attempts by Tony Blair for any meaningful international action on climate change. Fine words are not enough. As a result, this document appears to be more about saving face than saving the planet."

Shortly before the document was leaked, US senior climate negotiator Harlan Watson had commented that it would be very difficult to renew Kyoto with its binding reduction commitments. He said "It's not clear that there's going to be a Kyoto effort beyond 2012," referring to the divergent views among countries. NGOs had, however, hoped that the G-8 communiqué would reference specific climate change targets in order to build momentum in the G-8 countries, which represent 13 percent of the world's population but account for 45 percent of greenhouse gas emissions.

For a summary report of the SB meetings and the Seminar of Governmental Experts on Climate Change, see IISD Linkages, <http://www.iisd.ca/climate/sb22/>

To access the European Parliament resolution, visit <http://www2.europarl.eu.int/omk/sipade2?PUBREF=-//EP//TEXT%2BTA%2BP6-TA-2005->

0177%2B0%2BDOC%2BXML%2BV0//EN&LEVEL=3&NAV=X

To access the G-8 document on climate change, visit <http://carroll.org.uk/post/48#comments>

ICTSD reporting; "UN Seeks Climate Roadmap Beyond Kyoto," REUTERS, 18 May 2005; "Leaked G8 Document Exposes Lack Of Commitment To Tackling Climate Change," FOE RELEASE, 27 May 2005; "US Doubts New Kyoto Climate Deal after 2012," REUTERS, 18 May 2005; "Summary Of The UNFCCC Seminar Of Governmental Experts," EARTH NEGOTIATIONS BULLETIN, 19 May 2005; "Summary Of The Twenty-Second Sessions Of The Subsidiary Bodies Of The UN Framework Convention On Climate Change," EARTH NEGOTIATIONS BULLETIN, 30 May 2005.

IN BRIEF

APEC MEETING WILL PROMOTE DOHA NEGOTIATIONS

Trade ministers from Asia-Pacific Economic Cooperation (APEC) countries will focus on advancing the ongoing Doha Round negotiations at the WTO, during their upcoming 2-3 June meeting in Jeju, South Korea.

The ministers expressed "serious concern" about the slow progress of the services talks in a 5 May joint statement. The statement sent to WTO Director-General Supachai Panitchpakdi, also called on WTO members to meet the May 2005 deadline for submitting offers of market access in order to advance the services negotiations.

Following the joint statement, the chair of the meeting, Korean Trade Minister Hyun-Chong Kim, urged his colleagues from Pacific Rim countries to use the meeting to "discuss ways to contribute to the [Doha Round] negotiations." Kim expressed hope that the APEC ministers would add momentum to progress made at the recent Organisation for Economic Cooperation and Development (OECD) summit and the WTO mini-ministerial meeting in Paris (see BRIDGES Weekly, 11 May 2005, <http://www.ictsd.org/weekly/05-05-11/story2.htm>). He expressed optimism that ministers would deliver a message that "APEC members are determined to achieve agreement on the negotiation modalities at the [WTO] Ministerial

Conference" that will be held in Hong Kong, China, in December.

"APEC ministers call for progress on services," APEC ANNOUNCEMENT, 11 May 2005; "APEC ministers responsible for trade adopts joint communiqué on DDA Service," APEC PRESS RELEASE, 21 May 2005; "Korea's trade minister calls for APEC resolve to advance WTO round," APEC PRESS RELEASE, 25 May 2005; "Meeting to Enhance Negotiations on Doha Development Agenda," MALAYSIAN NATIONAL NEWS AGENCY, 30 May 2005.

WHO MEETING DISCUSSES RELATIONSHIP BETWEEN TRADE AND PUBLIC HEALTH

On 27 May, fourteen countries presented a draft resolution on international trade and health (EB115/Conf. Paper 1) to the 116th Executive Board (EB) meeting of the World Health Organization (WHO). The EB sets the agenda for the organisation's supreme decision-making body, the annual World Health Assembly. The meeting did not formally pass the resolution, which called for greater policy coherence among the fields of public health and international trade agreements, although several participants agreed on the importance of the matter. Members concluded that more time was needed to agree on a final text. They proposed to do so at the next EB in January 2006.

At members' request, the EB meeting included a section on trade and health. The draft resolution -- sponsored by Benin, Bhutan, Bolivia, Brazil, Canada, China, Iraq, Jamaica, Kenya, Nepal, Sudan, Thailand, Tonga and Vietnam -- came in reaction to a related report (EB116/4) prepared by the WHO Secretariat. The resolution calls on ministers of health, trade and finance to collaborate more constructively. Specifically, it 'urges' governments to promote dialogues on the inter-linkages between trade and health and take respective actions to mitigate the potential 'risks' involved.

The issue received general support. However, several EB members suggested weakening the resolution's tone, such as changing "risk" to "implications" and "urging" to "inviting." The US expressed concern that the WHO was reaching too far into trade policy, which it argued fell under the responsibility of other international organisations, such as the WTO.

If this resolution is passed at the January 2006 EB meeting, it will be directly presented to the World Health Assembly in May that year.

For the report by the WHO Secretariat on International trade and health, please refer to: http://www.who.int/gb/ebwha/pdf_files/EB116/B116_4-en.pdf

ICTSD reporting;" WHO Board Delays Decision on Trade-Related Proposal" IP WATCH 27 May 2005.

WTO IN BRIEF

IRAN TO START WTO ACCESSION TALKS

Iran is to start membership negotiations with the WTO, after the US chose not to block Iran's request for accession at a 26 May meeting of the WTO General Council. The General Council duly established a Working Party on Iran's accession and granted the country observer status, which allows it to sit in on all WTO meetings.

The US, which had prevented consensus on 22 such requests since 1996, had announced in March that it would drop its longstanding opposition in an effort to support attempts by the UK, France, and Germany to persuade Iran to renounce its suspected attempts to develop nuclear weapons in return for a package of economic incentives, including WTO membership.

The decision to start accession talks does not mean that Iran will soon become a Member of the WTO. Membership negotiations can take years. Iran, home to the world's second-largest reserves of crude oil, will have to carry out far-reaching economic reforms; it must also negotiate bilateral agreements with all Members that wish to do so in order to secure their support for its membership.

Mohammad Reza Alborzi, Iran's Ambassador to the Geneva-based international organisations, welcomed the decision, saying "today this house... has done service to itself by correcting a wrong." A number of Member delegations expressed satisfaction that Iran had been allowed to start Membership talks.

The same meeting of the General Council also established a Working Party for the accession of Sao Tomé and Príncipe.

ICTSD reporting; "Accession working parties established for Iran, Sao Tomé and Príncipe," WTO NEWS, 26 May 2005; "Trade Group to Start Talks to Admit Iran," NEW YORK TIMES, 27 May 2005; "Iran's WTO bid requires expansion of electronic commerce," ISLAMIC REPUBLIC NEWS AGENCY, 29 May 2005; "WTO Clears Iran to Start Membership talks," ASSOCIATED PRESS, 26 May 2005.

WTO BIOTECH CASE DELAYED UNTIL AUGUST

The Chair of the dispute settlement panel considering the complaint brought by the US, Canada and Argentina against what they argue is a de facto EU moratorium on approving new genetically modified organisms (GMOs) has said that the panel will not issue its preliminary ruling until 5 August 2005. The complainants allege that the EU's failure to approve of any GMOs between 1998 and 2004 constitutes a de facto moratorium that, along with marketing and import bans within the EU, is not scientifically justified and thus contrary to WTO rules.

Chair Christian Haeberli told the parties to the dispute in mid-May that the delay was necessary because of the large volume of information that the panel had to examine, including information from specialists and experts. The panel report was originally expected in September 2004 but has been repeatedly delayed by difficulties in choosing panel members and a decision to seek expert advice on technical and scientific issues raised in the dispute (see BRIDGES Weekly, 1 September 2004, <http://www.ictsd.org/weekly/04-09-01/wtoinbrief.htm>). Haberli had told WTO Members in November 2004 that the panel was expected to deliver its final ruling to the parties by the end of June 2005.

ICTSD reporting; "WTO Panel Notifies Further Delay For Ruling On Bioengineered Foods," WTO REPORTER, 19 May 2005.

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: 2-8 June

2 – 3 June, Jeju, Korea: APEC MEETING OF MINISTERS RESPONSIBLE FOR TRADE. During this meeting, trade ministers will hold a series of bilateral and multilateral talks on such matters as trade, corruption, knowledge-based business development, anti-terrorism and technological cooperation. For further information, contact APEC, Internet: <http://www.apec.org>.

6 June, Copenhagen, Denmark: GATS AND TRADE IN SERVICES. Organised by the WTO, Trade and Development (WTRADE) Network of the Danish Institute of International Studies (DIIS). The event will include Michael Friis Jensen, coordinator of WTRADE network and Lee Tuthill, Counsellor, Trade in Services Division of WTO. For further information contact Michael Friis Jensen, tel: (+45 32) 69 8787; fax: 3269 8800; email: mje@diis.dk; Internet: <http://www.diis.dk/sw12351.asp>.

6 June, Paris, France: 5TH INTERNATIONAL FORUM ON AFRICAN AT THE FRENCH MINISTRY OF ECONOMY AND FINANCE. This event is organised by the African Development Bank and the OECD Development Centre. The forum will bring eminent personalities from African and OECD countries, including, private sector, civil society and the media, to share their visions and proposals for African economic development. For more information contact the Forum Secretariat, email: ende.v.forum@oecd.org; Internet: http://www.oecd.org/document/47/0,2340,en_2649_33731_34820463_1_1_1_1,00.html.

6-10 June, New York, United States of America: 6TH MEETING OF THE UNITED NATIONS OPEN-ENDED INFORMAL CONSULTATIVE PROCESS ON OCEANS AND THE LAW OF THE SEA. The focus of the discussion will be on fisheries and their contribution to sustainable development and marine debris. For more information contact Mr. Vladimir Golitsyn; tel: (+1 212) 963 3951; fax: 963 5847; Internet: http://www.un.org/Depts/los/consultative_process/consultative_process.htm.

WTO Events

An updated list of forthcoming WTO meetings is posted at: http://www.wto.org/english/news_e/meets.pdf. Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings

of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

26-27 May: GENERAL COUNCIL

30 May: NEGOTIATING GROUP ON RULES

1 June: DISPUTE SETTLEMENT BODY

2 June: COMMITTEE ON AGRICULTURE

3 June: COMMITTEE ON AGRICULTURE – Special Session

3 June: NEGOTIATING GROUP ON RULES

6 June: NEGOTIATING GROUP ON MARKET ACCESS

Other Upcoming Events

16-17 June, La Jolla, United States of America: 2ND ANNUAL CONFERENCE ON LATIN AMERICAN SUSTAINABLE DEVELOPMENT. The conference will bring together public and private sector and civil society organisations to present and discuss the main business opportunities in this sector and the policies and plans considered for Latin America. For further information contact Jorge Barandiaran, tel: (+1 858) 453 5560; email: Jorge@iamercas; Internet: <http://www.iamericas.org/events/event.html?eid=2005-3801E&isnw=1>.

10-11 June, London, United Kingdom: G8 FINANCE MINISTERS PRE-SUMMIT MEETING. The meeting is to prepare for the 6-8 July summit meeting of G8 heads of state in Gleneagles, Scotland. For further information regarding the ministers, see http://www.hm-treasury.gov.uk/otherhmtsites/g7/g7_home.cfm.

16-24 June, New York, United States of America: MEETINGS OF STATES PARTIES TO THE 1982 UNITED NATIONS CONVENTION ON THE LAW OF THE SEA. This treaty pertains to the management and use of oceans. For further information contact the Secretary of the Meeting of States Parties, Division for Ocean Affairs and the Law of the Sea, tel: (+1 212) 963-3972; fax: 963-5847; email: doalos@un.org; Internet: http://www.un.org/Depts/los/meeting_states_parties/fifteenthmeetingtatesparties.htm.

23-25 June, St. Petersburg, Russia: 7TH INTERNATIONAL CONFERENCE 'GLOBALIZATION, NEW ECONOMY AND THE ENVIRONMENT. BUSINESS AND SOCIETY CHALLENGES FOR SUSTAINABLE DEVELOPMENT'. This conference is organised by the Russian Society for Ecological Economics will offer an opportunity to discuss advances in ecological economic approaches to environmentally sustainable policy making. For further information contact Dr. Stanislav Shmelev; e-mail: s.shmelev@open.ac.uk; Internet: <http://www.rsee.org>.

RESOURCES

A GLOBAL ALLIANCE AGAINST FORCED LABOUR. International Labour Organization, May 2005. At least 12.3 million people are trapped in forced labour around the world. This report offers comprehensive analysis of the facts and underlying causes of contemporary forced labour. It finds forced labour is present in all regions and in all types of economy. The report examines the strong pressures to deregulate labour markets as part of the overall drive to reduce labour costs and thereby increase competitiveness. It also provides the first global estimates of the profits generated by the exploitation of human trafficking. Available online at http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=5059.

MAKING TRADE WORK FOR DEVELOPMENT IN 2005: WHAT THE EU SHOULD DO. Oxfam International, May 2005. The EU maintains a powerful voice in international trade through its association with the WTO, G8, and bilateral agreements with developing countries. This paper argues that the EU could demonstrate its commitment to development-friendly trade in its sugar reform proposal and during the upcoming G8 and WTO meetings. Available online at http://www.oxfam.org/eng/pdfs/bp75_eu_trade_2005.pdf.

DOES FOREIGN DIRECT INVESTMENT PROMOTE DEVELOPMENT? Edited by Theodore H. Moran, Edward M. Graham and Magnus Blomström. Institute for International Economics, May 2005. This book gathers together new research on foreign direct investment and host country economic performance and presents critiques of current and past inquiries. It probes the limits of what can be determined from available evidence and from innovative investigative techniques. In addition, the book offers an analysis of the implications of foreign direct investment for contemporary policy debates. This book is available for purchase from the Center of Global Development at <http://www.cgdev.org/Publications/index.cfm?PubID=219>.

INTELLECTUAL PROPERTY IN INVESTMENT AGREEMENTS: THE TRIPS-PLUS IMPLICATIONS FOR DEVELOPING COUNTRIES. South Centre Analytical Note, May 2005. North-South investment agreements are increasingly being used to enhance and expand the protection and enforcement of intellectual property (IP). This report examines the implication of the emerging approaches relating to the fair and equitable treatment and the national and most-favoured nation treatment in investment agreements regarding IP in developing countries. Available online at http://www.southcentre.org/tadp_webpage/research_papers/ipr_project/ip_investag_may05.doc.

AGRICULTURAL TRADE REFORM AND THE DOHA DEVELOPMENT AGENDA. By Kim Anderson and Will Martin. The World Bank, May 2005. This paper examines the extent to which various regions, and the world as a whole, could gain from multilateral trade reform over the next decade. The World Bank's LINKAGE model of the global economy is employed to examine the impact first of current trade barriers and agricultural subsidies, and then of possible outcomes from the WTO's Doha round. The results suggest moving to free global merchandise trade would boost real incomes in sub-Saharan Africa and Southeast Asia proportionately more than in other developing countries or high-income countries. Available online at http://wdsbeta.worldbank.org/external/default/WDSEntServer/IW3P/IB/2005/05/12/000011823_20050512121406/Rendered/PDF/wps3607.pdf.

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