

LEAD STORIES

AGRICULTURE UPDATE: G-33 MEETING IN JAKARTA;
PROPOSALS FOR TIGHTER GREEN BOX 1

EU, CHINA REACH TEXTILES AGREEMENT 2

INDIA'S 'PROJECT APPROACH' CAUSES STIR AT
ENVIRONMENTAL GOODS TALKS 4

WIPO COMMITTEE FAILS TO MOVE ON TRADITIONAL
KNOWLEDGE TREATY 5

IN BRIEF

ANDEAN COUNTRIES, US MAKE SLOW PROGRESS ON
FTA 6

AFRICAN UNION MEETING: TRADE MINISTERS
HARMONISE WTO POSITIONS 6

G8 AGREE ON DEBT RELIEF; UK, AFRICA, CALL FOR
ACTION ON TRADE AND AID 7

COLOMBIA CANCELS PATENTS ON 250 PRODUCTS OF
MULTINATIONALS 7

WTO IN BRIEF

MEMBERS ADVANCE NAMA DISCUSSIONS 7

NEW PROPOSAL ON SERVICES BENCHMARKS 8

RULES GROUP CONTINUES DISCUSSIONS ON
ARTICLE XXIV 8

EVENTS & RESOURCES

EVENTS 8

RESOURCES 10

LEAD STORIES

AGRICULTURE UPDATE: G-33 MEETING IN JAKARTA; PROPOSALS FOR TIGHTER GREEN BOX

Ministers from the G-33 countries -- developing countries that support the concepts of special products (SP) and a special safeguard mechanism (SSM) -- met from 11-12 June in Jakarta to develop synergies and coordinate positions with a view to the WTO Hong Kong Ministerial meeting in December. Meanwhile, the last agriculture week, which ended on 3 June, saw detailed proposals by the G-20 and Canada for how to reform the Green Box.

G-33 Ministers meet in Jakarta on agricultural Special Products, Safeguard

At the Jakarta meeting, the members of the G-33 reaffirmed many of the points they made during the latest "agriculture week" at the WTO (see BRIDGES Weekly, 8 June 2005, <http://www.ictsd.org/weekly/05-06-08/story1.htm>). These included a demand that countries have "maximum flexibility" when designating SPs (for food security, livelihood and rural development reasons), since a common set of indicators cannot reflect the widely varying circumstances across the developing world and even within developing countries. They should not be subject to tariff reduction, and the SSM should be available for all SPs. On the SSM, the G-33 agreed that it should be applicable to all agricultural products -- rather than being tied to low tariff levels or steep tariff reduction commitments -- and should be triggered both based on volume surges and price decreases. The G-33 stressed the need to have the SPs and SSM settled by the Hong Kong Ministerial meeting.

Indonesian Trade Minister Mari Pangestu, speaking to the press in Jakarta, stressed that "the G-33 consisting of 42 developing countries will maintain their tariffs on products in the SP category or if the tariffs have to be lowered, at least it will happen long after the other countries have done it." Indonesia serves as coordinator of the group.

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Following the G-33 meeting, Indian Commerce Minister Kamal Nath noted that "We ask for nothing more than what the Doha Development Agenda and the WTO July Framework Agreement already affords us", and called on his fellow ministers to take a determined stance on SPs and the SSM in the negotiations. He also suggested that the G-33 meet regularly on the sidelines of important trade-related meetings.

The ministers also called for progress in the agricultural negotiations overall. Regarding the formula for tariff reduction cuts, they opposed a strict harmonising approach while highlighting the need for developed countries to bring down tariffs more than developing countries.

Canada, G-20 seek tighter Green Box criteria

While the last agriculture week running from 30 May to 3 June focused mainly on market access issues (see BRIDGES Weekly, 8 June 2005, <http://www.ictsd.org/weekly/05-06-08/story1.htm>), WTO Members also discussed the "Green Box" of domestic support exempt from reduction commitments during informal negotiations of the Committee on Agriculture on 30 and 31 May. The Green Box harbours non-distorting (or at most minimally distorting) subsidies that are government-funded, and do not involve price support nor target particular products. The 2004 July Framework called for the review and clarification of the Green Box.

While Members such as the EU and G-10 developed country net food importers see the review as just a "health check", others wish to ensure that the criteria for subsidies meet the objective of the box.

In the negotiations, Canada and the G-20 said that some of the programmes currently in the Green Box might, in contradiction to its objectives, distort trade. In a paper presented at an informal consultation on 31 May, which in turn was based on discussions on 30 May, Canada suggested a number of detailed amendments to ensure that the exempted subsidies do not distort trade. For example, with regard to baselines and reference time periods against which payments are made, Canada sought to simplify calculations, increase clarity and make sure that reference periods were representative, fixed and notified. With regard to structural adjustment payments for the retirement of producers and resources, Canada wanted to ensure that these were time limited, in order to fulfill their objectives, rather than indefinitely ongoing. For environmental payments, Canada sought to ensure that these payments were independent of the volume of production and only related to the additional costs of compliance with government-imposed conditions.

On 2 June, the G-20 introduced a new paper that aims to exclude trade-distorting subsidies from the Green Box, including a suggestion to make sure that exempted direct payments to producers are not linked to production levels. The paper suggests a number of amendments to provide special and differential treatment for developing countries, including: a change to ensure that exempted income support is provided only to low-income producers; an exemption for subsidies for land reform in developing countries; a call to give developing countries more flexibility in deciding what sort of income insurance or support after natural disasters should be exempted; and an exception from some of the more stringent criteria for exempting payments made under regional assistance programmes.

Informal agricultural discussions are ongoing in Geneva; the next agriculture week is scheduled for 4-8 July.

ICTSD reporting; "Kamal Nath calls for energising G-33," *INDIATIMES*, 13 June 2005; "G-33 to defend tariffs on special products in WTO," *FINANCIAL EXPRESS*, 14 June 2005; "Nath to attend G-33 meet in Indonesia this week," *FINANCIAL EXPRESS*, 10 June 2005; "G-33 Urges WTO Flexibility on Special Goods, Rejects Ag Harmonization Formula Approach," *WTO REPORTER*, 15 June 2005.

EU, CHINA REACH TEXTILES AGREEMENT

European Trade Commissioner Peter Mandelson and Chinese Commerce Minister Bo Xilai on 10 June agreed to a deal that will limit ten categories of Chinese textiles exports to the EU to between 8 and 12.5 percent growth above a specified base period for the next three years.

Under the agreement, which came at the end of ten-hour marathon talks, the EU will drop its case at the WTO that sought to impose import restrictions on two categories of Chinese exports using the textile-specific safeguard clause of China's accession agreement to the WTO. The deal increases pressure on the US, which has already imposed import restrictions, to initiate talks on the issue.

China to restrain its exports until end-2007

The agreement covers ten of the 35 categories of Chinese imports into the EU that were liberalised after the elimination of quotas with expiry of the Agreement on Textiles and Clothing on 1 January 2005. Six of the covered categories had been subject to investigations launched by the EU on 24 April, after data showing

substantial rises in exports from China, namely t-shirts, flax yarn, pullovers, men's trousers, blouses and bras, was released. T-shirts and flax yarn had also been subject to "urgency procedures," through which the EU on 24 May requested formal consultations at the WTO using the textile-specific safeguard clause under Article 242 of the accession agreement. Under the terms of that clause, the EU as of 11 June would have been able to restrict imports from China in those two categories to 7.5 percent above imports in the preceding twelve-month period.

The new deal avoids that outcome, instead limiting import growth of t-shirts and flax yarn to ten percent above a twelve-month base period starting on 11 June 2005 until the end of 2007. The growth rates permitted for the other categories, which include four new ones not subject to EU investigations, range from 8 to 12.5 percent and in some cases increases from year to year. While the accord runs until the end of 2008, the agreed quantitative limits only extend to 2007, leaving one transition year. During that year, and in categories not covered by the agreement from 2005 to 2008, the deal states that the EU will "undertake to exercise restraint in the application of its rights under Article 242." However, as pointed out by Serge Abou, EU Ambassador to China, this does not imply that the EU has renounced its right to use the safeguard in categories not covered by the agreement.

Both Chinese and EU officials welcomed the deal. Textiles exporters and importers welcomed the certainty it will bring to a sector that has been threatened by trade war in recent months. "The overall settlement offers a fair deal for China while giving respite and much-needed breathing space to textiles industries in Europe and developing countries,"

Mandelson said in a statement. "It proves the virtue of free trade, but also the necessity to intervene to soften phases of transition and economic changes, particularly on the social side," he added. The EU statement on the accord also notes that Europe "respects China's right to benefit from trade liberalization" and that it will provide a "window for adaptation" for producers in developing countries whose exports to the EU have been displaced by increased Chinese exports.

Similarly, an editorial in the state-run China Daily newspaper on 13 June said the deal helps "all those who are really committed to a global trade order that works for everyone." Xiao Yugui, president of the textile-exporting company Shanghai Textile (Group) Co. Ltd, said the deal would provide a relatively stable and foreseeable external environment and help "mitigate the risk of uncertainties for the textile trade." The agreement is currently a Memorandum of Understanding between the European Commission and

the Chinese Ministry of Commerce, and will be submitted to Member States and the competent authorities in China for endorsement or approval to come into effect.

Supachai, Chinese Vice Premier weigh in against US measures

Meanwhile, WTO Director General Supachai Panitchpakdi -- speaking at a 13 June meeting of the Pacific Basin Economic Council, the largest Asia-Pacific business organisation -- said that the end quotas in early

2005 "should be beneficial for the global economy." At the same time, he noted that "for some countries, there should be adjustment costs," in what appeared to be a reference to the steps taken by the US and EU governments to protect their markets. With the EU having resolved the issue with China, however, sources suggested that the comment was aimed in particular at the US decision to protect its markets through safeguards rather than bear adjustment costs or initiate discussion.

Also on 13 June, Chinese Vice Premier Wu Yi also took aim at the US for its imposition of seven safeguards on Chinese textile and clothing exports (see BRIDGES Weekly, 1 June 2005, <http://www.ictsd.org/weekly/05-06-01/story1.htm>). "We are resolutely opposed to easily applying restrictions and sanctions, let alone politicising economic and trade issues," said Wu. She suggested that while friction between countries was natural when international trade ties bring economies closer together, "the key is how to handle this friction." She said the US should have first tried to resolve such disputes through negotiation.

The EU-China deal appears to have turned up the heat on the US. On 10 June, shortly after the deal was agreed, China's Commerce Minister Bo, in an apparent dig at the US, contrasted the EU-China talks with "certain countries' one-sided action." US Commerce Secretary Carlos Gutierrez defended the US safeguards in an interview on 13 June, saying "we're not asking for any special favours. We do not want a policy of protectionism. We simply want to be able to compete on a level playing field."

"Vice Premier Wu Yi Criticizes US for Slapping Restriction on Textile Imports From China," AP, 13 June 2005; "WTO head says ending textile quotas benefits global economy, suggests US, EU must adjust," AP, 13 June 2005; "Chinese Vice Premier Criticizes US on Textile Trade Caps,"

DOW JONES, 13 June 2005; "EU-China Textile Agreement 10 June 2005," EU MEMO, 12 June 2005;

"EU still prepared to impose curbs on Chinese textile exports," AFX, 13 June 2005; "EU-China Textiles Deal Caps Growth Of Exports for 10 Chinese Categories," WTO REPORTER, 14 June 2005.

INDIA'S 'PROJECT APPROACH' CAUSES STIR AT ENVIRONMENTAL GOODS TALKS

At an informal consultation on environmental goods on 10 June, WTO Members discussed a new submission by India proposing the use of what is now referred to as the "project approach", which would link the accelerated (albeit temporary) liberalisation of environmental goods to their use in environmental projects. Canada and New Zealand also submitted new proposals, which involved proposed lists of environmental goods.

New "project approach"

The Indian proposal (TN/TE/W/51, available at <http://docsonline.wto.org/>) on a project approach aims to provide an alternative to the "list" and "criteria" approaches. Most of the recent submissions to the Committee on Trade and Environment Special Session (CTE-SS) have focused on the "list approach." It has, however, raised concerns among many developing countries. The "criteria approach" involves developing criteria or a definition of environmental goods.

In its submission, India outlines some of the "problems" associated with the list approach, including, among others, the "dual use" of many items that would likely be contained in the list, the impact of unrestricted concessional duty import of environmental goods on indigenous innovation, competitiveness of local industries, and the missing link between environment goods and services (EGS). Also, the submission notes that simply permitting the flow of goods would not necessarily help achieve environmental objectives.

The project approach aims to address these concerns as well as ensure that both the environmental and development goals of the Doha negotiations and Agenda 21 are met. To this end, environmental goods and services included in environmental projects would qualify for specified concessions for the duration of the project. Such projects would be approved by a Designated National Authority based on certain criteria to be developed by the CTE-SS and could include, for instance, air pollution control, renewable energy facilities, or environmentally preferable products (EPPs). This approach, India believes, provides sufficient policy space for national governments to achieve environmental objectives. It also mitigates concerns over dual use by making the concessions

finite (based on the duration of the project), while providing a coherent approach to the liberalisation of both environmental goods and services.

Several Members, in particular developed countries, questioned whether the proposed approach would have as widespread effects as envisaged under the Paragraph 31(iii) mandate on EGS, given that it would be applied on a case-by-case basis. Some noted that the benefits might in fact be limited to multinational corporations since an environmental project implies a certain scale that might be beyond the capacities of smaller enterprises, which would therefore not be able to take full advantage of this option. Many developing countries welcomed the new, alternative approach as a basis for further discussion, but also raised questions about practicalities.

While many developed countries have pushed for a list to be finalised by the next WTO Ministerial meeting in Hong Kong in December, most developing countries have resisted this attempt, fearing that a list approach would not provide any benefits for them (see BRIDGES Weekly, 2 March 2005, <http://www.ictsd.org/weekly/05-03-02/story2.htm>). If the Indian proposal attracts sufficient support as a viable alternative, efforts in the lead-up to Hong Kong are likely to focus on striking a balance between the list and project approaches.

NZ, Canada proposals

The New Zealand proposal (TN/TE/W/49) aims to apply its previously proposed use of "reference points" -- such as the OECD or APEC lists of environmental goods, or relevant bilateral or regional Free Trade Agreements (see BRIDGES Weekly, 2 March 2005, referenced above) -- in the identification of possible environmental goods. To this end, the proposal presents a list of goods sorted into categories along with the reference points used for each product. In addition to previously cited categories, New Zealand added EPPs, cleaner and more resource-efficient technologies and products, and waste and scrap utilisation as new categories. The proposal was generally well-received, although many countries asked for more time to consider the list and in particular the implications of the new categories.

The Canadian proposal (TN/TE/W/50) simply presents a list of proposed environmental goods, grouped under previously suggested categories that were mainly drawn from the OECD and APEC lists. Canada would like to see an initial list reflecting the trade and environmental interests of both developed and developing countries developed by the Hong Kong meeting. Members said they would need more time to look at the list in detail.

The next meeting of the CTE-SS will be held from 5-6 July.

ICTSD reporting.

WIPO COMMITTEE FAILS TO MOVE ON TRADITIONAL KNOWLEDGE TREATY

The eighth session of the World Intellectual Property Organisation (WIPO) Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC), held in Geneva from 6-10 June 2005, ended without agreement on the major issues before it.

These included proposals that could form the basis for an international mechanism for the protection of traditional knowledge and folklore, and a funding mechanism for the participation of indigenous peoples. A move by some developing countries to narrow the IGC's mandate was also defeated, and the Committee decided to recommend that the WIPO General Assembly renew its mandate as it stands for a further two years.

Deadlock over substantive provisions

During the five-day meeting, clear lines of disagreement emerged between developed and developing countries over moves toward developing a legally binding, international instrument designed to prevent the misappropriation of traditional knowledge and folklore and designing respective access and benefit sharing mechanisms. While both sides were prepared to move forward on general guidelines and statements of principle, developed countries such as the US and Canada were unwilling to continue work on drafting substantive provisions for a possible international treaty. Draft provisions for the protection of traditional knowledge related to genetic resources -- including requirements for patent applications to include disclosure of the origin of genetic resources, evidence of prior informed consent, and access and benefit sharing agreements -- were the focus of much of the disagreement.

Developing countries including Brazil, India, Peru and South Africa argued that progress on the provisions would be necessary if the Committee were to justify its ongoing existence, and fought for a continuation of the drafting process. However, extensive informal consultations by the chair resulted in the Committee merely deciding to note "the diverse views expressed on these issues."

Move to narrow IGC's mandate fails

As a result of this lack of progress, some developing countries then argued for a narrowing of the IGC's mandate, which is due for expiry or renewal by WIPO's General Assembly in September 2005. India suggested that the Committee "play to its strengths" by concentrating on folklore issues and national experiences rather than genetic resources. Behind this proposal was a desire by the developing countries to focus their efforts on patent disclosure requirements in other fora such as the Standing Committee on Patents (SCP; see BRIDGES Weekly, 8 June 2005, <http://www.ictsd.org/weekly/05-06-08/story5.htm>) and the WTO's Council for Trade-related Aspects of Intellectual Property Rights (TRIPS; see BRIDGES Trade BioRes, 18 March 2005, <http://www.ictsd.org/biores/05-03-18/story1.htm>). They hoped that a narrowed mandate would prevent developed countries from attempting to designate the IGC as the proper forum for discussion on genetic resources-related issues, thus undermining initiatives elsewhere.

Developing countries recently criticised the informal consultations on patent harmonisation held in February by WIPO Director-General Kamal Idris in Casablanca, Morocco on these and other grounds (BRIDGES Weekly, 23 February 2005, <http://www.ictsd.com/weekly/05-02-23/story5.htm>), and blocked an attempt to establish a 'priority list' of issues for the SCP that excluded disclosure and genetic resources (see BRIDGES Weekly, 8 June 2005 <http://www.ictsd.org/weekly/05-06-08/story5.htm>).

However, changes to the mandate were resisted by developed countries and some African and Caribbean countries, and informal consultations resulted in a decision to recommend that the mandate be renewed in its entirety.

Indigenous groups condemn lack of progress

The third item on the IGC's agenda was a proposal, carried over from previous sessions, to establish a funding mechanism for increased participation of indigenous groups. The Committee again failed to agree on financial contributions and control of the fund, provoking a joint statement by representatives of indigenous peoples condemning the lack of progress.

The IGC also received a document from Peru detailing its national efforts to prevent misappropriation, including a law establishing a protection regime for traditional knowledge and a National Anti-Biopiracy Commission (WIPO/GRTKF/IC/8/12).

On the sidelines...

Outside the meeting, a new study circulated by the Pacific Research Institute (PRI) generated interest. The report claims that an international patent-based access and benefit-sharing (ABS) regime of the type supported by developing countries would cost the EU US\$79 billion and the US US\$21.6 billion between now and 2025. However, trade sources question whether the authors' assumption that an ABS regime would be equivalent to a long-run tax of up to 50 percent on all biotechnological and pharmaceutical research and development investment is realistic.

The documents of the IGC meeting are available at http://www.wipo.int/meetings/en/details.jsp?meeting_id=7130.

The ABS study is available at <http://www.pacificresearch.org>.

ICTSD reporting.

IN BRIEF

**ANDEAN COUNTRIES, US MAKE SLOW
PROGRESS ON FTA**

The Andean countries -- Colombia, Ecuador and Peru -- finished the tenth round of free trade agreement (FTA) negotiations with the US in Guayaquil on 10 June. The negotiators reached agreements on e-commerce and capacity building, but will need more time to work out the details regarding financial services, telecommunications and government procurement. They failed to agree on the most challenging issues, intellectual property, sanitary and phyto-sanitary measures and agriculture. These topics were left for future rounds of negotiation.

Despite these delays, negotiators are aiming to complete the talks by the end of the year, in order to allow the respective congresses to approve the agreement before upcoming elections in all three Andean countries. The negotiations will also likely be affected by an upcoming decision on DR-CAFTA (the US FTA with Central American countries and the Dominican Republic) in the US Congress. DR-CAFTA is currently being discussed in Congress, and a rejection of DR-CAFTA would hurt the prospects for a US FTA with the Andean countries.

The next round of negotiations between the Andean countries and the US will take place in Miami from 16-20 June.

ICTSD reporting; "TLC queda dividido en cinco paquetes," DINERO, 11 June 2005.

**AFRICAN UNION MEETING: TRADE
MINISTERS HARMONISE WTO
POSITIONS**

African Union (AU) trade ministers met in Cairo, Egypt, from 8-9 June to adopt common positions on regional and bilateral trade processes they are involved in, as well as on key areas of the Doha round ahead of the upcoming WTO Ministerial Conference in Hong Kong in December. The ministers concluded by issuing a "Cairo Declaration" on the ongoing WTO negotiations, calling for, among other, a "credible end date" for the elimination of export subsidies on agricultural products, the reduction of domestic subsidies, and appropriate mechanisms to tackle the issue of preference erosion in agricultural market access. The Cairo Declaration also demands that the US eliminate for cotton subsidies by the Hong Kong meeting, and further calls for an emergency support fund for African cotton producing countries affected by these subsidies. On non-agricultural market access (NAMA) the declaration urges WTO Members to identify an appropriate formula that would allow African countries to undertake the necessary industrial policies and diversification objectives, and to prioritise the principles of non-reciprocity, special and differential treatment and less than full reciprocity. The Declaration acknowledges Africa's minimal participation in the services negotiations and trade ministers pledge to improve their participation, while requesting substantial improvement in market access in modes and sectors of export interest to African countries. Trade ministers further call for the provision of financial and technical resources in the area of trade facilitation, and "increased aid for trade" in respect of technical cooperation.

Deputy US Trade Representative Peter Allgeier, who attended the meeting, highlighted the US' commitment "to using the Doha negotiations to help reverse the trend that has occurred in Africa of a declining share of world trade." European Trade Commissioner Peter Mandelson also called on Africa to actively participate in key negotiating areas such as agriculture, NAMA, trade facilitation and services. He further urged Africa "to commit to working with the EU in a systematic way in Geneva and in our capitals to take forward a common vision" in the Doha negotiations.

Mandelson's speech is available at <http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/05/333&format=HTML&aged=0&language=EN&guiLanguage=en>.

The Cairo declaration and other related documents are available at <http://www.ictsd.org/issarea/africa/index.htm>.

ICTSD reporting; "Africans close ranks ahead of trade battle with West", YAHOO NEWS, 9 June 2005; "Africa Eager to Increase Its Share of World Trade", AMERICAN PATRIOTS, 8 June

G8 AGREE ON DEBT RELIEF; UK, AFRICA, CALL FOR ACTION ON TRADE AND AID

At a meeting in London on 11 June, ministers from the Group of eight industrialised countries (G8) agreed to cancel US\$40 billion worth of debt owed by 18 of the world's poorest countries, mostly in Africa. Much of the cancelled debt was owed to international institutions such as the World Bank. Under the agreement, the World Bank, the International Monetary Fund and the African Development Bank will immediately forgive 100 percent of the money the 18 countries owe them. Nine more countries are expected to qualify within 18 months, which will bring the total debt write-off to US\$55 billion. Speaking to the UK media a day before the meeting, Gordon Brown, UK Chancellor of the Exchequer, expressed hope that a package on aid, trade and debt relief would be reached when G8 leaders meet in Scotland in July (see BRIDGES Weekly, 9 February 2005, <http://www.ictsd.org/weekly/05-02-09/story4.htm>).

Gordon Brown added, "I'm still aiming for 100 percent debt relief. I'm still aiming for a doubling of aid [and] for trade justice." In the same vein, some African country beneficiaries of the debt relief package, as well as civil society organisations, have welcomed the deal while calling for more aid and better trade rules as a total package to combat poverty in poor countries.

The 18 countries currently eligible for the debt cancellation deal are Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia

ICTSD reporting; "Ghana to Earn \$4.1bn Debt Relief," GRAPHIC GHANA, 14 June 2005; "Africans welcome decision as first step", FT, 14 June 2005; "Africa: Debt cancellation activists welcome relief but call for more,"

AFRICA ONLINE, 14 June 2005; "Deal praised but more help wanted," GUARDIAN, 13 June 2005.

COLOMBIA CANCELS PATENTS ON 250 PRODUCTS OF MULTINATIONALS

On 8 June, the Colombian Regulatory Authority for Industry and Commerce (SIC) declared that patents on 250 primarily chemical, cosmetic and pharmaceutical products in Colombia will be cancelled. The patents -- officially due to expire in 2014 -- were cancelled because the companies had failed to pay the annual administrative fee necessary to maintain their monopoly rights. It remained unclear why the companies had failed to do so, but observers speculated that given the small amount owed, the companies or their legal advisors probably simply forgot to submit it.

The patents were held by Procter & Gamble, Roche, Pfizer, GlaxoSmithKline, Sandoz, Eli Lilly, Merck, Ciba Geigy, Phillips Petroleum, Dow Chemical, Rhone-Poulenc, Riverwood and Nestlé, among others. They are unlikely to be able to revoke the government's decision.

For a list of the cancelled patents see http://www.portafolio.com.co/port_secc_online/porta_ec_on_online/2005-06-08/ARCHIVO/ARCHIVO-2098861-0.xls.

"Liberan patentes de 250 productos de empresas multinacionales," PORTAFOLIO, 8 June 2005.

WTO IN BRIEF

MEMBERS ADVANCE NAMA DISCUSSIONS

After a week of negotiations that ended on 10 June, the Chair of the Negotiating Group on Non-agricultural Market Access (NAMA), Ambassador Stefan Johannesson of Iceland, said "support for a simple Swiss formula has grown measurably, with support depending on the level of the coefficients and their linkage with the flexibilities." Nevertheless, he cautioned Members that "while much progress has been made, there are many issues that remain to be addressed." The 6-10 June session focused mainly on the formula for tariff reduction. The US and other developed countries continued supporting the use of a simple Swiss formula, which would require steeper cuts for

goods with higher duties. Argentina, Brazil and India put forward an alternative formula (TN/MA/W/54, available at <http://docsonline.wto.org/>) that would determine the degree of tariff cuts a country would undertake for a tariff line based on the difference between the country's tariffs with its overall average bound rate. The Caribbean countries supported this approach. Several Members -- including Members of the Asia-Pacific Economic Cooperation (APEC) -- have expressed initial support for the use of the Swiss formula, with the caveat that this support hinges on the treatment of the coefficients in the application of the formula. These coefficients would determine the level of special treatment for developing countries.

In addition, Mexico made a presentation on its proposal for the treatment of unbound tariffs. The proposed formula would establish base rates for unbound tariff lines in order to apply the agreed formula for tariff reduction. The EU presented a new notification on export taxes (TN/MA/W46add12), which was discussed at a brain storming session on non-tariff barriers.

The next set of NAMA talks will be held from 28 June to July 1.

ICTSD reporting.

NEW PROPOSAL ON SERVICES BENCHMARKS

In an attempt to improve the quality of offers in services negotiations, a group of 12 countries issued a joint proposal on 8 June outlining possible "benchmarks" that could be used to encourage less ambitious Members to raise their standards. Progress in the request-offer process of the services talks has been sluggish, with the Chair, Ambassador Alejandro of Chile, describing the quality of offers earlier in the year as "very, very poor." The paper from the US, the EU, Australia, Bahrain, Canada, Japan, Norway, Oman, Panama, Singapore, Switzerland and Taiwan was conceived with particular reference to the further liberalisation of financial services in developing countries. Developing country trade sources have expressed concern, however, that singling out the financial sector for emphasis would "enhance the asymmetries" of the services negotiations at the multilateral level.

The next "cluster" of services talks is scheduled for 20 June to 1 July.

ICTSD reporting; "WTO Friends Group Outlines Possible Benchmarks for Financial Services Talks," WTO REPORTER, 10 June 2005.

RULES GROUP CONTINUES DISCUSSIONS ON ARTICLE XXIV

At the meeting of the Negotiation Groups on Rules to discuss regional trade agreements (RTAs) from 13-14 of June, the Group dwelled on an EU paper on systemic issues relating to GATT Article XXIV (TN/RL/W/179, available at <http://docsonline.wto.org/>). Article XXIV requests that a regional trade agreement must cover "substantially all the trade". In its submission, the EU is open to a longer phase-in period for developing countries for the interim agreements leading to the creation of an RTA. The paper also provides a principle for determining the term "substantially all the trade," which Article XXIV requests that a regional trade agreement must cover. To this end, the EU proposes a combined threshold for trade volume and tariff lines, and states it will consider lowering this threshold for developing countries. The Doha Declaration mandates Members to clarify and improve disciplines and procedures under the existing WTO provisions on RTAs, taking into account the development aspect. African, Caribbean and Pacific (ACP) countries had submitted a proposal in April 2004 on how to include special and differential treatment (S&D) in regional trade agreements between developing and developed countries under Article XXIV (TN/RL/W/155). Whereas the EU paper acknowledges the need to take S&D into account, it does not make any concrete suggestions for how to do it. Very few developing countries participated in the meeting, but there will be informal consultations in the lead-up to the next meeting in order to coordinate opinions and revise the ACP paper.

Chinese Taipei's proposal suggesting that RTAs should contain an accession clause for third parties (TN/RL/W/182) did not attract widespread support. While countries such as Australia and Canada were positive to a clause that encouraged Members to consider accession application from third parties to enter RTAs, they were reluctant to make this mandatory.

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: 16 June - 22 June

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 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.com; Internet: <http://www.iamericas.org/events/event.html?eid=2005-3801E&isnw=1>.

16-17 June, London, UK: EMERGING CARBON MARKETS: CAN THEY DELIVER? This conference will provide a forum for policy debate on what is working and what is not, how the EU and other emerging emissions markets may develop in the future and the roles of the public and private sectors. For further information contact the Chatham House, tel: (+44-20) 7957 5700; fax: 7957 5710; email: contact@chathamhouse.org.uk; Internet: <http://www.chathamhouse.org.uk/index.php?id=5&cid=72>.

21-23 June, Quebec City, Canada: TWELFTH REGULAR SESSION OF THE COUNCIL OF THE COMMISSION FOR ENVIRONMENT COOPERATION. The Council, which is composed of environment ministers of Canada, Mexico and the United States, will consider a programme of action to address environmental issues facing North America. For further information contact Nathalie Daoust, tel: (+1 514) 350-4310; fax: 350-4314; e-mail: ndaoust@cec.org; Internet: <http://www.cec.org/calendar/details/index.cfm?varlan=english&ID=1963>.

22-25 June, Rome, Italy: 31ST SESSION OF THE COMMITTEE ON WORLD FOOD SECURITY. This working group will meet during the 128th Session of the UN Food and Agriculture Organisation (FAO) Council. For further information contact FAO, tel: (+39) 06 57051; fax: 06 570 53152; Internet: http://www.fao.org/unfao/bodies/cfs/cfs31/cfs2005_en.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.

16-17 June: COMMITTEE ON TECHNICAL BARRIERS TO TRADE

16-17 June: COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS - SPECIAL SESSION

16 June: COMMITTEE ON TRADE AND DEVELOPMENT - SPECIAL SESSION

20 June: WORKING PARTY ON GATS RULES

20 June: DISPUTE SETTLEMENT BODY

21-22 June: DISPUTE SETTLEMENT BODY - SPECIAL SESSION

21 June: TRADE NEGOTIATIONS COMMITTEE

21 June: WORKING PARTY ON DOMESTIC REGULATION

22 June: COMMITTEE ON SPECIFIC COMMITMENTS

22 June: SUB-COMMITTEE ON COTTON

Other Upcoming Events

27-29 June, Montreal, Canada: WORKSHOP ON THE JOINT WORK PROGRAMME ON MARINE AND COASTAL INVASIVE ALIEN SPECIES. This event is jointly hosted by the Secretariat of the Convention on Biological Diversity, Global Invasive Species Programme, and Regional Seas Programme of UNEP. For further information contact Mr. Hamdallah Zedan, Executive Secretary, tel: (+1) 514 288 2220; fax: 514 288 6588; e-mail: secretariat@biodiv.org; Internet: <http://www.biodiv.org/meetings>.

26 June - 2 July, Montreal, Canada: EXTRAORDINARY MEETING OF PARTIES TO THE MONTREAL PROTOCOL / TWENTY-FIFTH MEETING OF THE OPEN ENDED WORKING GROUP. The extraordinary meeting of parties to the Montreal Protocol on Substances that Deplete the Ozone Layer will attempt to resolve disagreements over exemptions allowing methyl bromide use in 2006. The meeting, organised by the Ozone Secretariat at UNEP, will also include the

open ended working group and the 2nd Meeting of the Bureau of the 15th Meeting of the Parties to the Montreal Protocol. For further information contact the Ozone Secretariat, tel: (+1 54) 262-3850; fax: 262-3601; email: ozoneinfo@unep.org; Internet: http://www.unep.org/ozone/Meeting_Documents/oewg/25oewg/25oewg-general-info.asp.

30 June - 1 July, Geneva, Switzerland: International Symposium on Intellectual Property (IP) Education and Research. This symposium, organized by the World Intellectual Property Organization (WIPO), will provide an opportunity to assess the current situation of IP education and research. It will also identify the future challenges and explore possibilities for enhancing international cooperation. For further information contact WIPO, tel: (+41-22) 338 9111; fax: 740 14 17; email: meetings.academy@wipo.int; Internet: http://www.wipo.int/academy/en/meetings/iped_sym_05/index.html.

7-9 September, Prague, Czech Republic: GREEN POWER CENTRAL AND EASTERN EUROPE. This conference is a networking forum that will bring together representatives from government, utilities, manufacturers, financial institutions, research institutions and NGO's to explore new approaches to renewable energy and energy efficiency investment. For further information contact Matthew Probyn, email: matthew.probyn@greenpowerconferences.com; Internet: <http://www.greenpowerconferences.com/events/CEE05.htm>.

RESOURCES

"Environmental Goods and Services in the WTO" by Chantal Line Carpentier, Kevin Gallagher, and Scott Vaughan in *Journal of Environment and Development* (14) 2, June 2005. Although negotiations for environmental Goods and Services (EGS) show promise for sustainable development, this promise will only be realized if the liberalisation takes into account existing market asymmetries and the special needs of developing countries. This article examines the potential benefits and costs of EGS liberalisation and makes policy suggestions for ensuring that EGS negotiations work toward sustainable development.

THE BENEFITS OF LIBERALISING PRODUCT MARKETS AND REDUCING BARRIERS TO INTERNATIONAL TRADE AND INVESTMENT: THE CASE OF THE UNITED STATES AND THE EUROPEAN UNION. By OECD, June 2005. This paper provides an assessment of the impact of a package of structural reforms in the European Union and the United States on long-run trade and output

gains accruing to OECD countries. The analysis indicates that such reforms could lead to gains in GDP per capita in both transatlantic areas and, due to trade linkages, the benefits would spread to other OECD countries. Available online at [http://www.ois.oecd.org/olis/2005doc.nsf/43bb6130e5e86e5fc12569fa005d004c/e631e1ab77837fc0c1257019002c14e0/\\$FILE/JT00185017.PDF](http://www.ois.oecd.org/olis/2005doc.nsf/43bb6130e5e86e5fc12569fa005d004c/e631e1ab77837fc0c1257019002c14e0/$FILE/JT00185017.PDF).

Beyond tariffs and quotas: why don't African manufacturers export more? By George Clarke (World Bank, June 2005). Even though tariff and non-tariff barriers to trade have been falling, Africa's share of world exports has declined and most African countries remain dependent on a narrow range of commodities for export earnings. This report looks at factors and policy-related variables that affect the export performance of manufacturing enterprises in eight African countries. Available online at http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/I B/2005/05/31/000012009_20050531160228/Rendered/PDF/wps3617.pdf.

Critique of the EC's Action Plan for ACP countries affected by EU sugar reform. By Oxfam and WWF, June 2005. This briefing note provides a summary and critique of the proposed EU Action Plan for ACP countries affected by EU sugar reform. It also presents proposals on how the EU could best help developing countries likely to be affected by EU sugar reform and to make the most from the opportunities reform may provide. Available online at http://www.oxfam.org/eng/pdfs/bp050601_eu_sugarplan_final_english.pdf.

Would multilateral trade reform benefit Sub-Saharan Africans? By Kym Anderson, Will Martin and Dominique van der Mensbrugghe (World Bank, June 2005). This paper examines whether the Sub-Saharan African economies could gain from multilateral trade reform in the presence of trade preferences. This study examines the impact of current trade barriers and agricultural subsidies as well as possible outcomes from the WTO's Doha round. The results suggest that moving to free global merchandise trade would boost real incomes in Sub-Saharan Africa proportionately more than in other developing countries or in high-income countries. Available online at http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/I B/2005/05/31/000012009_20050531155218/Rendered/PDF/wps3616.pdf.

"Is there a trade-off between trade liberalization and environmental quality? A CGE assessment on Thailand" by Jennifer C. Li in *Journal of environment and development* 14 (2), 2005. This article explores the question of whether there is a trade-off between trade liberalisation and environmental quality. The paper

explores the economic, environmental, and welfare impacts of alternative policy scenarios, including a tariff reduction scenario, a carbon tax scenario, and a combined trade and environmental reform scenario. The results show, that in the case of Thailand, when environmental and trade policies are jointly considered, greater substitution away from the polluting energy inputs is observed with the cost on economic growth remaining insignificant.

THE IMPACT OF TRADE AGREEMENTS IMPLEMENTED UNDER TRADE PROMOTION AUTHORITY. By US International Trade Commission (ITC), June 2005. This report investigates the impact of three trade agreements signed by the US since 2002 under trade promotion authority, also known as "fast track authority". The report finds that the three agreements will collectively have very little effect on the U.S. economy overall, though trade in some sectors -- notably meat products and textiles and apparel -- will increase substantially. However, even in these sectors, the change is small relative to U.S. trade with the world. Available online at <http://hotdocs.usitc.gov/docs/pubs/332/pub3780.pdf>.

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