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### LEAD STORIES

#### EU RELEASES REFORM PLAN FOR SUGAR

On 22 June, the EU's executive European Commission released a new market reform plan for the sugar sector, which is set to significantly change a system that has been in place for 40 years. The proposal includes a two-step, 39 percent cut in the guaranteed price of white sugar; compensation to EU farmers for 60 percent of the price-cut in the form of a decoupled subsidy linked to environmental and land management standards; and a restructuring scheme encouraging less competitive producers to move out of sugar farming as well as supporting factory closure. The reform also offers assistance to the African, Caribbean and Pacific (ACP) countries that currently enjoy preferential access to the EU sugar market.

The reform plan is an updated version of a scheme released a year ago (see BRIDGES Weekly, 21 July 2004, <http://www.ictsd.org/weekly/04-07-21/inbrief.htm>), and comes in the wake of a successful challenge to the European sugar subsidies at the WTO by Australia, Brazil and Thailand (see BRIDGES Weekly, 4 May 2005, <http://www.ictsd.org/weekly/05-05-04/story5.htm>). Beet-based sugar production in temperate countries is less efficient and more costly than cane-based production in the tropics.

At the release of the reform plan, EU Agriculture Commissioner Mariann Fischer Boel said "I am convinced that EU sugar producers have a competitive future, but only if we act now and act decisively to prepare them for the challenges ahead. We are offering a long term, stable planning horizon with a generous restructuring fund to encourage less competitive producers to leave the sector and to cope with the impacts of the restructuring process." The proposed cuts have come up against strong criticism from sugar producers in Europe and key ACP sugar producing countries, which would see the prices they get for their sugar dramatically decrease. Australia, Brazil and Thailand have, on the other hand, welcomed the reform. The European Commission hopes for political agreement on the proposal at the EU Agriculture

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Council in November 2005, a month before the WTO's Hong Kong Ministerial Conference.

### **Effects on ACP, LDC countries**

A number of ACP countries have been exporting to the EU market at guaranteed prices under the Cotonou Sugar Protocol, and will be hard-hit by the reform. These countries have vulnerable economies, and are much less competitive than major producers such as Brazil. In addition, least-developed countries (LDCs) have been guaranteed duty-free access, to be fully phased in by 2009, under the 2001 Everything But Arms (EBA) initiative. The majority of EU imports have been from Mauritius, which has been exporting 14 times more sugar to the EU than Brazil has. The ACP countries, India and LDCs would continue to be able export at the new EU "reference price," which replaces the intervention price. The EU price will still be higher than the world price.

As part of the reform package, the EU will offer EUR40 million in adjustment assistance to ACP countries in 2006, and continue to support this process for another eight years. According to the EU, trade measures under EU-ACP Economic Partnership Agreements (EPAs) will also serve to assist the ACP countries in the adjustment process. According to Louis Michel, the EU's Development Commissioner, "We must stop telling some countries that will never manage to be competitive in sugar that they can continue to be. I'm not far from thinking that we have not been sufficiently honest with some countries by maintaining a system that has made them quasi-dependent on some industries and made them shy away from diversifying."

The ACP and LDC countries have, however, called for a slower phase-in of the reform, as well as more assistance. Clement Rohee, Minister of Foreign Trade of Guyana and Ministerial spokesperson on sugar for the Caribbean Community (CARICOM), stressed that "It is impossible to overstate the devastating impact the price cuts and timescale proposed by the Commission will have on ACP countries. As far as the ACP is concerned, the proposed reform is too fast, too deep, and too soon. Under these conditions the sugar industries in many countries will be simply unable to survive, while in other producing countries the so-called reform will inevitably lead to severe cutbacks with disastrous socio-economic consequences." The LDC Sugar Group, for its part, highlighted the special constraints these fragile countries faced, including mounting transport costs.

Duncan Green, head of research at international charity Oxfam, pointed out that "smaller vulnerable countries from the Caribbean and Africa are getting the short end of the stick," and that their interests needed to be

balanced with those of large, efficient producers such as Brazil. Oxfam also called for a more gradual reform and substantial adjustment assistance to the affected developing countries.

### **Effects on EU countries**

The reforms will lead to a seven million tonne decrease in European sugar production by 2014 -- from 19.7 million today to 12 million -- implying that 40 percent of EU production will cease. Production is projected to end in Greece, Ireland, Italy and Portugal, while it will decrease significantly in Denmark, Finland, Spain, the Czech Republic and Hungary. A number of affected EU countries have already voiced their opposition to the reform plan. The effects will extend beyond farmers to sugar refineries, plants and related services, including transport.

The reform is expected to lead to greater concentration in the sugar sector, which has raised concerns that powerful multinationals, such as Südzucker of Germany, would be able to control prices and thus capture an even higher proportion of revenue. Commissioner Fischer Boel has said, however, that if a price cartel were to emerge, she would fight it by imposing temporary tariff rate quotas -- which would allow a certain quantity of sugar to be imported at a low tariff rate -- to let in additional low-cost sugar.

Reacting to the reform proposal, European sugar lobby Comité Européen des Fabricants de Sucre (CEPS), said that as it is implemented, checks and balances must be in place to ensure that imported sugar under ongoing preference schemes actually originates from these countries, not Brazilian traders. CEPS also stressed that sugar should be designated a sensitive agricultural product in the Doha Round agriculture negotiations, meaning tariff cuts would be moderate, and that an existing agricultural safeguard protecting the sector from import surges should be maintained.

### **Biofuels in the sugar reform**

The sugar reform plan ensures that the production of biofuels -- clean-burning, carbon-neutral fuels derived from agricultural crops that can be used to partially replace liquid petroleum products -- will not be adversely affected. Sugar beet will be eligible for EU energy crop aid, in line with its policies on biofuels, worth EUR45 per hectare. Sugar used for the production of ethanol, as well as by the chemical and pharmaceutical industries, will be excluded from the sugar quota. In addition, when beet is grown for non-food purposes, it qualifies for 'set-aside' payments -- grants received by EU farmers for leaving fields uncultivated.

Certain ACP countries have also said they plan to diversify into ethanol production. For example, Jamaica has plans to start producing ethanol, as well as using sugarcane residues, known as bagasse, for electricity generation.

Details of the Commission proposal are available at <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/776&format=HTML&aged=0&language=EN&guiLanguage=en>.

"Sugar Reform Will Offer EU Producers Long-term Competitive Future," EC RELEASE, 22 June 2005; "Caribbean shocked as EU plans to end sugar regime," FINANCIAL TIMES, 23 June 2005; "Sugar firms sour on subsidy cut", BBC NEWS, Thursday 23 June 2005; "EU sugar reform splits exporters" BBC NEWS, 22 June 2005; "A requiem for preferential sugar," THE JAMAICA OBSERVER, 21 June 2005; "EU Could Open Up Sugar Market," FINANCIAL TIMES, 22 June 2005; "European Commission plan on sugar: a sour deal for worlds poorest, says Oxfam," OXFAM RELEASE, 22 June 2005; "EU sugar reform proposed price cuts severe and unnecessary," LDC SUGAR GROUP RELEASE, 22 June 2005; CEFS RELEASE, 22 June 2005; ACP RELEASE, 22 June 2005.

## SERVICES CLUSTER UNDERWAY, TALKS ON BENCHMARKS FORTHCOMING

A two-week 'cluster' of services meetings got underway at the WTO on 20 June with the regular meetings of the Council for Trade in Services and its subsidiary bodies. Sources report that despite many developing countries' continued advocacy for more emphasis on the rule-making aspect of the services negotiations -- which are the primary focus of at least two of the subsidiary bodies -- little was achieved in the course of the formal meetings.

### Safeguard discussions fail to make progress

At the Working Party on General Agreement on Trade in Services (GATS) Rules (WPGR), UNCTAD presented a paper that suggested that a safeguard mechanism for services was both desirable and feasible. The UNCTAD paper was premised on, among other things, the systemic need for symmetry between goods trade, where a safeguards agreement exists, and services trade, where none presently exists. In response to the paper, however, many delegations raised questions similar to the ones they had posed to the sponsors of an earlier Association of Southeast Asian Nations (ASEAN) proposal on such a mechanism -- notably, on the definition of domestic industry, acquired rights, compensation, and the feasibility of restrictions on modes 1 and 2. Developed countries

opposed to a services safeguard did not demur from highlighting these concerns at the 20 June meeting, leaving the debate largely in the same position as where it started.

The discussion of possible disciplines on services subsidies, while far less evolved than safeguards, received some renewed basis for debate. An informal submission from Chile; Hong Kong, China; Mexico; Peru; and Switzerland (JOB(05)/95) put forward a provisional definition of 'subsidy' and suggested subsequent steps, including timelines, for the exchange of information mandated under Article XV of the GATS. Members offered preliminary comments and questions on the proposed definition and diverging views on the proposal relating to the information exchange including on sectoral coverage, timelines and relevance of concepts present in the WTO Agreement on Subsidies and Countervailing Measures.

### Informal meetings may take precedence on domestic regulation

In the 22 June meeting of the Working Party on Domestic Regulation (WPDR), Members discussed a matrix prepared by the WTO Secretariat that outlined how the various negotiating proposals stacked up in relation to each of the elements that could be present in possible disciplines on domestic regulation. While intended to provide Members with a tool for reviewing and comparing the various proposals in one document, one delegation expressed some concerns about how this matrix should or should not be used in further discussions of disciplines. Sources suggested that procedural issues might once again end up distracting the WPDR from resolving the substantive issues presented in an otherwise useful document.

Delegates indicate that if the strong push for some form of results in the negotiations on domestic regulation is to yield anything by the WTO's Hong Kong Ministerial Conference in December, informal consultations and dialogue among the major proponents will inevitably have to take precedence over the formal meetings in finding the areas of convergence and compromise. As things stand, many Members appear to remain keen on having at least a checklist, if not a framework, of possible elements to be contained in disciplines by year's end.

### Financial services: Members discuss developed country 'benchmarks'

The 23 June meeting of the Committee on Trade in Financial Services (CTFS) gave Members a preview of the kind of discussions that are anticipated regarding the controversial issue of 'benchmarks' in the market access talks, when it tackled the joint statement of

several developed countries regarding their objectives in the financial services negotiations. They had first presented the statement to the Council for Trade in Services-Special Session (CTS-SS) during the previous services cluster.

At the CTFS meeting, however, some developing countries questioned the appropriateness of discussing these objectives given their view that the CTFS is a technical committee intended to further Members' understanding of issues relating to financial services trade, rather than a forum for negotiations. Furthermore, these countries argued that these benchmarks run counter to the modalities enshrined in the GATS and agreed upon in the 28 March 2001 Negotiating Guidelines and Procedures for the services talks. Moreover, some developing country delegations pointed out that if the CTFS is indeed mandated to serve as a negotiating forum, including setting benchmarks for market access negotiations, then developed countries were contradicting themselves by preventing another technical committee, i.e., the Committee on Specific Commitments, from benchmarking negotiations by discussing offers to obtain clearer, less ambiguous entries in schedules of commitments.

The benchmark issue is likely to feature prominently during the CTS-SS meetings on 30 June and 1 July.

ICTSD will conclude coverage of the cluster in upcoming issues of BRIDGES Weekly.

ICTSD reporting.

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### LDCs ADOPT COMMON POSITION FOR HONG KONG

Least-developed countries (LDCs) recently adopted a common negotiating position in the Doha round WTO talks ahead of the global trade body's December Ministerial Conference in Hong Kong. LDC trade ministers met in Livingstone, Zambia, on 27 June, to deliberate on bargaining positions and strategy in the ongoing multilateral trade negotiations. The 'Livingstone Declaration' articulates a shared LDC position on the Doha round. It also calls for rich countries to grant immediate, non-reciprocal and binding commitments on duty- and quota-free market access for all products from LDCs.

Zambian Commerce Trade and Industry Minister Dipak Patel, who chairs the group of 50 LDC WTO Members, noted that the main areas of concern for the LDCs were agriculture, non-agricultural market access (NAMA), special and differential treatment (S&D) for LDCs, services trade and issues related to trade facilitation.

### LDCs worried about EU sugar reform

The ministers also expressed concern that the EU's recent proposal to reform their sugar market by cutting the intervention price for sugar by 39 percent (see related story, this issue) could adversely impact LDC sugar exports to the EU. They urged the EU not to cut prices so steeply and quickly, arguing that more time would help the LDCs build up their sugar industries.

LDCs are not scheduled to receive duty free access to the EU for sugar until July 2009 under the EU's 'Everything But Arms' initiative, which offers LDCs tariff-free market access for most products. EU Agriculture Commissioner Mariann Fischer Boel has said that when this happens, sugar from LDCs could flood the EU market if the current guaranteed EU price was not cut. Patel expressed the concern of many of his colleagues in a 26 June letter to Ms Fischer Boel, arguing that "[for LDCs] to now be cited as one of the principal reasons for radical reform is an inaccurate representation of the truth." EU sugar producers have also expressed concerns over "triangular trade," implying that cheap sugar from third countries would be exported duty free via LDCs to the EU market.

### Civil society organisations call for pro-poor trade policies

Civil society organisations, meeting on the sidelines of the conference, called on the WTO and major trading partners to adopt pro-poor policies in trade talks to facilitate development and poverty eradication. A statement by non-governmental organisations (NGOs) from several African countries including Zambia, Malawi, Tanzania, and Nigeria noted that the lack of progress on S&D for LDCs reflected an absence of commitment by major trading countries to promote development within the multilateral trading system.

### Supachai pledges support for G8 aid-for-trade initiative

At the meeting, WTO Director-General Supachai Panitchpakdi pledged to lend his support for the aid-for-trade initiative at the 6-8 July G8 summit in Scotland (see BRIDGES Weekly, 9 February 2005, <http://www.ictsd.org/weekly/05-02-09/story4.htm>). He noted that the success of the "aid-for-trade initiative" would help extend more significant trade development benefits to LDCs and other poor countries. Supachai also highlighted key decisions taken in favour of LDCs since the Doha round, including: the adoption of the WTO work programme for LDCs; the extension of the transition period for LDC members until 2016 with respect to intellectual property and pharmaceutical products; and the adoption of the accession guidelines for LDCs to facilitate their accession into the WTO.



ICTSD reporting; "Poor countries call for immediate free trade," FINANCIAL TIMES, 28 June 2005; "Poor Countries Adopt Common Stance In World Trade Talks," NOTICIAS.INFO, 28 June 2005; "WTO director general pledges support for LDCs at G8 summit," XINHUA, 27 June 2005.

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## EU ADOPTS NEW GSP SCHEME

EU member states agreed on 23 June to a new system of trade preferences for poor countries, which places particular emphasis on poorly diversified economies that are dependent on a handful of export products. It expands the number of products that can receive preferential market access and establishes clear thresholds beyond which countries will 'graduate' from eligibility for enhanced access. The EU's new Generalised System of Preferences (GSP) will come into force on 1 January 2006, although a system of additional preferences for countries that adopt certain international agreements on labour, environment, human rights, and governance will apply from 1 July 2005. According to a press release from the EU's executive European Commission, it is "both simpler and fairer" than its predecessor.

The decision to adopt EU Trade Commissioner Peter Mandelson's proposed reform of the GSP comes after a three-month delay that had seen the EU's attention focused elsewhere, notably on textile and clothing imports from China (see BRIDGES Weekly, 16 February 2005, <http://www.ictsd.org/weekly/05-02-16/story5.htm>). The Commission had first set out guidelines for a wide-scale revamping of the programme in July 2004, in part motivated by the then-looming removal of quotas for international textile trade at the end of 2004 as well as an October 2003 WTO ruling against the legality of a component of the EU GSP that offered countries additional market access in return for combating the production and trafficking of illicit drugs (see BRIDGES Weekly, 27 October 2004, <http://www.ictsd.org/weekly/04-10-27/story5.htm>). The broad aim of the reforms was to reorient trade preferences away from fast-growing economies such as China and India and towards more vulnerable developing countries.

Describing the GSP as the EU's "single most important trade tool for development," Mandelson said that a recent deal with China on textile trade (see BRIDGES Weekly, 15 June 2005, <http://www.ictsd.org/weekly/05-06-15/story2.htm>) had paved the way for members to agree on the reform package.

**New GSP to include 'GSP Plus' for vulnerable economies**

The reformed GSP will consist of three arrangements for enhanced market access. The general scheme will offer all developing countries reduced tariffs for some 7200 products, including 300 new ones in the agriculture and fisheries sector. A 'GSP Plus' component will provide poorly diversified (and therefore vulnerable) economies duty-free access for 7200 products, so long as they ratify and apply 27 international conventions on human rights, labour standards, environmental protection, and governance principles. For a country to be eligible for the latter, its five largest GSP-covered export products to the EU must account for over 75 percent of its total GSP-covered exports. Such exports must also account for less than 1 percent of EU imports under the GSP. The third component is the 'Everything But Arms' (EBA) initiative, adopted in 2001, which grants duty-free market access to all exports from least-developed countries (LDCs) except for arms and ammunition. Critics charge, however, that the EBA is subject to onerous rules of origin that often render this access meaningless. For instance, a shirt made in the Maldives would receive duty-free entry into the EU only if the fabric and cloth are made in Maldives -- an impossible requirement for a tiny atoll consisting largely of sandy beaches. Clothing made there from Chinese fabric would face high tariffs.

The existing GSP, in force since 1995, has five components, including special schemes to reward countries for fighting drug production, as well as for enforcing labour and environmental standards. The Everything But Arms scheme will remain unchanged within the reformed GSP.

### 'Graduation' thresholds established

According to the new scheme, GSP export products will cease to be eligible for preferential market access if their share of EU imports from GSP countries exceeds 15 percent. For textiles and clothing, the threshold is lower, at 12.5 percent each.

As a result of the new thresholds, the Indian daily Business Standard reports, nearly 80 percent of China's exports to the EU are likely to 'graduate' out of GSP eligibility. Indian clothing exports, which account for 8.6 percent of the EU's market share, would remain eligible for preferential market access. Indian textile exports, however, would not.

Mandelson said that the new GSP would also help countries that were heavily affected by the Indian Ocean tsunami in December 2004. Sri Lanka may qualify for the GSP Plus scheme. The Bangkok Post reports that the EU may introduce a special measure to make reduced tariffs available to Thai shrimp exporters

by 1 July, rather than six months later when the new GSP enters into force.

International charity group Oxfam welcomed the new scheme, but said that the benefits of the new GSP would be limited because of the EU's failure to link them to reformed rules of origin. "The new scheme will be meaningless for the 50 poorest countries in the world if the rules of origin remain rigid," said Luis Morago, head of Oxfam's Brussels office, in a press release, "this issue has dragged on for years because of the unwillingness of the [EU] Directorate-General Trade to make them simpler and better." Louis Belanger, a spokesperson at the same office, told BRIDGES that the European Commission was not listening to the calls from countries such as the UK and Sweden to simplify the rules of origin to grant the poorest countries duty-free market access for goods made with inputs imported from any country.

The EU reports that imports under the GSP in 2003 were worth EUR52 billion, and that between 1999 and 2003, developing countries' share in total EU imports rose to 40 percent from 33 percent.

The EU memo on the new GSP is available at [http://europa.eu.int/comm/trade/issues/global/gsp/mem\\_0230605\\_en.htm](http://europa.eu.int/comm/trade/issues/global/gsp/mem_0230605_en.htm).

"GSP may come sooner," BANGKOK POST, 29 June 2005; "Lanka may qualify for EU's GSP Plus," FINANCIAL EXPRESS, 26 June 2005, "Textiles 'graduate' from GSP," BUSINESS STANDARD, 27 June 2005, "European Member States back new EU Generalised system of Preferences (GSP)," 23 June 2005.

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### WTO COTTON SUB-COMMITTEE: AFRICAN GROUP URGES RESPONSE TO NEW PROPOSAL

The WTO Sub-committee on Cotton held its fourth meeting on 22 June 2005. At the gathering, African countries expressed disappointment at the lack of written responses to their latest proposal calling for major reforms in the trade of cotton, circulated prior to the group's 29 April meeting (see BRIDGES Weekly, 4 May 2005. <http://www.ictsd.org/weekly/05-05-04/WTOinbrief.htm#1>). Negotiators from Benin, Burkina Faso and several other African delegations, supported by their counterparts from Brazil and Argentina, said that unless other countries produced alternative proposals in writing they would be unable to report on the progress of the sub-committee to their governments.

Meanwhile, outside the WTO, the African Union reiterated the proposal's demand that the US eliminate its cotton subsidies by the WTO Hong Kong Ministerial Conference in December (see BRIDGES Weekly, 15 June 2005, <http://www.ictsd.org/weekly/05-06-15/inbrief.htm#2>).

### US urges ambition in overall agriculture negotiations

The US said it was reluctant to submit written proposals either in the cotton sub-committee or in ongoing consultations among key delegations in the broader agriculture negotiations. This was because it wanted to avoid repeating what happened before the 1999 Seattle Ministerial Conference, where Members stated their positions in writing and then found it difficult to retract from those positions. The US argued that the outcome for cotton would be determined by the overall agriculture negotiations, where reductions in specific areas such as domestic support would affect US cotton programmes. Stressing that the African proposal was ambitious and unlikely to be achieved in the long term, the US said, however, that the talks could inch closer to the aims of the African proposal if Members were ambitious in the agriculture talks.

Chair Tim Groser (who currently chairs both the Cotton Sub-committee and the Committee on Agriculture in his private capacity), agreed to the EU suggestion that the proposal could be more effectively discussed in a smaller group consultation. He said he might hold such a consultation later on, when Members would be better positioned to assess how developments in various areas of the agriculture negotiations could affect cotton.

### Sub-committee discuss development aspects of cotton

On the development aspects of cotton, the International Monetary Fund (IMF) outlined the result of a conference on cotton in Cotonou, Benin on 18 May 2005. It said that meeting participants had agreed on the following "four-pronged response" to the surge in cotton production and decline in prices: preserving macroeconomic stability by tackling poverty directly rather than supporting prices in order to avoid adjustment; using development programmes to increase production efficiency and competitiveness; eliminating distorting export and domestic subsidies in developed countries; and protecting the poor during adjustment.

The next Cotton Sub-committee meeting is scheduled for 18 July 2005.

ICTSD reporting.

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## IN MEMORIAM

On 18 June 2005, Sanjaya Lall, a professor of development economics at Oxford University and a leading thinker on industrial development and policy, passed away suddenly following a heart attack. A prolific writer and researcher on foreign investment and trade, corporate development, industrialisation, technological capabilities and learning, he was also editor of the multidisciplinary journal, Oxford Development Studies.

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## IN BRIEF

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### FOOD FROM CLONED ANIMALS ON WAY TO US SUPERMARKETS?

A four-year risk assessment by the US Food and Drug Administration (FDA) has shown that cloned animals and their offspring are as safe for human consumption as conventional animals. This could potentially soon lead to the lifting of a US moratorium on the commercial use of such products. FDA officials announced the findings of the study at the annual conference of the Biotechnology Industry Organisation (BIO) 2005, held in Philadelphia from 19-22 June.

The World Organisation for Animal Health (OIE) recently decided to undertake further investigations on the need for standards on the use of cloned animals (see BRIDGES Trade BioRes, 10 June 2005, <http://www.ictsd.org/biores/05-06-10/story3.htm>). The FDA study, which is based on data provided by private companies involved in livestock cloning in the US, has not yet been published, but will be finalised in the near future.

Cloned animals are likely to be used in the short-term for breeding and expanding the gene pool in the livestock industry rather than directly for food production, but representatives from the livestock industry indicated that meat and milk from cloned animals or their offspring could be on sale as early as 2006 if the moratorium was lifted. In a 22 June statement, an FDA Associate Commissioner for Science confirmed the work on the study but stated that it would be "premature to discuss our findings or to make any final determinations due to the complexity of the issue."

The FDA statement is available at <http://www.fda.gov/bbs/topics/NEWS/2005/NEW01188.html>.

ICTSD reporting; "US poised to rule that meat and milk from cloned animals is safe for humans," FINANCIAL TIMES, 23 June 2005.

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## CONSERVATIONISTS RETAIN MAJORITY AT WHALING COMMISSION

With the addition of nine new member states and rampant rumours about the purchasing of developing country votes, there was uncertainty regarding the power balance between pro- and anti-whaling nations as the International Whaling Commission (IWC) met for its 57th annual meeting in Ulsan, South Korea, on 20-24 June 2005. However, votes at the meeting quickly showed that anti-whaling nations, led by Australia, New Zealand and the UK, retained the IWC majority.

The meeting voted to uphold a whaling moratorium in place since 1985, strongly urged the Japanese to abandon plans for expanded whaling for scientific purposes, and defeated a motion to introduce regional management schemes. Nevertheless, pro-whaling nations led by Japan considered the meeting a success, citing support from an increasing number of countries.

The IWC adopted a proposal sponsored by Ireland, South Africa and Germany, which suggested ministerial or other high-level talks should take place over the next year to discuss potential management schemes and the possibility to permit controlled catches in order to overcome the deeply rooted division between whaling and conservationist blocs.

For IWC documents related to the meeting visit <http://www.iwcoffice.org/meetings/meetingsmain.htm>.

For complete coverage of the meeting, see BRIDGES Trade BioRes, 24 June 2005, <http://www.ictsd.com/biores/05-06-24/story4.htm>.

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## JAPAN FTA TALKS TURNING ACRIMONIOUS OVER AGRICULTURE

Conflicts between Japan's pro-trade industrial sector and its influential protectionist farm lobby are souring its bilateral free trade agreement (FTA) negotiations, reports the Financial Times. A South Korean diplomat told the British daily that the ongoing Japan-Korea FTA talks have been pushed to the brink of collapse by the Japanese agriculture ministry's obstruction of

discussions. Japan "cannot persuade a certain ministry to conform to the general orientation of Japanese policy," he was quoted as saying.

In early June, South Korean Trade Minister Kim Hyun-chong had said that the FTA talks, stalled since December 2004, would not advance unless Tokyo provided meaningful market access to Korean farm and fisheries exports to go with the near complete liberalisation it is pursuing for trade in manufactured goods. Seoul turned down Japanese Prime Minister Junichiro Koizumi's request to restart the FTA discussions during his 20-21 June visit to Korea, citing an insufficient offer of agricultural liberalisation.

The Financial Times reports similar complaints not only from other countries currently engaged in FTA talks with Japan, but even from officials in the Japanese ministries of trade and foreign affairs. It quoted the latter as suggesting that the government was pursuing bilateral FTAs -- it is also in talks with the Philippines, Thailand, Malaysia, and Indonesia -- for political reasons rather than out of any desire to liberalise its economy.

Tokyo-based Asahi Shimbun reports that a 16 June meeting saw Thailand resist Japanese demands that it eliminate all tariffs in its steel and automotive sectors. This may be connected to Japan's reluctance to expand market access for Thai agricultural exports, even though the countries reached a preliminary deal on the agricultural component of their FTA negotiations in April.

"S Korea blames Japan for trade impasse," FINANCIAL TIMES, 28 June 2005; "Korea urges Japan to open up," ASIA TIMES, 4 June 2005; "Free trade talks stall between Japan, Thailand," ASAHI SHIMBUN, 17 June 2005.

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## WTO IN BRIEF

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### GROSER PAPER HIGHLIGHTS KEY ISSUES FOR 'JULY APPROXIMATIONS'

On 27 June, Chair Tim Groser of the WTO agriculture negotiations circulated a ten-page paper outlining key issues requiring focused work before the end of July, asking delegates for further guidance. Members are aiming to agree on a set of "July approximations" that would serve as a limited version of the full modalities for the agriculture negotiations they hope to agree at the

Hong Kong Ministerial Conference in December this year (see BRIDGES Weekly, 22 June 2005, <http://www.ictsd.org/weekly/05-06-22/story1.htm>).

Groser is expecting some movement on market access -- the trickiest pillar of the agriculture negotiations -- but the actual values of tariff cuts and formulae will have to wait for later agreement at the political level. According to Groser, he needs guidance on central elements, such as number and range of the tiers in the agreed "tiered formula," as well as some more detail on sensitive and special products, which will be exempt from regular tariff cuts. Regarding domestic support, where cuts also will be based on a tiered formula, Members should likewise agree on basic elements, including the number of tiers and which countries fall within them. The elements of the "July approximations" dealing with export competition will focus on state trading enterprises and food aid -- issues on which negotiators have already made progress.

The next 'agriculture week' is scheduled for 4-8 July. Key countries will convene for a mini-ministerial meeting in Dalian, China, from 12-13 July.

ICTSD reporting; "WTO Agriculture Chair Outlines Goals For July Approximation, Cites Market Access," WTO REPORTER, 29 June 2005.

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## SLOW PROGRESS IN RUSSIA ACCESSION TALKS

Following the latest meeting of the WTO Working Party on the Accession of Russia on 24 June, Chair Ambassador Stefan Johannesson of Iceland voiced some concern about the slow progress of negotiations.

Russia is hoping to complete its negotiations in time for the WTO's Hong Kong Ministerial Conference in December (see BRIDGES Weekly, 27 April 2005, <http://www.ictsd.org/weekly/05-04-27/story4.htm>). At the meeting, Russian Economics Minister German Gref asked Members for "flexibility and understanding in view of the difficulties of transforming Russia into a market economy in a short period of time." He said that Russia would not be asking for any transitional flexibilities in its bid to join the WTO. Some Members responded that in order to speed up talks, Russia would have to provide new information for many of the chapters in the draft Working Party report, which forms the basis of the accession agreement.

The Working Party was preceded by informal meetings on agriculture, sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBT). Russia also completed its bilateral negotiations with Mexico and Norway. Acceding countries are required to complete



bilateral deals with Members that request them. Russia's accession process has lasted over ten years, and a top Russian trade official warned that if the country now fails to become a WTO Member as planned, its accession may well be delayed by several years.

ICTSD reporting; "Russia's WTO Bid Hangs in Balance," MOSCOW TIMES, 23 June 2005; "Russia Calls For Flexibility As Chair Expresses Concern About Amount

Of Work Left," WTO RELEASE, 27 June 2005; "Russia Runs Into Disagreements During Informal WTO Talks - Source," XFN-ASIA, 23 June 2005.

## EVENTS & RESOURCES

### NGO REGISTRATION FOR HONG KONG MINISTERIAL CONFERENCE

Non-governmental organisations (NGOs) wishing to attend the WTO's Sixth Ministerial Conference in Hong Kong from 13-18 December 2005 may apply for WTO accreditation online at <https://meetings.wto.org/NGO/PreRegistration/ngohome.aspx?Language=E>. The deadline for registration requests is 29 July 2005 (midnight, GMT).

Additional information on NGO registration and participation at the Ministerial Conference is available at [https://meetings.wto.org/NGO/Resources/Documents/NF6\\_E.doc](https://meetings.wto.org/NGO/Resources/Documents/NF6_E.doc).

The WTO's general site for the Hong Kong meeting is [http://www.wto.org/english/thewto\\_e/minist\\_e/min05\\_e/min05\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min05_e/min05_e.htm).

## EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web calendar at: <http://www.ictsd.org/cal/index.htm>. If you would like to submit an event, please email [events@ictsd.ch](mailto:events@ictsd.ch).

Coming Up: 30 June - 6 July

29 June - 1 July, New York, USA: ACHIEVING THE INTERNATIONALLY AGREED DEVELOPMENT GOALS, INCLUDING THOSE CONTAINED IN THE MILLENNIUM DECLARATION, AS WELL AS IMPLEMENTING THE OUTCOMES OF THE MAJOR

UNITED NATIONS CONFERENCES AND SUMMITS: PROGRESS MADE, CHALLENGES AND OPPORTUNITIES. This event, organised by UN Economic and Social Council (ECOSOC) will include high-level roundtable discussions, keynote addresses by heads of States and Governments on the Millennium Development Goals (MDGs), and feature an element titled "voices against poverty," during which non-UN actors will give their views on the MDGs. For further information contact Aliye Celik, email: [ecosocinfo@un.org](mailto:ecosocinfo@un.org); Internet: <http://www.un.org/docs/ecosoc/meetings/2005/hl2005/>.

30 June - 1 July, Geneva, Switzerland: INTERNATIONAL SYMPOSIUM ON INTELLECTUAL PROPERTY (IP) EDUCATION AND RESEARCH. This symposium, organised 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](mailto:meetings.academy@wipo.int); Internet: [http://www.wipo.int/academy/en/meetings/iped\\_sym\\_05/index.html](http://www.wipo.int/academy/en/meetings/iped_sym_05/index.html).

3 July, Edinburgh, UK: G8 ALTERNATIVES SUMMIT. This gathering, held just prior to the G8 summit in Gleneagles, UK, aims to bring together civil society organisations in order to highlight G8 policies and to present alternative solutions. For further information contact G8 Alternatives, tel: (+44 01) 31 220 6259; email: [marada@btinternet.com](mailto:marada@btinternet.com); Internet: <http://www.g8alternatives.org.uk/admin/test/g8Mambo>.

4-9 July, Rome, Italy: CODEX ALIMENTARIUS COMMISSION (28RD SESSION). The session is organised by the Codex Alimentarius Secretariat. For further information contact: the Codex Secretariat, tel: (+39 06) 5705 2287; fax: 5705 3369; email: [codex@fao.org](mailto:codex@fao.org); Internet: [http://www.codexalimentarius.net/web/index\\_en.jsp](http://www.codexalimentarius.net/web/index_en.jsp).

6-8 July, Gleneagles, UK: THE G8 SUMMIT. This summit brings together the leaders of the United Kingdom, France, Russia, Germany, the United States of America, Japan, Italy, Canada and the European Union. Poverty in Africa will be a major topic of this summit. For further information see <http://www.g8.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1078995902703>.

6-10 July, Ravello, Italy: AGRICULTURAL BIOTECHNOLOGY: TEN YEARS AFTER. This meeting is being organised by the International

Consortium on Agricultural Biotechnology Research. The event will focus on, topics including the impact of agricultural biotechnology on international trade, public acceptance of biotechnology, the impact of science, intellectual property rights, biotechnology and developing countries, and the regulation of biotechnology. For further information contact Vittorio Santaniello, tel: (+39 06) 72-595-843; fax: 72-595-721; email: [icabr@economia.uniroma2.it](mailto:icabr@economia.uniroma2.it); Internet: <http://www.economia.uniroma2.it/conferenze/icabr2005/Default.asp>.

## WTO Events

An updated list of forthcoming WTO meetings is posted at: [http://www.wto.org/english/news\\_e/meets.pdf](http://www.wto.org/english/news_e/meets.pdf). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

30 June: COUNCIL FOR TRADE IN SERVICES - SPECIAL SESSION

1 July: COUNCIL FOR TRADE IN SERVICES - SPECIAL SESSION

4 July: NEGOTIATING GROUP ON MARKET ACCESS

4 - 5 July: WORKING GROUP ON TRADE, DEBT AND FINANCE

5 July: TRADE POLICY REVIEW BODY - PHILIPPINES

6 July: COMMITTEE ON TRADE AND ENVIRONMENT

6 July: WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY

## Other Upcoming Events

9 July, Piccadilly, London: GLOBAL DEVELOPMENT CONFERENCE 2005. This conference, titled "AFRICA'S DEVELOPMENT – WHO DECIDES?", will try to concentrate on the basic questions that need to be addressed. Rather than seeing the issues solely through the prism of European eyes, it will try to understand the challenges from a Southern perspective, with contributions from people who have worked at the grassroots level and have interesting stories to tell -- both from the South and the North. For further information contact Benny Dembitzer, email:

[director@ethical-events.org](mailto:director@ethical-events.org);  
<http://www.ethical-events.org/afcon>.

Internet:

18-21 July, Bangkok, Thailand: WORKSHOP ON THE SETTLEMENT OF INVESTMENT DISPUTES. Based on the 'Course on Dispute Settlement,' this workshop offers a general and up-to-date review of International Center for Settlement of Investment Disputes (ICSID) dispute settlement procedures. For further information contact Chitra Radhakishun, tel: (+41) 22 917 56 95; fax: (+ 41) 22 917 0247; email: [chitra.radhakishun@unctad.org](mailto:chitra.radhakishun@unctad.org); Internet: <http://www.unctad.org/Templates/meeting.asp?intltemlD=1917&lang=1&m=10562>.

19-22 July, Geneva, Switzerland: JOINT INTEGRATED TECHNICAL ASSISTANCE PROGRAMME (JITAP) HIGH-LEVEL WORKSHOP OF THE INTER-INSTITUTIONAL COMMITTEES IN PREPARATION FOR THE 6TH WTO MINISTERIAL CONFERENCE IN HONG KONG. The objective of this workshop is to assist the Inter Institutional Committees in the JITAP beneficiary countries in their preparation for the Hong Kong WTO Ministerial Conference. For further information contact Aime Murigande, email: [aime.murigande@unctad.org](mailto:aime.murigande@unctad.org); Internet: <http://www.unctad.org/Templates/Meeting.asp?intltemlD=2068&lang=1&m=10582&year=2005&month=7>.

13-14 August, Hanoi, Vietnam: TRAINING WORKSHOP ON MERGERS & ACQUISITIONS INVESTIGATIVE SKILLS FOR VIETNAM COMPETITION OFFICIALS. This initiative is taking place within the framework of a project entitled "Advocacy and Capacity Building on Competition Policy and Law in Asia" by the CUTS Centre for Competition, Investment & Economic Regulation (C-CIER). For further information, please contact Ms. Alice Pham, tel: (+91) 9829 285 926; Fax: (+91) 141 2282 733; email: [7up2@cuts-international.org](mailto:7up2@cuts-international.org); Internet: <http://www.cuts-international.org/7up2.htm>.

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## RESOURCES

STRENGTHENING INSTITUTIONS AND CAPACITIES IN THE AREA OF COMPETITION AND CONSUMER PROTECTION POLICIES IN LATIN AMERICA: CASES OF BOLIVIA, COSTA RICA, EL SALVADOR, HONDURAS, GUATEMALA, NICARAGUA AND PERU. United Nations Conference on Trade and Development (UNCTAD), June 2005. This report addresses two main issues: the role of competition and consumer protection policies in promoting development, and the relationship between regulatory bodies and competition agencies.

The latter will be of particular interest to those countries that have not yet enacted competition laws but that have begun formulating and adopting laws and regulations governing specific sectors. A major lesson that can be drawn from the experiences described in the publication is that countries should progress in the field of competition and consumer law and policies at their own pace and adopt competition laws and policies tailored to their own needs. The publication looks at how anti-competitive practices have been dealt with both in countries that already have competition laws and policies in place and in those that do not. Available online at [http://www.unctad.org/en/docs/ditcclp20043\\_en.pdf](http://www.unctad.org/en/docs/ditcclp20043_en.pdf).

**AGRICULTURAL POLICIES IN OECD COUNTRIES: MONITORING AND EVALUATION 2005.** Organisation for Economic Cooperation and Development (OECD), June 2005. This book is a unique source of up-to-date estimates of support to agriculture. Separate chapters describe and evaluate agricultural policy developments in each OECD member, including important developments such as the single payment scheme in EU countries and the introduction of the Canadian Agricultural Income Stabilisation programme. A special chapter examines the implications of the enlarged EU on agricultural production, trade, income, Common Agricultural Policy implementation, and support levels. This edition also includes a special section on agricultural support in four non-OECD EU countries: Estonia, Latvia, Lithuania and Slovenia. Highlights are available at [http://www.oecd.org/document/9/0,2340,en\\_2649\\_34487\\_35015433\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/9/0,2340,en_2649_34487_35015433_1_1_1_1,00.html).

"Whither trade policies in Southeast Asia? The wider Asian and global context." By Razeen Sally and Rahul Sen in *ASEAN ECONOMIC BULLETIN* 22 (1), 2005. This paper analyses trade policies in Southeast Asian countries in their wider Asian and global contexts. It not only compares and contrasts trade policies in individual Southeast Asian countries, but also analyses these policies in the context of regional and global economic integration, as well as the economic emergence of two other major Asian economies, China and India. The paper summarises key trade policy features in ASEAN countries, especially to get a sense of policy variety in the region and to see how policies have changed since the 1997-98 Asian economic crisis. The paper concludes that ASEAN countries cannot rely on external tracks from above for meaningful trade policy reform. Rather they have to rely on themselves from below as it were. The engine of liberalisation and regulatory reform has to be home-driven, with governments taking unilateral measures in response to internal and external conditions.

**THE GATS, SOUTH AFRICAN LOCAL GOVERNMENTS AND WATER SERVICES.** By Scott Sinclair. Canadian Centre for Policy Alternatives, April 2005. This paper explores the implications of the General Agreement on Trade in Services (GATS) negotiations for essential municipal services, focusing on water and sanitation services in South Africa. It discusses how increased GATS coverage would interfere with public policy measures to ensure the quality, affordability and accessibility of essential services such as water and sanitation. It suggests steps that South African local governments could take to protect their regulatory autonomy and to ensure that access to basic services, especially for the poor and vulnerable, is not adversely affected by the GATS negotiations. Available online at [http://www.policyalternatives.ca/documents/National\\_Of\\_fice\\_Pubs/2005/brief6\\_2.pdf](http://www.policyalternatives.ca/documents/National_Of_fice_Pubs/2005/brief6_2.pdf).

"Trade policy in Malaysia : liberalization process, structure of protection, and reform agenda." By Perma-chandra Athukorala in *ASEAN ECONOMIC BULLETIN* 22 (1), 2005. The purpose of this paper is to examine trade policy-making in Malaysia in the post-independence era with emphasis on factors underlying key policy shifts and to identify key elements of the unfinished reform agenda. The paper provides a historical overview of trade policy-making in Malaysia, paying attention to the underlying political economy, and undertakes a critical evaluation of the current trade and investment policy regime from a comparative regional perspective. It also examines Malaysia's changing policy posture relating to multilateral trade regional and bilateral trade negotiations.

"A trade war with China?" By Neil Hughes in *FOREIGN AFFAIRS* 84 (4), July/August 2005. With China's economic clout growing rapidly, Americans are accusing Beijing of every offense from currency manipulation to crooked trade policies. The article contends that none of these charges has much merit, but that they have increased the probability of a US-Chinese trade war that would do considerable damage to both sides.

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Contributors to this issue of **BRIDGES Weekly Trade News Digest**® are Yvonne Apea, Trineesh Biswas, Maximiliano Chab, Dominic Furlong, Hilde Ludt, Sarah Mohan, Paul Quinlan and Malena Sell. Editor: Trineesh Biswas, [bridges\\_weekly@ictsd.ch](mailto:bridges_weekly@ictsd.ch). Director: Ricardo Meléndez-Ortiz, [rmelendez@ictsd.ch](mailto:rmelendez@ictsd.ch). ICTSD is an independent, not-for-profit organisation based at: 7, ch. de Balexert, 1219 Geneva, Switzerland, tel: (41-22) 917-8492; fax: 917-8093. Excerpts from **BRIDGES Weekly Trade News Digest**® may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

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