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LEAD STORIES

NEW CARIBBEAN FORMULA STIRS UP NAMA TALKS

WTO Members are so divided on how to cut tariffs on industrial goods it is unlikely they will be able to agree on the shape of a tariff reduction formula by an end-July target date, according to reports from trade negotiators. Discussions in the Negotiating Group on Non-Agricultural Market Access (NAMA), which had started to show signs of convergence during the body's June session, once again showed deep divisions during the first two days of a week of talks scheduled for 4-8 July.

Three new proposals were tabled, and a few heated exchanges took place among a handful of Members with firmly opposed viewpoints. One delegate said that because of the deadlock in Geneva, Members are now waiting for instructions on how to proceed from their trade ministers, several of whom are to meet to discuss the Doha Round negotiations in Dalian, China from 12-13 July.

Opponents of 'Swiss' formula approach make opinions known

Talks during the previous NAMA week, from 6-10 June, had seemed to suggest many previously undecided countries had accepted a simple 'Swiss' formula for tariff reduction (see BRIDGES Weekly, 8 June 2005, <http://www.ictsd.org/weekly/05-06-08/story3.htm>). Such an approach, long espoused by developed countries including the EU and the US, would require higher tariffs to be cut more steeply than lower ones, and would strongly 'harmonise' tariffs by bringing them sharply closer to a particular level. The only of the five proposals for cutting tariffs not based on such an approach is a 'Swiss-type' formula put forward jointly by Argentina, Brazil, and India (the ABI proposal; TN/MA/W/54, available online at <http://docsonline.wto.org>). Although it too would cut higher tariffs more substantially than lower ones, it links Members' post-reduction tariff structure to their existing average tariff levels, so countries with relatively high tariffs would have to make reductions less steep than those demanded by the other formulae.

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The June NAMA session followed a summit of Asia-Pacific Economic Cooperation (APEC) member states at which 21 Pacific Rim nations including China, Indonesia, and Thailand endorsed a Swiss formula for tariff reduction, along with the establishment of binding caps for all tariff lines. Chair Ambassador Stefan Johannesson of Iceland noted, in his summing-up of the June gathering, that support for the Swiss formula approach had grown "measurably."

This trend appears not to have continued. Although most Members have not changed their positions -- formulae that exclude average tariff levels are said to enjoy the support of a higher number of countries -- a number of delegations unhappy with the Swiss formula have made their opposition more clearly and volubly known. Delegates report that this has changed perceptions of how the negotiations are likely to evolve. These views were apparent in the new proposals from three groups of countries to the recent session of the NAMA Negotiating Group.

Different groups request consideration for particular circumstances

A group of recently-acceded transition economies and another of developing countries that have bound a low percentage of their tariff lines made similar proposals asking to be exempt from tariff reduction in the Doha Round, in effect asking to be accorded the treatment that the July Package (WT/L/579) allows for least-developed countries (LDCs). The former, comprised of Armenia, Georgia, the Kyrgyz Republic, and Moldova (TN/MA/W/56), cited the extensive market access commitments -- including binding all of their tariffs at a low average level -- they had to make as part of their accession agreements. The latter group -- Congo, Cote d'Ivoire, Cuba, Ghana, Kenya, Mauritius, and Zimbabwe (TN/MA/W/57) -- pointed to economic hardships resulting from tariff reductions they had undertaken through structural adjustment programmes.

Sources report that both proposals received a negative reaction from developed country Members such as the EU and the US during the smaller 'Room D' discussions that followed their presentation to the 4 July plenary session. Norway warned that granting these countries exemption from tariff reduction would actually give them more flexible treatment than LDCs. No LDCs intervened during the meeting, though one LDC delegate did admit privately to some concern that the proposals might potentially not be in the best interest of the WTO's poorest Members. Some developing country Members questioned whether these proposals would lead to differentiation among developing countries at the WTO, a concept that many of them oppose.

Caribbean proposal draws interest, ire

The lion's share of the Room D discussions focused on a new tariff reduction formula put forward in an informal document by four Caribbean countries -- Antigua and Barbuda, Barbados, Jamaica, and Trinidad and Tobago. They were supported in the room by St Kitts and Nevis and Guyana, and argued that the proposed methodology accommodated their particular problems, which had been largely neglected by the Swiss formula approach.

Like the ABI proposal, the Caribbean 'non-paper' links a country's tariff reductions to its average tariff level. It goes beyond the ABI proposal, however, to accord developing countries an extra component, designated 'C,' to be added to the base coefficient associated with the tariff reduction formula. The value of this extra component would be determined for each developing country Member. A higher value of 'C' for a particular Member would result in a higher overall coefficient, and consequently to relatively less onerous tariff reduction obligations.

Third World Network reports that the paper specifies several development-related considerations that could be used to determine the value of this extra component, i.e., the amount of 'credit' accorded to each developing country. These include percentage of tariffs bound; level of unilateral liberalisation; dependence on revenue from tariffs; the preservation of policy space for the development of industries and the maintenance of infant industries; adjustment costs arising from preference erosion caused by multilateral tariff cuts; degree of openness to trade; and economic vulnerability. Credit could thus help account for different countries' particular situations.

The Caribbean proposal prompted a heated exchange on the use of Members' average tariff level for the purpose of calculating reduction commitments. Delegates report that the EU delegation said bluntly it would never accept a formula based on tariff averages. Supporters of the ABI approach criticised the EU's attitude, saying that it rendered negotiations pointless.

Many Members welcomed the Caribbean countries' contribution to the NAMA debate, although some Latin American countries objected to its inclusion of preference erosion. Delegations favourably disposed to the ABI proposal, including India, Kenya, Tunisia, and Egypt, expressed support for the Caribbean methodology.

A number of countries, both developed and developing, questioned whether it would be possible to objectively translate the considerations outlined by the document -- some of which are difficult to quantify -- into actual

values of credit for different countries. Brazil and the Caribbean countries countered that assigning values was a problem with the existing formal proposals that propose credit systems to determine Members' eligibility for lower levels of tariff reduction (see BRIDGES Weekly, 16 March 2005, <http://www.ictsd.org/weekly/05-03-16/story5.htm>).

Ambassador Ransford Smith of Jamaica, who presented the 'non-paper' to the meeting, urged Members to set aside the question of the mathematics of the Caribbean approach and focus on the particular needs it referred to -- concerns that its sponsors want reflected in any eventual NAMA tariff reduction formula.

No substantive July "approximations" likely

Members had originally set themselves an end-July target to come up with fairly detailed "first approximations" of an eventual deal to be agreed at the Hong Kong Ministerial Conference in December.

However, trade diplomats now indicate that with Members so divided -- the divisions in the Room D discussions were said to persist in smaller informal meetings on the formula -- Johannesson's report on the NAMA negotiations to the General Council is likely to be little more than a stocktaking exercise. Even the US' calls for Members to agree on general principles such as "transparency, simplicity, and predictability" proved controversial since some delegations see them as code for the US' favoured simple Swiss formula approach.

Delegates expect Johannesson to produce a first draft of his report by week's end. They are also hoping for guidance on NAMA issues to emerge from the upcoming mini-ministerial meeting in Dalian.

The NAMA week concludes on 7 July with a meeting of the Negotiating Group. ICTSD will conclude coverage of the NAMA session in next week's issue of BRIDGES Weekly.

ICTSD reporting; "Caribbean countries propose new formula at NAMA meeting," THIRD WORLD NETWORK INFORMATION SERVICE, 6 July 2005.

US ANNOUNCES CHANGES TO ILLEGAL COTTON SUBSIDIES, BRAZIL RESERVES RIGHT TO RETALIATE

On 5 July 2005, the US Department of Agriculture (USDA) announced proposed statutory changes to its 'Step 2' cotton subsidy scheme as well as to export credit guarantee programmes that benefit cotton farmers. The USDA described the changes, which will

be sent to Congress for approval, as a move to comply with a recent WTO ruling that US cotton subsidies were in violation of WTO rules on subsidies and agriculture in a dispute initiated by Brazil. The ruling found both the 'Step 2' cotton programmes -- grants given to companies that purchase US-grown cotton to process or export -- and the export credit guarantee programmes to be "prohibited" subsidies, and gave the US a 1 July deadline to withdraw them (see BRIDGES Weekly, 9 March 2005, <http://www.ictsd.org/weekly/05-03-09/story1.htm>).

Announcing his department's proposal, US Agriculture Secretary Mike Johanns said that "By implementing these proposed changes, we are being fully responsive to the WTO decision... This step is essential for the US to continue to be a leader in the WTO Doha negotiations."

In an earlier 30 June USDA press release, Johanns had announced changes only to the export credit guarantee programmes. This drew criticism from the International Food and Agricultural Trade Policy Council (IPC) that the "far more important Step 2 payments -- which the WTO found were suppressing world cotton prices" should also be reformed. IPC Board Member and Brazil's former Secretary of Agricultural Production and Trade, Pedro de Camargo-Neto, had referred to the absence of reform proposals for Step 2 in the 30 June announcement as "a very bad sign for the Doha negotiations."

Brazil threatens to retaliate if US fails to comply

In a related development, Brazil is said to have informed the WTO on 5 July that it would request the right to impose USD 3 billion in sanctions on US imports as a retaliatory measure against the US delay in withdrawing the prohibited subsidies. Brazil's request is to be considered at a special meeting of the WTO's Dispute Settlement Body on 15 July. Brazilian officials are reported to have said that they have no intention of pursuing retaliation for now. The WTO request, however, is to preserve their legal right to retaliate in light of the fact that under WTO rules Brazil could lose the right to do so if it does not act by 15 July. Paulo Mesquita, Brazil's deputy trade negotiator to the WTO, said "we still hope the US will comply in a manner so we don't have to carry these out."

The 5 July and 30 June USDA press releases are available on the USDA website at: http://www.usda.gov/wps/portal/ut/p/_s.7_0_A/7_0_10B?navtype=MA&navid=HOME

ICTSD reporting; "Cotton aid fight heats up even as U.S. bends," INTERNATIONAL HERALD TRIBUNE, 6 July 2005; "Brazil to Ask for \$3 Billion in Sanctions On

U.S. Imports in WTO Cotton Dispute" WTO REPORTER, 6 July 2005; "IPC Expresses Deep Disappointment Over USDA Decision on Cotton," IPC (Press Release) , 5 July 2005.

SPS CTTE CONSIDERS PRIVATE SECTOR STANDARDS; STRUGGLES CONTINUE WITH S&D

WTO Members examined for the first time the role of private sector standards in restricting trade during the 29-30 meeting of the Committee on Sanitary and Phytosanitary (SPS) Measures. The discussion, prompted by a complaint by St Vincent and the Grenadines regarding EU supermarkets' requirements for bananas, centered on the need to clarify SPS Agreement rules pertaining to government responsibilities for private sector standards.

Delegations continued to struggle to address demands for improved special and differential treatment (S&D). Although they adopted a report on the issue to be presented to the General Council for consideration in July, Members were unable to agree on provisions to make S&D more "precise, effective and operational" as mandated by Paragraph 44 of the Doha Declaration. Similarly, they could not agree on how best to recognise exporting regions within and across national borders as being disease and/or pest-free for the purpose of SPS measures.

Private sector standards at stake

St Vincent and the Grenadines, supported by Jamaica, Peru, Ecuador, and Argentina, complained that 'EurepGAP' SPS standards imposed by the Euro-Retailer Produce Working Group, composed primarily of food retailers, were more strict than EU governments' requirements. Referring to Article 13 of the SPS Agreement, which says that Member governments "shall take such reasonable measures as may be available to them to ensure that non-governmental entities within their territories... comply with the relevant provisions of this agreement," these countries argue that the EU rules should apply to private sector. Argentina said that this matter needed to be resolved or "twenty years of work" would be wasted.

The EU countered that it is not responsible unless the private sector organisations claim that their standards are EU standards, and that any claims should be brought up directly with the relevant company. Given that the private sector standards are driven by consumer demand, they said, the EU is not in a position to intervene.

S&D report adopted, but old divisions continue

Members continued their consideration of five S&D proposals in the hopes of delivering a report by the end of July "with clear recommendations for a decision" on new provisions, as mandated by the 2004 July Package (WT/7/579, available online at http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm). However, divergences persist between the proponents of the proposals, including Kenya, India and Egypt, and providers of technical assistance including the US and the EU. The former want provisions to make it mandatory for countries that are adopting new standards to provide technical assistance to facilitate their implementation in developing countries.

The five proposals include demands to introduce binding language that would allow developing countries to be temporarily exempt from SPS measures; make mandatory the provision of technical assistance to developing countries; require developed countries to undertake consultations with developing countries on SPS measures should the latter request them; and make it a duty for developed countries to encourage and facilitate the active participation of developing country Members in international standard-setting organisations such as Codex Alimentarius. A highly controversial African Group submission proposes conditions for SPS measures that adversely affect developing countries or are difficult for them to comply with: Members would be required to either withdraw such measures or provide developing countries the technical and financial resources necessary for compliance.

A number of developed country Members challenged the proposal, arguing that measures designed to save lives cannot be withdrawn while waiting for other countries to acquire the technology to meet their criteria.

In addition, the five proposals were mentioned in the final report on S&D to be submitted to General Council later this month. The report that was adopted (G/SPS/35, available soon at <http://docsonline.wto.org>) sets out a framework for how S&D can be provided in the SPS context. It specifies the need to provide both technical assistance to developing countries in order to help them implement the SPS measures required in their export markets, and to build provisions for special treatment into the measures themselves, such as longer implementation times or more lenient requirements. While it notes that S&D concerns will be considered at the next meeting of the SPS Committee in October, sources indicate that the proponents have agreed participate in informal consultations in coming months.

Regionalism discussion continues

Continuing the debate from the March meeting of the committee (see BRIDGES Weekly, 5 March 2005, <http://www.ictsd.org/weekly/05-03-16/story4.htm>), Members discussed Article 6 of the SPS Agreement, which requires Members to adapt their SPS measures to specific geographic areas rather than to national borders. Spurred by poor implementation of this article, some countries, including Chile, Argentina, Peru, Brazil and the EU, wanted the SPS Committee to draft administrative guidelines on the topic. Others, including New Zealand, Canada and the US, would prefer to wait until two of the international standards organisations recognised by the SPS Agreement, the International Plant Protection Convention (IPPC) and the World Animal Health Organization (OIE), complete their own technical guidelines on the issue. Members debated whether it is possible to distinguish between administrative and technical guidelines and whether guidelines should specify a deadline for recognising disease and pest-free regions. Chair Gregg Young of the US decided not to start work on a draft text on regionalisation yet. Members will instead consider the issue again at the next meeting.

Members also adopted a report on the second review on the SPS Agreement (G/SPS/36) which was based upon negotiations at earlier sessions and informal negotiations held on 27-28 June. The next meeting of the SPS Committee will be held on 26-27 October 2005.

WTO World Trade Report focuses on standards

In related news, the WTO 2005 World Trade Report said that mutual recognition arrangements (MRAs) between WTO Members, in which countries validate other countries' standards as equivalent to their own, could have substantial trade-enhancing effects. The report acknowledges that environmental, technical, safety and SPS standards can have both positive and negative effects. It notes that SPS standards often impose high welfare costs on the exporting country and, for some regulatory regimes, "the presumed health risks or losses from the introduction of pests through imports need to be extraordinarily high" to justify the measures in place. Rather than urging international regulatory harmonisation, which especially in the case of safety and environmental standards "may not be a desirable objective", the WTO suggests "it may be preferable to have separate policy instruments for each country rather than one single policy instrument in these cases." As such, it urges countries to adopt more MRAs.

The WTO Trade Report is available at http://www.wto.org/english/news_e/pres05_e/pr411_e.htm

ICTSD reporting.

IN BRIEF

US SENATE APPROVES CAFTA; HOUSE APPROVAL PENDING

On 30 June, the US Senate approved the Central America Free Trade Agreement-Dominican Republic (CAFTA-DR) in a 54 to 45 vote. The vote passed with the lowest margin relative to recent similar agreements with Australia, Morocco, Singapore, and Chile. The accord faces stiff opposition from labour groups as well as textile and sugar producers, but gained support in the Senate after the White House promised to limit sugar imports through 2007 by paying CAFTA-DR countries not to ship sugar to the US or by buying the sugar so it can be made into ethanol.

CAFTA-DR would eliminate more than USD 33 billion in tariffs on goods traded between the US and Costa Rica, Honduras, Nicaragua, El Salvador, Guatemala, and the Dominican Republic. It also locks in and expands the duty-free access CAFTA-DR countries already have to the US market.

Earlier the same day, the US House of Representatives Committee on Ways and Means -- which reviews bills relating to trade and tariffs -- formally voted 25 to 16 in favour of CAFTA-DR. This moves the legislation to the floor of the chamber, where it is likely to face a full vote before the US Congress' August recess. After the committee approval, Chair Bill Thomas, a Republican from California, said he was working on legislation to address various trade issues with China, which may include the collection of duties assessed on Chinese imports in dumping cases and the authorisation of new trade enforcement efforts. Thomas wants the House to act on China legislation before considering CAFTA-DR.

"Senate Approves Central America Free Trade Pact", NEW YORK TIMES, 1 July 2005; "Senate Passes Cafta; Companies Await House Decision", BLOOMBERG, 1 July 2005; "Thomas Sees China Action Before Final Vote on DR-CAFTA", INSIDE US TRADE, 1 July 2005; "US Senate backs Central America trade pact", FINANCIAL TIMES, 30 June 2005.

BRAZIL SET TO GRANT COMPULSORY LICENCE FOR AIDS DRUG

A deadline set by Brazil for a cut in the price of a key AIDS drug manufactured by a US pharmaceutical firm looks set to expire, leading to the possibility that Brazil will issue a compulsory licence for the manufacture of the drug by public bodies.

Brazil announced its intention to produce a generic version of Abbott Laboratories' Kaletra drug last month if the company refused to implement a steep enough price cut by 6 July.

Under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), governments can approve the domestic production of generic versions of patented drugs during emergency public health situations if they fail to reach an agreement with the patent holder.

Brazil has previously announced similar decisions for drugs manufactured by Merck and Roche. In each case, the firms subsequently reached agreements with the Brazilian government on lower prices for the patented drugs.

Brazil said it had no plans to export the generic version of the drug. If production goes ahead, however, it could encourage other developing countries to issue compulsory licences for patented drugs. Humberto Costa, Brazil's Health Minister, said "We do not want to make this situation a showcase, but I think we can stimulate with this decision that other countries use this legal mechanism".

The move comes as the Brazilian Senate considers legislation that would allow the government to produce generic versions of all patented AIDS drugs (see BRIDGES Weekly, 8 June 2005, <http://www.ictsd.org/weekly/05-06-08/inbrief.htm>).

ICTSD Reporting; "Brazil Aims For Cheaper AIDS Drug", ASSOCIATED PRESS 3 July 2005; "Brazilian Health Minister Urges Countries to Use WTO Rules to Challenge Drug Companies to Lower AIDS Drug Prices", MEDICAL NEWS TODAY, 1 July 2005.

TIMBER NEGOTIATIONS STRUGGLE WITH SCOPE, CERTIFICATION

Delegates meeting in Geneva between 27 June - 1 July for a third round of negotiations on a successor pact to the International Tropical Timber Agreement 1994 (ITTA-1994) were unable to agree on a new text. Participants did, however, try to balance trade and

sustainable development concerns amid questions about the financial and organisational structure of the agreement (see BRIDGES Weekly, 1 September 2004, <http://www.ictsd.org/weekly/04-09-01/inbrief.htm>).

The ITTA-1994 is a commodity agreement negotiated under the auspices of the UN Conference on Trade and Development (UNCTAD) that both addresses international trade issues and promotes sustainable forest management (SFM). The accord expires at the end of 2006.

The negotiations on the draft successor agreement have seen disagreement on several issues. The US, for example, supports including ecological services and non-timber forest products in the objectives of the new agreement. Most producer developing countries, however, counter that these environmental elements should be limited to the preamble of the agreement in order to ensure that the new ITTA is a commodity agreement and not a new multilateral environmental agreement. They also want references to genetic resources be eliminated.

Brazil, the US and others opposed language that would have had the ITTA Secretariat, known as the International Tropical Timber Organization (ITTO), encourage members to address illegal logging and trade, arguing that this could impede on national sovereignty. Instead, Brazil suggested that the international community could provide financial support to national efforts to encourage legal harvesting, trade and certification.

Participants failed to agree on whether to explicitly encourage the ITTO to promote certification, following controversy about SFM certification and its potential effects on market access and price. Nevertheless, delegates said that they expected ITTO work on this subject to continue.

ICTSD reporting; EARTH NEGOTIATIONS BULLETIN, Vol 24 No. 59-63.

SUPACHAI, ANNAN PUSH DOHA ROUND NEGOTIATORS AT UN MEETING ON MDGs

At a high-level meeting of the UN Economic and Social Council (ECOSOC) held in New York City from 29 June - 1 July, UN Secretary-General Kofi Annan and WTO Director-General Supachai Panitchpakdi stressed the importance of successfully completing the Doha Round negotiations for the achievement of the Millennium Development Goals (MDGs). At the gathering, ministers, senior government officials, and

representatives from international organisations, academia and business discussed prospects for the MDGs. A document adopted at the meeting called for the elimination of tariff peaks and tariff escalation against the exports of developing countries.

Supachai told a session on the world economy, international economic co-operation and the MDGs that trade talks needed to address tariff peaks and escalation that prevent countries from diversifying their economies, a view that was reflected in the meeting's ministerial statement. He also pointed out that the negotiations could also create problems for small and vulnerable countries that could be addressed through trade-related technical assistance and duty-free and quota-free market access for least developed countries (LDCs).

Both Supachai and Annan stressed that countries must demonstrate both "strong political will" and a "willingness to compromise" if they are to reach an agreement at December's WTO Ministerial Conference in Hong Kong, as well as in the Doha Round overall. Supachai added that trade, if it is to support the pursuit of the MDGs, must be made to "work as a tool for development, which can only arise if openness is implemented in the context of coherent economic policies" at the national level.

"Press Release Ecosoc/6157," ECOSOC, 30 June 2005; "Press Release Ecosoc/6156," ECOSOC, 29 June 2005; "Press Release Ecosoc/6155," ECOSOC, 29 June 2005; "Draft Elements of a Ministerial Declaration," ECOSOC, 16 May 2005.

WIPO DEVELOPMENT AGENDA TALKS TO FOCUS ON SPECIFIC PROPOSALS

Discussions on how to integrate a development agenda (DA) into the functioning of the World Intellectual Property Organization (WIPO) turned towards specific proposals during the 20-22 June meeting of the second session of the body's Inter-governmental Inter-sessional Meeting (IIM). The gathering saw proposals from Bahrain (co-sponsored by several Arab countries) and the UK. The UK proposal built upon a submission made to the first session of the IIM (see BRIDGES Weekly, 13 April 2005 <http://www.ictsd.com/weekly/05-04-13/story1.htm>).

The UK submissions (IIM/1/5 and IIM/2/3) argued that reinvigorating WIPO's Permanent Committee on Co-operation for Development Related to Intellectual Property (PCIPD) would be suitable for taking care of the DA. One delegate argued that the actual WIPO body in which work on development takes place is not crucial so long as the work is carried forward in an

appropriate manner. The Bahrain-led proposal also expressed general support for the current nature of WIPO activities.

Canada echoed the UK proposal, though it expressed willingness to look at PCIPD's mandate if needed. However, Argentina -- a proponent of wide-ranging changes to the organisation's mandate and functioning -- disagreed, arguing that issues apart from technical assistance should not be considered within the PCIPD. Brazil, India, and Colombia, took similar positions.

The negotiation process eventually went forward based on a modified version of a list of action-oriented proposals put together by Brazil. The proposals were extracted from statements made by various delegations prior to June 2005. The real success of the meeting was the shift in debate from process to substantive discussions on specific proposals. The third session of the IIM is scheduled for 20-22 July.

ICTSD reporting.

HELSINKI PROCESS CALLS FOR IMPROVED WTO DECISION-MAKING

The Helsinki Process on Globalisation and Democracy launched a report entitled "Mobilising Political Will" at Chatham House in London on 29 June. The report is the result of a three-year process bringing together a wide range of stakeholders to find workable solutions to problems posed by globalisation -- a process that will culminate in a conference in Helsinki from 7-9 September this year.

Covering five broad areas, namely, poverty and development, human rights, environment, peace and security, and governance, the report proposes measures such as: creating a new Human Rights Council; improving donor governance of large programmes for events such as the Indian Ocean tsunami of December 2004; creating a World Environmental Organisation; and seeking steep reductions in greenhouse gas emissions.

On trade, the report called for continued reduction of agricultural subsidies and improved decision-making, negotiation procedures and transparency at the WTO. According to the report, "Development and combating poverty have to be a central concern in WTO negotiations." Developing country capacity needs to be strengthened and "they must be able to fully utilise the space provided by special and differential treatment and strengthened provisions for this principle." The report also cautions that liberalisation policies need to be carefully managed and assistance to deal with

adjustment costs should be targeted towards vulnerable groups.

The Helsinki Process is run by the Finnish and Tanzanian governments. The Helsinki Group members include, among others, Susan George, Irene Khan, Martin Khor, Ann Pettifor and Vijay Pratap. It is chaired by Erkki Tuomioja and Jakaya M. Kikwete, the foreign ministers of Finland and Tanzania, respectively.

For further information and to download the Helsinki Process report, visit <http://www.helsinki.fi/netcomm/news/showarticle.asp?intNWSAID=38499&intIGID=33&CatTypeNumber=1&LAN=EN&Thread=38499,38502,38202,&intThreadPosition=0>.

ICTSD reporting; "Helsinki Process Calls For Change Amid Global Governance Deficit: G20+ to complement G8 and include more states from the Southern hemisphere - especially Africa," HELSINKI PROCESS PRESS RELEASE, 29 June 2005.

CHINA-ASEAN TARIFF CUTS COME INTO FORCE

China and the ten member states of the Association of Southeast Asian Nations (ASEAN) are reducing tariffs on some 7000 types of industrial goods this month. These cuts, which came into force on 1 July for some ASEAN countries including Thailand, are the first part of implementing their 29 November 2004 agreement to cut duties on close to 95 percent of industrial goods to between zero and five percent by 2015 (see BRIDGES Weekly, 1 December 2004, <http://www.ictsd.org/weekly/04-12-01/story4.htm>). Other members of the Southeast Asian trading bloc, such as Malaysia, are set to lower tariffs on 20 July, after taking some extra time to finalise new customs procedures.

Tariffs are to be axed by 2010 for the six most advanced ASEAN members, i.e., Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand. The four poorer member states -- Laos, Vietnam, Cambodia, and Myanmar (Burma) -- will have until 2015 to comply. Liberalisation is taking place under a multiple track system. For the richer ASEAN countries, products in the standard track will be cut to zero and five percent by 2010. Duties on products identified as sensitive will not reach this level until 2018; those on highly-sensitive products will go no lower than 50 percent. Different countries have classified products including rice, cement, and automobiles as sensitive.

This round of tariff cuts was preceded by an 'early harvest' of liberalisation in some agricultural products at the start of 2004, as per the terms of China's original

2002 deal with the trading bloc. A research paper from global financial services giant Merrill Lynch projects that ASEAN countries are likely to increase natural resource exports to China while increasing their imports of manufactured goods.

Bilateral trade between China and ASEAN grew 20 percent annually after 1990 to reach USD 105.9 billion in 2004.

"China-ASEAN agro trade on fast track," CHINA DAILY, 9 August 2004; "China-ASEAN FTA to boost regional integration —Merrill Lynch," PHILIPPINE DAILY INQUIRER, 1 June 2005; "China, ASEAN discuss regional trade opportunities," XINHUA, 4 July 2005; "China, Asean to lower tariffs from July 20," NEW STRAITS TIMES, 2 July 2005; "China-ASEAN trade pact presses Korea," KOREA HERALD, 1 July 2005.

WTO IN BRIEF

WORLD TRADE REPORT DOWNPLAYS OFFSHORING IMPACT

The 2005 World Trade Report (WTR), produced by the WTO Secretariat, argues that the "impact of offshoring services jobs is far stronger in the popular perception than on actual production, employment and trade patterns." Even though some estimates suggest that the US could lose up to 3.5 million jobs due to offshoring by 2015, the WTO counters that, even in a sector like information technology, the number of jobs affected is small relative to the overall employment levels in the developed countries affected.

Conversely, the report notes offshoring will not "dramatically change" the overall employment situation in the countries providing offshore services. For example, the 813,000 employees in India's "software" sector account for roughly 0.25 percent of its total labour force.

The 2005 WTR -- the third annual report in a series initiated by Director-General Supachai Panitchpakdi -- also includes analytical essays on air transport services and the use of quantitative economic analysis in dispute settlement as well as recent and selected medium-term trade developments.

The report also draws attention to the costs, benefits, and effects of environmental, technical, safety, and sanitary and phytosanitary standards. While it states that strong conclusions on the impact of standards

cannot be drawn, early evidence suggests that Members may find bilateral arrangements to recognise each other's standards as equivalent to be particularly beneficial (see related story, this issue).

The 2005 World Trade Report is available online at http://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report05_e.pdf.

ICTSD reporting; "Standards, 'offshoring' and air transport focus of 2005 WTR", WTO PRESS RELEASE, 30 June 2005; "WTO seeks to allay fears on moving IT services offshore", FINANCIAL TIMES, 1 July 2005; "WTO Report Cites Mixed Impact Of Product Standards on Trade Flows", WTO REPORTER, 5 July 2005.

EVENTS & RESOURCES

VACANCIES

3D -> Trade -> Human Rights -> Equitable Economy is seeking to recruit a Senior Programme Officer to work on trade and human rights with a particular focus on agriculture. The successful candidate will develop and implement activities designed to ensure that international trade policies are consistent with human rights. Starting in September 2005 or earlier, this is an initial appointment of 6 months. Deadline for applications is 15 July 2005. For further information see <http://www.3dthree.org/en/>.

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: 7 - 13 July

6-10 July, Ravello, Italy: AGRICULTURAL BIOTECHNOLOGY: TEN YEARS AFTER. This meeting is being organised by the International Consortium on Agricultural Biotechnology Research and 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; Internet: <http://www.economia.uniroma2.it/conferenze/icabr2005/Default.asp>.

12-13 July, Dalian, China: WTO INFORMAL MINISTERIAL MEETING. China's Ministry of Commerce will be hosting a WTO "mini-ministerial" meeting which will aim to lay the groundwork for the December Ministerial Conference in Hong Kong. For further information see http://www.mofcom.gov.cn/wto/index_e.shtml.

9 July, Piccadilly, London: GLOBAL DEVELOPMENT CONFERENCE 2005. This conference, titled "Africa's Development - Who Decides?" will try to understand development challenges from a Southern perspective, with contributions from people who have worked at the grassroots level -- both from the South and the North. For further information contact Benny Dembitzer, email: director@ethical-events.org; Internet: <http://www.ethical-events.org/afcon>.

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.

7 June: TRADE POLICY REVIEW BODY - PHILIPPINES

7-8 June: COMMITTEE ON TRADE AND ENVIRONMENT - SPECIAL SESSION

8 June: SUB-COMMITTEE ON LEAST-DEVELOPED COUNTRIES

11 June: COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

11 - 12 June: NEGOTIATING GROUP ON RULES

Other Upcoming Events

18-20 July, Dakar, Senegal: FOURTH AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA) FORUM. This event will bring together governments of the US and the thirty-seven AGOA-eligible countries, as well as representatives from the private sector and civil

society to discuss how AGOA can continue to be a vehicle to increase trade and investment between the United States and sub-Saharan Africa. Further information available at <http://www.agoaforum.org>.

18-22 July, Hammamet, Tunisia: FIRST MEETING OF THE CONTACT GROUP FOR THE DRAFTING OF THE STANDARD MATERIAL TRANSFER AGREEMENT. This meeting will build upon the work of an earlier expert group to outline the contract that will set the minimum standards for access to plant genetic resources for food and agriculture (PGRFA) for the 64 crops covered by the UN Food and Agriculture Organisation's International Treaty on PGRFA. For further information contact José Esquinas-Alcázar, tel: (+39 06) 570 54986; fax: 570 53057; email: Jose.Esquinas@fao.org; Internet: <http://www.fao.org/ag/cgrfa/cgmta1.htm>.

5-7 September, Geneva, Switzerland: EXPERT MEETING ON METHODOLOGIES, CLASSIFICATIONS, QUANTIFICATION AND DEVELOPMENT IMPACTS OF NON-TARIFF BARRIERS. The aim of this meeting is aim to clarify methodologies for defining and classifying Non-Tariff Barriers (NTBs) according to their nature and source, and discuss options on how to deal with NTBs in terms of analysing their relative restrictive impacts on trade. For further information contact UNCTAD Secretariat, tel: (+41 0) 22 917 5809; fax: (+41 0) 22 917 0056; email: correspondence@unctad.org; Internet: <http://www.unctad.org/Templates/Meeting.asp?intltemplD=3411&lang=1>.

23-24 September, Geneva, Switzerland: STUDY SESSION ON INTELLECTUAL PROPERTY AND HUMAN RIGHTS. This event, organized by 3D, is designed for a small number of mid- to high-level professionals working on intellectual property (IP) policy or human rights and will provide an opportunity for informal and in-depth dialogue. More specifically, it will explore how human rights rules and mechanisms can be applied in support of fairer, development-oriented IP regimes. The application deadline is 15 July. For further information contact 3D, email: studysession@3dthree.org; Internet: <http://www.3dthree.org/en/complement.php?IDcomplement=39>.

points out that such norms can deliver important benefits in terms of information for consumers, environmental protection and compatibility among related goods and services. It cautions that technical standards can also be used as protectionist measures resulting in higher operating costs for developing country producers. Available online at http://www.wto.org/english/news_e/pres05_e/pr411_e.htm.

THE IMPACT OF THE REFORM OF INTERNATIONAL TRADE ON URBAN AND RURAL CHANGE. By Christopher Stevens, Edward Anderson and Jane Kennan. Institute of Development Studies, 2005. Trade has an impact on the spatial pattern of production, employment and residence in countries, which can be altered by changes to policy. This Working Paper explains the ways in which trade policy and rural-urban balance may be linked, and suggests areas in which further enquiry may be particularly fruitful. It discusses empirical evidence regarding the links between the liberalisation of a country's trade regime and the rate of urbanisation. It further argues that it is also possible to identify major changes in trade policy that are likely to have broad impacts on rural-urban balance. Available online at <http://www.ids.ac.uk/ids/bookshop/wp/wp245.pdf>.

AGRICULTURAL MARKET ACCESS: THE KEY TO DOHA SUCCESS. World Bank Trade Note, June 2005. Almost two-thirds of the economic gains that would come from dismantling all merchandise trade barriers and farm subsidies globally would come from agriculture. This paper cites recent research to suggest that this applies to the world as a whole as well as to developing countries as a group. To date developing countries have largely focused their efforts on getting developed countries to liberalise their agricultural trade policies. The report suggests, however, that over half the gains to developing countries from global agricultural reforms would come from liberalisation among developing countries themselves. Available online at <http://siteresources.worldbank.org/INTRANETTRADE/Resources/Pubs/TradeNote23.pdf>.

"Reforming the International Tropical Timber Agreement" by Lauren Flejzor in RECIEL: Review of European Community & International Environmental Law 14 (1), 2005. This report explains the historical development of the international tropical timber regime, examines why new issues are being proposed for inclusion under the successor agreement to the 1994 ITTA, and analyses the constraints of operationalising the ITTA using the International Tropical Timber Organization (ITTO). The report concludes that member states will need to take concrete actions on how the timber market can help promote sustainable livelihoods

RESOURCES

2005 WORLD TRADE REPORT. World Trade Organization, June 2005. This report argues that the application of technical standards by national governments can have both constructive and detrimental effects on international trade. The annual study, written by economists at the WTO Secretariat,

and build capacity at the national level, while harnessing the required financial resources to effectively implement a successor agreement to the ITTA, which expires at the end of 2006.

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