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### LEAD STORIES

#### TIME RUNNING OUT FOR AG COMPROMISE; GROSER DELIVERS DOWNBEAT ASSESSMENT

With the end-July deadline for reaching "first approximations" on agriculture rapidly approaching, negotiators met all week and over the weekend to find common ground. Between 21 and 26 July, agriculture Chair Tim Groser held consultations with key delegates covering all three pillars of the negotiations (market access, domestic support and export competition).

However, compromise has not been forthcoming. On 26 July, Groser convened an informal Heads of Delegation (HoD) meeting to inform the full Membership that the talks had made no progress. While refusing to label the situation a 'crisis,' he announced that he would take some time to reflect upon the situation before putting a report on the negotiations before the Membership. The paper, he said, would be firmly anchored in previously agreed documents, especially the 2004 July Package and the Doha Declaration itself.

#### Geneva negotiators unable to build upon Dalian meeting

Following the July 12-13 mini-ministerial meeting in Dalian, China, the ball has been in the court of the Geneva negotiators. While the Dalian meeting did not yield any real breakthrough, ministers were able to agree to use a compromise text on market access provided by the G-20 group of developing countries as a starting point for further talks (see BRIDGES Weekly, 13 July 2005, <http://www.ictsd.org/weekly/05-07-13/story2.htm>).

Following the downbeat HoD meeting, some delegates speculated on the different options for moving forward. Groser could take a cautious approach, producing a very minimalist report building on his 27 June assessment (see [http://www.agtradepolicy.org/output/resource/Groser\\_Status.pdf](http://www.agtradepolicy.org/output/resource/Groser_Status.pdf)). On the other hand, he might choose to be more proactive and put together a draft text on his own authority containing some suggested compromises --

after all, they pointed out, he has little to lose, given that he is likely to leave his post as agriculture Chair at the end of the month (see BRIDGES Weekly, 25 May 2005, <http://www.ictsd.org/weekly/05-05-25/story3.htm>). Time is running short, but delegates are set to work beyond the official closing date of the General Council, continuing over the weekend.

Among the issues adding uncertainty to the future process of the agriculture talks are the questions surrounding Groser's continued stewardship of the talks. General Council Chair Ambassador Amina Mohamed of Kenya will report to the 29 July meeting of the General Council on her consultations about replacing him as Chair of the Committee on Agriculture. Some Member governments are said to want him to continue chairing the talks in his personal capacity, while others, including his own New Zealand, would like to see him replaced. The two strongest candidates to succeed him are thought to be Ambassador Crawford Falconer of New Zealand, and Ambassador Alejandro Jara of Chile.

### **G-20, EU proposals on market access**

Market access continues to be the main sticking point of the talks, and most of the discussions over the past week focused on trying to find some outlines of a structure for tariff reduction. Wide divisions persist, however, between high-tariff countries such as the EU and the G-10 net food importers, and major agriculture exporters such as the US and members of the Cairns Group. Discussions continued on the G-20 paper from Dalian, which proposes classifying agricultural products into five tariff bands -- higher bands requiring progressively steeper cuts -- for developed countries, and four tariff bands for developing countries. Cuts within the bands would be made according to a linear rather than a harmonising formula, and developing country cuts would be two-thirds of those required of developed countries within comparable bands. Tariffs would be capped at 100 percent for developed countries, and at 150 percent for developing countries.

During the consultations, the G-10 countries, several of which levy duties on some farm products of well over 200 percent, voiced their dissatisfaction with the G-20 approach, and with the tariff caps in particular. The EU, which shares many concerns with the G-10, suggested an alternative approach, according to which there would be three tariff bands for developing and developed countries alike, with developing countries making less than two-thirds the cut of developed countries for comparable tiers. The cuts would be made according to a linear formula, with some built-in flexibility to allow for relatively lower tariff reductions on sensitive products. The EU's proposed approach did not include tariff caps. Its suggestions, however, were rejected by countries

seeking a more ambitious outcome on agriculture, including the US and some Cairns Group members.

Issues such as special products (SPs) and a special safeguard mechanism to allow developing countries to protect themselves from import surges were not discussed. Although some additional detail on SPs originally was a goal for the "July approximations," the current lack of progress on tariff reduction meant this issue failed to surface.

### **Sticking points in domestic support**

Discussions also continued on trade-distorting domestic support, with little flexibility discernable in countries' positions. The EU supported a three-tier formula that would have it make the largest cuts percentage-wise, with the US and Japan falling into the second category. The US, however, preferred a formula in which Japan would fall into a higher tier than the US because of its relatively higher level of support in terms of percentage of the total value of production (although the US pays more in absolute terms to its much larger agriculture sector).

The EU further called for stricter limits on 'Blue Box' subsidies (partially decoupled farm payments under production-limiting programmes). Under the current framework, the US will be able to use the Blue Box to shelter its counter-cyclical payments -- subsidies to farmers that increase with a fall in the value of season-average market prices for commodities. In this regard, the EU has criticised the US for pushing hard on the market access formula while being unwilling to move on domestic support in areas such as the Blue Box.

### **Food aid continues to divide Members**

During informal talks, delegates continued to stick to their positions regarding food aid. The EU, which has committed to phasing out export subsidies, held on to the view that food aid should only be provided on a cash-basis, despite others pushing for a softer approach, given the low likelihood that much of current food aid -- provided mainly by the US -- would be replaced by cash.

### **Farmers descend on Geneva**

The latest negotiations have taken place against the backdrop of demonstrations by farmers outside the WTO. A 500-person delegation that included Norwegian farmers who marched all to Geneva from Trondheim in the northern part of their country and their Swiss, Japanese and Korean counterparts, demanded the right to sovereign choices regarding food production in all countries. According to a petition the farmers handed to Groser, "An aggressive one-size-fits-all

approach in trade liberalization does not fit the agricultural sector." A number of civil society organisations, including social and labour movements, are also organising events in Geneva this week.

ICTSD will report on the outcome of this phase of the agriculture negotiations in the next issue of BRIDGES Weekly.

ICTSD reporting; "Farmers demand protective tariffs," SWISSINFO, 27 July 2005; "Norwegian, Swiss Farmers March to Geneva," AP, 27 July 2005; "Farm-Exporting Countries Slam EU's Proposal on Market Access," WTO REPORTER, 25 July 2005.

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## NO RESULTS ON S&D DESPITE MARATHON NEGOTIATIONS

WTO Committee on Trade and Development special (negotiating) session (CTD-SS) Chair Faizel Ismail (South Africa) announced on 27 July that "several issues remain unresolved" on special and differential treatment (S&D) for developing countries, rendering it "impossible... to make specific recommendations" to the General Council (GC) meeting at the end of the week.

The statement, made at an informal CTD-SS meeting that day, came in spite of near-daily discussions on S&D between 19 and 27 July. Ismail said he would nevertheless tell the GC and the Trade Negotiations Committee (TNC) that Members had "engaged constructively and intensively" and made "some" progress towards bridging the numerous gaps between their negotiating positions.

### Dalian momentum not enough

Ismail started the current round of consultations after the 12-13 July 'mini-ministerial' meeting in Dalian, China, during which S&D concerns received more attention than they had at previous gatherings of trade ministers from selected WTO Member countries. At the time, negotiators reported a strong sense among some delegations that the Membership must reach agreement on five least-developed country (LDC) proposals in order to demonstrate a commitment to the concerns of the WTO's poorest Members.

### Waivers, duty-free access and TRIMs hold up agreement

During the week of negotiations, which included both informal consultations and meetings of the CTD-SS in informal mode, delegations worked on five agreement-specific proposals for S&D put forward by LDCs. Selected from the 88 such agreement-specific

proposals that are currently in front of Members, these five are: proposal 23 (Understanding in Respect of Waivers of Obligations), 36 (Duty and Quota-Free Access for LDCs), 38 (On Coherence of IMF, WB and WTO Measures), 84 (Exemption from Agreement on Trade-Related Investment Measures, or TRIMs), and 88 (Measure in Favour of LDCs) (see BRIDGES Weekly, 18 May 2005, <http://www.ictsd.org/weekly/05-05-18/story2.htm>). Particularly problematic were proposals 23, 36 and 84.

Paraguay, Costa Rica and several other Latin American countries were reportedly reluctant to approve certain provisions in the most recent version of proposal 23, which calls for Members to accord "special consideration" to requests from developing and LDC Members for waivers of WTO obligations.

On proposal 36, which demands that WTO Member states grant binding duty-free and quota-free market access to LDC exports, the US said it opposed binding language on the issue within the WTO, suggesting that bilateral agreements would be better suited for the task. The US delegation added that it would be a challenge to gain Congressional approval for such a provision. Many other developed countries as well as some Latin American Members also expressed concern about adopting binding commitments on market access in the WTO.

Wide disagreement persists with regard to proposal 84, in which LDCs have asked for broader, more open-ended language granting them an exemption from the TRIMs Agreement. Developed countries, on the other hand, have argued for specific language that describes the exact parameters of a possible exemption. As negotiations came to a close, however, LDCs complained that the most recent version of language discussed not only failed to deliver substantive gains for LDCs, it actually detracted from their existing flexibilities under the TRIMs agreement.

### Chair outlines next steps

Attempting to end the meeting on a positive note, Ismail said he was planning to tell the TNC and GC that following the WTO's August-long holiday, the CTD-SS should resume work on the remaining agreement-specific proposals, while continuing to prioritise LDC proposals. Members should aim, he suggested, to make recommendations to the GC before the Hong Kong Ministerial Conference in December, as well as at the summit itself. The CTD-SS should continue to monitor and coordinate work in other WTO bodies to which relevant S&D proposals have been sent. He also urged Members to continue to address outstanding topics such as cross-cutting issues (including differentiation among developing countries and

graduation from eligibility for certain forms of S&D) and the monitoring mechanism.

Some delegates expressed frustration after the meeting over the lack of progress on the 88 agreement-specific proposals as well as the S&D negotiations in general. "We are back to square one," one delegate lamented. "There is nothing, not even agreement on the five LDC proposals." Another said that "I'm glad they called a spade a spade" in recognising the lack of convergence, suggesting that it would not make sense to force through the five proposals -- which LDCs have said they will only accept as a package -- in the absence of agreement. Some other observers said that the lack of progress was unsurprising in light of work in the S&D talks in recent months. The failure to agree on the five proposals, sources suggested, may also have reflected the lack of movement in other issue areas, and the fact that there is no reason why S&D negotiations should move forward when talks in agriculture, non-agricultural market access, services and other key issue-areas are blocked.

ICTSD reporting.

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## HOPE DISAPPEARING FOR JULY DEAL

Days of intensive informal consultations held by the Chairs of the WTO negotiating groups on agriculture, development, and non-agricultural market access (NAMA) in an effort to reach at least some common ground among Members before an end-July target date for progress in the Doha Round negotiations appear to have largely failed (see related stories, this issue). Many delegations seem to have given up hope that anything significant will emerge from the July General Council (GC) meetings, and are turning their attention instead on December's Ministerial Conference in Hong Kong.

NAMA Chair Ambassador Stefan Johannesson of Iceland explicitly told a 26 July meeting of the Negotiating Group on Market Access that he was not in a position to come up with detailed "first approximations" of an eventual NAMA deal, and that his paper on the talks would effectively be a 'progress report.' Speaking to an informal Heads of Delegation (HoD) meeting on agriculture the same day, agriculture Chair Tim Groser was not as specific about the content of his paper, but was not optimistic (see related story, same issue). His assertion that it would reflect all of the different positions expressed by Members led some observers to conclude that his report would be little more than a summary of what has been said in the negotiations thus far.

The 27 July meeting of the GC was suspended. It will resume on 29 July. A meeting of the Trade Negotiations Committee (TNC) is scheduled for the morning of 28 July, followed by an informal HoD meeting in the evening. Sources suggest that the 29 July meeting will probably be a simple stocktaking exercise.

Members had originally hoped to have by now a fairly detailed outline of an eventual agreement to be adopted at Hong Kong. A heavy push in the negotiations at the same time in 2004 yielded the 'July Package' deal (WT/L/579, available online at [http://www.wto.org/english/tratop\\_e/dda\\_e/draft\\_text\\_gc\\_dg\\_31july04\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm)) that revived the Doha Round talks from the malaise that followed the collapse of the Cancun Ministerial Conference in September 2003.

## Supachai presses 'alarm button'; hopes for July deal almost dead

Outgoing WTO Director-General Supachai Panitchpakdi's told a 21 July TNC meeting that he was pressing the "alarm button" with regard to progress in the faltering talks. He said that the "crisis of immobility" that he had identified some weeks before had only deepened (see BRIDGES Weekly, 13 July 2005, <http://www.ictsd.org/weekly/05-07-13/story1.htm>). Nevertheless, he insisted that it would not be impossible for Members to find common ground on some of the "areas of divergence" in time for the GC meeting at the end of July.

However, Members' subsequent failure to break the deadlock on the farm trade talks makes the possibility of convergence increasingly remote. Many trade negotiators have said that in the absence of progress on agriculture, several delegations would not make concessions in other negotiating areas, particularly NAMA.

## Looking ahead to the fall

Representatives of some delegations are starting to cast their eyes towards September, when the WTO will resume work after its customary August holiday. They now suggest that expectations for the end of July may have been unrealistically high, and that Members will have enough time in the fall to bridge the significant gaps that continue to separate them.

An agreement on agriculture may yet "unlock" the negotiations in the fall (see BRIDGES Weekly, 20 July 2005, <http://www.ictsd.org/weekly/05-07-20/story1.htm>). During his assessment of the talks on 26 July, NAMA Chair Johannesson said that in spite of the "impasse" on the tariff reduction formula, Members' positions were not impossibly far apart, and that a deal on agriculture could pave the way for significant movement on NAMA.



## Ministers coming to Geneva

Trade ministers from a number of influential WTO Member governments are arriving in Geneva to try to give a boost to the talks. EU Trade Commissioner Peter Mandelson and Indian Commerce and Industry Minister Kamal Nath are slated to arrive on 28 July. Two Japanese ministers are said to have already arrived in Geneva. US Trade Representative Rob Portman will reportedly stop in Geneva in the next few days to assess the negotiations. At least some ministers are expected to attend the 28 July HoD meeting.

The ministerial presence might turn out to be too little, too late. In 2004, discussions at the end of July carried on through the weekend, culminating in agreement only on 2 August. This year, however, GC Chair Ambassador Amina Mohamed of Kenya insists that discussions will conclude on 29 July, the day of the GC meeting, and that any meetings that take place after midnight that day will be considered to be separate from WTO processes. Furthermore, trade sources say that it is not clear if the ministers coming to Geneva -- especially those from the EU and the US -- would be bringing key concessions to the negotiating table, or if their presence is largely intended to be symbolic.

As late as 26 July, NAMA Chair Johannesson had been holding out hope for an agreement in the next few days, saying that "July is not over." In contrast, senior Brazilian trade negotiator Clodoaldo Huguene, was quoted by the Indian daily Financial Express as saying "I think that it is over. Everything has finished for this week."

International consumer advocacy organisation Consumers International has called on WTO Members to "stop basking in the Geneva sunshine and take action that has a positive impact on the lives of all consumers." The group's demands include universal service obligations for private sector water and electricity companies, the removal of all export subsidies on food products by 2010, and the adoption of disciplines that would "enable developing countries to manufacture or import life-saving drugs at affordable prices."

ICTSD will report on the rest of the week's talks in the next issue of BRIDGES Weekly.

ICTSD reporting; "Ministers to Try to Rejuvenate Trade Deal," ASSOCIATED PRESS, 27 July 2005; "No breakthroughs at WTO," FINANCIAL EXPRESS, 27 July 2005; "Doha's crunch week in danger of becoming a damp squib," FINANCIAL TIMES, 26 July 2005; "EU disappointed at WTO failure, vows to persist," FINANCIAL EXPRESS, 28 July 2005; "WTO must stop chatting and start taking action declares world

consumer body," CONSUMERS INTERNATIONAL PRESS RELEASE, 26 July 2005.

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## PANELS TO BE ESTABLISHED FOR EU-US AIRCRAFT DISPUTE

A 20 July meeting of the WTO Dispute Settlement Body (DSB) decided to establish separate WTO dispute panels to determine whether the EU and the US have been illegally subsidising their respective civil aircraft manufacturers, Airbus and Boeing.

The US charges that the governments of France, Germany, Spain and the UK have subsidised Airbus with amounts exceeding USD 15 billion over the past 30 years. It is challenging the EU under articles of the WTO Subsidies and Countervailing Measures Agreement that pertain to prohibited subsidies as well as 'actionable' ones, which are challengeable though their adverse effects must be proven.

The EU subsidies in question are so-called 'launch aid' subsidies for the development of new civil aircraft. These consist of both interest-free or below-market-rate loans and the tying of repayment obligations to sales, allowing partial or non-repayment if the aircraft is not successful.

The US alleges that these subsidies have made the Airbus aircraft projects commercially feasible, and links them to significant price undercutting, price depression and lost sales for Boeing (see BRIDGES Weekly, 1 June 2005 <http://www.ictsd.org/weekly/05-06-01/story4.htm>).

The EU has argued that several of the claims made against it cannot be considered by the WTO panel, since they were not raised by the US during the consultations held in November 2004 following the parties' initial decision to seek WTO dispute settlement. One of these claims targets launch aid for the Airbus 350 aircraft, which is currently under development. The EU counters that it has yet to make a decision on providing launch aid to the A350, and thus there is no subsidy. The US insists that Airbus has sought subsidies from many EU member governments, and that Germany has already included launch aid for the A350 in its national budget.

A second panel will examine the EU's counter-claim that the US has subsidised Boeing with more than USD 22 billion since 1992 through research and development contracts from the US Department of Defence and the National Aeronautics and Space Administration (NASA). The EU contends that the research and development of Boeing's civil aircraft are paid for through military budgets. Military expenditures,

however, are largely exempt from WTO disciplines. EU Trade Commissioner Peter Mandelson has alleged that the figure would be even higher if tax breaks given to Boeing under the Foreign Sales Corporation Act had been included. Tax benefits under that legislation were found to be in violation of WTO law in 2002; the US repealed it in 2004 (see BRIDGES Weekly, 27 October 2004 <http://www.ictsd.org/weekly/04-10-27/WTOinbrief.htm>).

After the 20 July meeting, both parties expressed regret that the dispute had gone this far. The US said that it was "ready and willing" to negotiate, but that the EU was only willing to reduce the subsidies -- not end them. Brussels, on the other hand, stated that it had made a "genuine attempt" to settle the matter, but that the US unfortunately was not prepared to move an inch.

The process and outcome of this dispute, which is said to be the biggest, most difficult and costly legal dispute in the history of the WTO, may prove to have far reaching impacts on the dispute settlement system as well as on the ongoing review of the dispute settlement mechanism.

In spite of the decision to establish the panels, the Boeing-Airbus dispute, which has kept the EU and the US bickering for more than a decade, may still be in for a long haul. Not only must the parties agree on the composition of the two panels, they must carry out the procedure set out in Annex V of the SCM Agreement for determining whether subsidies constitute 'serious prejudice' to the interests of another Member. The parties are required to disclose information on the existence and amount of subsidies, the value of the subsidised firms' total sales, as well as other information necessary to analyse the adverse effects caused by the subsidised product.

The US may object to handing over information from the US Department of Defence's research and development program, considering it to be too sensitive. The security exceptions in Article XXI of the General Agreement on Tariffs and Trade (GATT) exempt Members from having to disclose information that they deem "contrary to... essential security interests."

Nevertheless, this possibility is not the main concern for now, since the EU blocked Annex V proceedings from being initiated as soon as the panel is established. The EU wants the information gathering to begin only after it reaches a procedural agreement with the US covering the process's scope and guidelines, as well as the selection of a facilitator to lead it.

The panels are not expected to issue rulings until late 2006 at the earliest and the reports are then assumed

to be appealed. However, many experts believe that the cases will be settled outside the WTO dispute settlement system since the panels are expected to find violations of the WTO subsidy rules by both parties, thus leaving open the possibility of trade retaliations reaching billions of dollars.

ICTSD reporting; "WTO to launch probe into Boeing-Airbus dispute", FINANCIAL TIMES, 21 July 2005; "The DSB establishes panels to examine aircraft subsidy disputes", WTO NEWS 20 July 2005; "Statement on Boeing, Airbus and the WTO", EU TRADE COMMISSIONER STATEMENT, 31 May 2005; "WTO Sets Separate Aircraft Subsidy Panels; EU, U.S. Battle Over Data Collection Process", WTO REPORTER 21 July 2005.

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### CONSENSUS JUST OUT OF REACH ON WAY FORWARD FOR WIPO DEVELOPMENT AGENDA

A three-day meeting at the World Intellectual Property Organisation (WIPO) ended with members unable to reach a consensus on how to continue talks on integrating development concerns into WIPO's mandate and activities. Although most countries were in favour of holding further sessions of the 'Inter-sessional Inter-governmental Meeting' (IIM) that has been examining the issue, opposition from the US and Japan meant that no such recommendation will be made to the WIPO General Assembly when it meets in late September. Instead, the WIPO Secretariat will now draw up a factual report of the discussions, which will be finalised at a further meeting just prior to the General Assembly.

#### Wide Range of Proposals on Development Agenda

The 20-22 July event was the third of three sessions of the IIM scheduled in response to a September 2004 proposal (WO/GA/31/11, [http://www.iprsonline.org/resources/docs/BrazilArgentina\\_WIPO.pdf](http://www.iprsonline.org/resources/docs/BrazilArgentina_WIPO.pdf)) by fourteen developing countries including Brazil and Argentina for the 'Establishment of a Development Agenda for WIPO' (see BRIDGES Weekly 8 September 2004, <http://www.ictsd.com/weekly/04-09-08/story1.htm>). Debate on procedural issues had taken up some of the earlier meetings and achieving agreement on substantive proposals by the end of the IIM seemed unlikely, so negotiators faced the challenge of both making progress on proposals and on reaching a decision on whether and how to take discussions forward in the future (see BRIDGES Weekly, 6 July 2005, <http://www.ictsd.org/weekly/05-07-06/inbrief.htm#5> and BRIDGES Weekly 13 April 2005, <http://www.ictsd.com/weekly/05-04-13/story1.htm>).

The developing countries that endorse the 'Development Agenda' are known as the 'Friends of Development' (FoD). At the recent meeting, their proposals focused on five main areas: making an amendment to the WIPO Convention; considering a treaty on access to knowledge and technology; establishing an Independent WIPO Evaluation and Research Office (WERO); adopting principles and guidelines for the technical assistance programme; and reforming WIPO norms and practices, including the development of principles and guidelines for norm-setting activities in WIPO, the use of development impact assessments and encouraging wider participation of civil society at WIPO.

The FoD position attracted support from a group of over 100 non-governmental organisations (NGOs), which presented a joint statement (see [http://www.ipjustice.org/WIPO/NGO\\_Statement.shtml](http://www.ipjustice.org/WIPO/NGO_Statement.shtml)) backing the proposals. Interventions made by public interest NGOs at the meeting emphasised that the IIM should not be debating the need to integrate development into the international IP system, as this was already widely acknowledged in declarations such as the Doha Deceleration on TRIPS and Public Health, the Sao Paulo Consensus of UNCTAD, the WIPO Assemblies themselves, and the Geneva Declaration on the Future of WIPO. The NGOs urged members to come up with concrete recommendations for the General Assembly.

Submissions by the African Group of countries also supported the FoD proposals and called for action in additional areas, including the development of a mandatory legal international instrument to protect genetic resources, traditional knowledge and folklore, and further technical cooperation between least-developed countries and WIPO with special regard to information and communication technologies.

A group of 11 Arab states also submitted a refined proposal on ways that WIPO could assist developing countries in commercialising their intellectual and cultural resources. The US restated its proposal for a partnership programme and database.

### **Debate shifts to future of IIM**

With time running out, delegates agreed that the range of proposals on the table merited further discussion. However, divisions over the appropriate forum for such talks proved irreconcilable. While developing countries including the FoD and African Group pushed for a continuation of the IIM process, some developed countries including the US, Japan, Canada, Switzerland and the Russian Federation argued that development issues should be examined in a 'reinvigorated'

Permanent Committee on Cooperation for Development Related to Intellectual Property (PCIPD).

Developing countries countered that doing so would sideline development issues. In their view, moving development-related discussions to the PCIPD would essentially relegate them to a subsidiary technical body that lacked the authority and momentum provided by the IIM process. A Canadian proposal to the PCIPD to broaden the scope of the Committee's work was rejected by developing countries in April (see BRIDGES Weekly 20 April 2005 <http://www.ictsd.org/weekly/05-04-20/inbrief.htm#4>). Brazil and the US differed over interpretations of the PCIPD's mandate: Brazil pointed out that the Committee had in fact no clear mandate, while the US suggested that any uncertainty could be addressed by a statement by the General Assembly confirming the breadth of the Committee's mandate.

### **Support but no consensus for continued IIM**

The UK, speaking on behalf of the EU, attempted to find a compromise by suggesting that further IIM meetings be held, but that they be financed by the PCIPD budget allocation and that they focus on a subset of issues where agreement seemed closest. This move, by the country that originally proposed moving the debate to the PCIPD, prompted hopes that a consensus could be reached. With China and the group of Arab states also voicing conditional support for further IIMs, Pakistan characterised the situation as 'consensus-minus-few', and appealed for flexibility from those opposed to further IIMs.

However, the US and Japan again indicated that they could not accept a continuation of the IIM process. After extensive informal consultations over most of the third and final day failed to resolve the issue, it became clear that no recommendation could be made to the General Assembly. Instead, it was decided that a factual summary of the proceedings would be drawn up by the WIPO Secretariat and passed to the Assembly. Following a suggestion from Argentina, it is likely that this report will include a list of those delegations opposed to continuation of the IIM.

A draft report will be available for comments from 15-31 August, after which delegates will meet again to finalise the report prior to the Assembly meeting from 26 September to 5 October.

The 14 Friends of Development are Argentina, Bolivia, Brazil, Cuba, Dominican Republic, Ecuador, Egypt, Iran, Kenya, Peru, Sierra Leone, South Africa, Tanzania and Venezuela.

ICTSD reporting.

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**IN BRIEF**

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**BREAKING NEWS: US HOUSE OF REPRESENTATIVES PASSES CAFTA-DR**

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The US House of Representatives has passed the Central American Free Trade Agreement-Dominican Republic (CAFTA-DR) by a narrow margin of 217 to 215. The vote came after over an hour of debate on the night of 27 July.

ICTSD will provide further coverage of the CAFTA-DR vote in next week's issue of BRIDGES Weekly.

"Current House Floor Proceedings, Legislative Day Of July 27, 2005," OFFICE OF THE CLERK, US HOUSE OF REPRESENTATIVES.

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**US-ANDEAN FTA SLOWLY MOVES FORWARD**

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Trade officials from Andean countries and the US made progress on customs procedures and competition policy during a round of free trade agreement negotiations held in Miami from 18-22 July. The final US-Andean FTA, which will include the US, Colombia, Ecuador and Peru, will have 22 chapters on topics ranging from market access to intellectual property rules, according to Deputy Assistant US Trade Representative Bennett Harman. The governments have reached deals on only four of these topics, leaving several difficult issues, including agriculture, for future talks.

The US currently offers the Andean countries preferential duty-free market access for thousands of products in an effort to create incentives to divert economic activity away from illegal drug production and trafficking. These breaks, however, expire in 2006. The FTA being negotiated would allow Andean countries to lock in and expand duty-free market access; US goals include expanded market access and stronger intellectual property protection.

Oswaldo Molestina Zavala, Ecuador's chief negotiator, said the talks have helped ensure that the deal "is fair for all participants, and not just for one." However, a week earlier in Lima, thousands of Peruvians protested the trade pact, claiming it was a way of bullying Peru to allow US companies to dominate its market. One protester, Manuel Izaca, president of the association of Peruvian drug companies, said: "We're really worried about the impact this is going to have. Not only are medicines going to get more expensive, but fewer people will have access to drugs." While the talks have

fallen behind schedule, representatives are optimistic that the negotiations could finish by the end of the year.

ICTSD reporting; "U.S.-Andean free-trade negotiators make progress in Miami," ASSOCIATED PRESS, 22 July 2005; "Thousands of Peruvians protest US trade pact", REUTERS, 13 July 2005; "Deputy USTR Peter Allgeier's Remarks to the 2004 Colombia Investor Conference" OFFICE OF US TRADE REPRESENTATIVE, 29 November 2004.

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**US-AFRICA AGOA FORUM: US SAYS IT WILL NOT UNILATERALLY CUT SUBSIDIES**

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Senior trade officials from African countries and the US met in Dakar, Senegal, from 18-20 July at an annual meeting to discuss issues related to the African Growth and Opportunity Act (AGOA). The AGOA is a trade preference scheme between the US and 37 African countries that grants certain African products liberalised access to the US market.

The meeting focused on the growing trade between Africa and the US, as well as efforts to boost economic development in the continent. The meeting also looked at strategies to help African economies take advantage of the preferential market access advantages for goods covered by AGOA. Other trade-related topics discussed included the investment climate in Africa, energy development, transportation and infrastructure issues, and partnerships to address HIV/AIDS.

At the meeting, African officials pressed the US to end to its farm subsidies. However, US Agriculture Secretary Mike Johanns said the US would not unilaterally end its subsidies unless other rich countries showed a commitment to do the same at the WTO's December Ministerial Conference in Hong Kong. Pointing to the fact that the current US farm bill is set to be replaced by a new one when it expires in 2007, he said that "If we do not [complete the Doha Round of trade talks] a new farm bill will be set in place for a number of years and we will have lost the opportunity quite literally into the next decade." In related news, Jeffrey Sachs, UN Secretary-General Kofi Annan's top advisor on poverty, said on 18 July that African countries should not sign on to any Doha Round deal in which rich countries fail to commit to slashing farm tariffs and subsidies.

The USTR press release on the meeting is available here:  
[http://www.ustr.gov/Document\\_Library/Press\\_Releases/2005/July/Senior\\_U.S.\\_African\\_Officials\\_to\\_Discuss\\_Trade\\_Issues\\_at\\_Conference\\_in\\_Senegal.html](http://www.ustr.gov/Document_Library/Press_Releases/2005/July/Senior_U.S._African_Officials_to_Discuss_Trade_Issues_at_Conference_in_Senegal.html)



ICTSD Reporting; "US warns Africa on farm subsidies," BBC, 19 July 2005; "Back WTO or farm subsidies go on, U.S. tells Africa" Reuters, 19 July 2005; "Dakar African Trade Forum Focuses On Expansion, Diversification" All Africa.com; 18 July 2005; "U.N. Adviser: Africa Should Refuse Talks," REUTERS, 18 July 2005; "Africa warned of new US farm subsidy," BUSINESS DAY, 20 July 2005.

After 29 July, the General Council is next scheduled to meet on 19-20 October.

ICTSD reporting.

## WTO IN BRIEF

### GC: PROGRESS ON TRIPS AND PUBLIC HEALTH, SMALL ECONOMIES ALSO STUCK

While the bulk of discussions at the WTO this week focused on Members' inability to come to a preliminary agreement on farm trade liberalisation, the 27 July meeting of the General Council indicated that progress in some other areas of the ongoing talks is also stalled.

The Chair of the Council for Trade-related Aspects of Intellectual Property Rights (TRIPS), Ambassador Choi Hyuck of Korea told the meeting that Members still need to do more work in order to agree on how to formally amend the TRIPS Agreement in order to facilitate the export of drugs produced under compulsory licence (see BRIDGES Weekly, 22 June 2005, <http://www.ictsd.org/weekly/05-06-22/story3.htm>). Kenya and Cuba expressed disappointment that Members have been unable to do so as yet. Choi expressed hope that Members would be able to make progress on the issue after the WTO's August break.

Ambassador Gomi Tharaka Senadhira, Chair of the Council for Trade and Development Dedicated Session on Small Economies (CTD-DS) reported on progress in the negotiations. He said that the small and vulnerable economies that had pushed for the issue to be included in the Doha mandate would like their specific concerns to be addressed at the WTO's December Ministerial Conference in Hong Kong, and that he was hoping to come up with concrete proposals on the issue. Some developing country Members are concerned that according specific treatment to small and vulnerable economies would open the door to differentiation among developing countries in the WTO (see BRIDGES Weekly, 1 June 2005, <http://www.ictsd.org/weekly/05-06-01/story3.htm>). Barbados said that the debate on the issue is going in circles. The CTD-DS will continue its discussions.

## EVENTS & RESOURCES

### EVENTS

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

#### Coming Up: 28 July - 3 August

31 July - 2 August, Kuala Lumpur, Malaysia: 3rd ASIA-PACIFIC ECONOMIC COOPERATION (APEC) BUSINESS ADVISORY COUNCIL MEETING. This meeting will further the 2005 work agenda of advancing APEC goals on the facilitation and liberalisation of trade and investment flows. For further information contact the APEC Business Advisory Council, tel: (+632) 845 4564, fax: (+632) 845 4832, email: [abacsec@pfgc.ph](mailto:abacsec@pfgc.ph), Internet: <http://www.abaconline.org/v3/events.php>.

#### 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.

28 July: COMMITTEE ON REGIONAL TRADE AGREEMENTS

29 July: GENERAL COUNCIL

3 August: DISPUTE SETTLEMENT BODY

## Other Upcoming Events

15 - 17 November, Qatar. TRAINING WORKSHOP ON MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS (NAMA). This event is being organised by United Nations Economic and Social Commission for Western Asia (ESCWA). For further information contact ESCWA, tel: (+ 961-1) 981301; fax: (+ 961-1) 981510; email: [webmaster-escwa@un.org](mailto:webmaster-escwa@un.org); Internet: <http://www.escwa.org.lb/index.asp>.

24 November, London, UK. WORKSHOP: EUROPEAN EMISSIONS TRADING: WHAT'S IN STORE IN PHASE II AND BEYOND. This event is organised by the British Energy Association. For further information contact Di Mammet, tel: (+44 20) 8767 9744; fax (+44 20) 8767 9744; email: [BEAwec@aol.com](mailto:BEAwec@aol.com).

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## RESOURCES

SPECIAL AND DIFFERENTIAL TREATMENT: A MECHANISM TO PROMOTE DEVELOPMENT. By William A. Kerr. Estey Centre for Law and Economics in International Trade, Summer 2005. Much has been made of "special and differential" treatment (S&D) in the Doha Round negotiations. In particular, a conscious effort has been made to infer that S&D will promote development. This paper argues that while such treatment may be a necessary evil given developing countries' higher adjustment costs, dignifying it as a development mechanism plays into the hands of protectionist interests. In particular, by allowing a general increase in the ability of developing countries to isolate their economies, it may reduce the efficacy of important forces that prod institutional reforms in developing countries. The paper concludes that if institutional reform is one of the keys to economic development, lionising S&D in the WTO is likely to be counterproductive. Available online at [http://www.esteyjournal.com/j\\_pdfs/kerr6-2.pdf](http://www.esteyjournal.com/j_pdfs/kerr6-2.pdf).

SYNERGIES BETWEEN TRADE IN ENVIRONMENTAL SERVICES AND TRADE IN ENVIRONMENTAL GOODS. By Ronald Steenblik, George Stubbs and Dominique Drouet. Organisation for Economic Cooperation and Development (OECD), July 2005. This paper examines the relationships between trade in environmental services and trade in environmental goods. After describing the nature of each environmental service, the paper identifies broad categories of goods used in the provision of those services, and notes that for some goods, environmental

services are the main driver of growth in their markets. Available online at <http://www.oecd.org/dataoecd/21/48/35161237.pdf>.

THE RUSH TO REGIONALISM. By Aaron Cosbey, Simon Tay, Hank Lim and Matthew Walls. International Institute for Sustainable Development, 2004. This paper aims to set out the issues of importance in addressing the links between sustainable development and the rush to regionalism. It begins by describing the trends in regional agreements. It then surveys current practice, asking how the agreements address a number of key issues of importance to sustainable development, both in the context of economic development and the context of environment. Based on that survey, and a survey of the literature, it then sets out a number of key themes, and asks what we know and do not know about each. The concluding section describes the state of research in relation to these themes. Available online at [http://www.iisd.org/pdf/2005/trade\\_rush\\_region.pdf](http://www.iisd.org/pdf/2005/trade_rush_region.pdf).

SOBER REFLECTION: CONSIDERING THE RUSH TO REGIONALISM. By Aaron Cosbey. Trade Knowledge Network and International Institute for Sustainable Development, 2004. This paper asks whether the rush to regionalism in international trade and investment benefits developing countries. It argues that preferential trade agreements (PTAs) are harmful to the multilateral trade regime in a number of possible ways. As well, their contributions to economic improvement are uncertain at best, and depend on the presence of a number of other factors. In some ways, PTAs may actually harm signatories through loss of tariff revenue or policy space. However, they do provide a platform for negotiated progress on a number of important non-economic objectives, from cementing peaceful political relations to pursuing common environmental problems. Available online at [http://www.tradeknowledgenetwork.net/pdf/tkn\\_consider\\_rush\\_region.pdf](http://www.tradeknowledgenetwork.net/pdf/tkn_consider_rush_region.pdf).

SECURING ENOUGH TO EAT. By Sophia Murphy. International Institute for Sustainable Development, 2005. This paper offers an introduction to the concept of food security, particularly as it relates to the multilateral trading system. It explains the concept's fundamental elements, and critically surveys the various approaches that might be used to achieve it. Available online at [http://www.iisd.org/pdf/2005/trade\\_securing\\_enough\\_to\\_eat.pdf](http://www.iisd.org/pdf/2005/trade_securing_enough_to_eat.pdf).

"The international regulation of IPRs in a TRIPS and TRIPS-plus world" in the JOURNAL OF WORLD INVESTMENT & TRADE 6 (3), 2005. The purpose of this article is to describe the complex economic nature of Intellectual Property Rights (IPRs) in the context of

the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) and other trade agreements with stronger, 'TRIPS-plus' IPR rules. The piece identifies elements that are fundamental to IP trade agreements and which are subject to ongoing negotiations at the international, regional and bi-national levels. The article also focuses on some specific IP characteristics of regional and bilateral trade agreements between developed and developing countries. Special attention is given to the difference between the US and EU approaches to the protection of IPRs in regional and bilateral trade agreements and to the level of IP protection deriving from TRIPS-plus provisions.

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**BRIDGES Weekly Trade News Digest**® is published by the International Centre for Trade and Sustainable Development (ICTSD), <http://www.ictsd.org/>.

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**BRIDGES Weekly Trade News Digest** is made possible in 2001 - 2004 through the generous support of the Government of the United Kingdom (DFID). Additional support is provided by ICTSD's core donors: the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK), MISEREOR, NOVIB (NL), Oxfam (UK) and the Swiss Coalition of Development Organisations (Switzerland). The **Weekly** also benefits from support for the **BRIDGES** series of publications including: the Rockefeller Foundation, the John D. and Catherine T. MacArthur Foundation and Swiss Development Cooperation. ISSN 1563-0

