



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

Bridges

Weekly Trade News Digest

14 September 2005

Volume 9 Number 30

LEAD STORIES

- IN FIRST TNC ADDRESS, LAMY ANNOUNCES "NEW PHASE" IN TALKS 1
- ANDEAN NEGOTIATORS CALL FOR FLEXIBILITY ON AG, IPRs IN FTA TALKS WITH US 2
- FIRST PUBLIC WTO DISPUTE SETTLEMENT HEARING UNDER WAY 4

OTHER STORIES

- G-20 CALLS ON RICH COUNTRIES TO RESPOND CONSTRUCTIVELY TO AG PROPOSALS 5
- SAUDI ARABIA, US CONCLUDE BILATERAL, PAVING WAY FOR SAUDI ACCESSION AT HONG KONG 6

IN BRIEF

- UN HUMAN DEVELOPMENT REPORT HIGHLIGHTS CONCERN OVER AGRICULTURAL TRADE 7
- UNCTAD POINTS TO FUNDAMENTAL SHIFT IN GLOBAL ECONOMIC INTERDEPENDENCE 8

WTO IN BRIEF

- EU'S REVISED BANANA TARIFF PROPOSAL MEETS COLD RECEPTION 8
- FALCONER KICKS OFF AG WEEK AS HONG KONG LOOMS 9

EVENTS & RESOURCES

- VACANCIES 9
- EVENTS 9
- RESOURCES 10

BRIDGES Weekly Trade News Digest is [also available online](http://www.ictsd.org/subscribe) and is updated every week. To subscribe to BRIDGES Weekly Trade News Digest, please visit the ICTSD website at <http://www.ictsd.org/subscribe>

If you require any assistance setting up your BRIDGES Weekly Trade News Digest subscription, please contact Trineesh Biswas, Editor, by email at: bridges_weekly@ictsd.ch, or by telephone at: (41-22) 917-8498

LEAD STORIES

IN FIRST TNC ADDRESS, LAMY ANNOUNCES "NEW PHASE" IN TALKS

In his first address to the WTO Trade Negotiations Committee (TNC) on 14 September, new Director-General Pascal Lamy called on Members to focus all of their efforts towards reaching an ambitious and coherent agreement at the organisation's Hong Kong Ministerial Conference in December. That agreement, he said, should take Members two-thirds of the way towards finishing the Doha Round by the end of 2006. He warned that the Doha Round could only succeed if the "development dimension is at the centre of the negotiations."

The former EU Trade Commissioner dedicated much of his statement to process-related steps that he would take to try to push the negotiations forward. Proclaiming a "new phase" in the negotiations, he exhorted delegations to be "brief, pragmatic, practical, and action-oriented" instead of wasting time on long and repetitive declarations. He said that the WTO was entering into a period of "permanent negotiations," which he likened to a football team's "training camp" before a crucial match.

Outlines substantive hurdles that must be overcome

Instead of describing the overall state of the negotiations, Lamy chose to outline strategic issues in the talks that he believed must be solved "for us to get out of the vicious circle and into the virtuous one." These included agreeing by Hong Kong on an end date for agricultural export subsidies, a "clear understanding" on how to cut and limit domestic farm support, and a formula for cutting tariffs on farm products that incorporates flexibilities for certain goods. With regard to non-agricultural market access (NAMA), he said that Members would have to "find the right balance between the [tariff reduction] formula and the flexibilities."

"From now until Hong Kong," Lamy went on, "Members should develop different approaches in services, leading to an increased number and to an enhanced quality of commitments." He also urged Members to try

to arrive at draft negotiated texts on anti-dumping, subsidies and countervailing measures, and fisheries subsidies in the Negotiating Group on Rules.

The WTO chief was emphatic about the centrality of development concerns to every area of the ongoing negotiations. "The challenge is to maximise the development value of every sector and of the round as a whole," he said. Notably, he expressed the conviction that an "aid for trade" facility could "help us translate the development package of the round into reality."

Trade sources report that Lamy also said that Members would have to agree on a public health amendment to the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) by Hong Kong.

Lamy stresses efficiency, transparency; urges constant evaluation of progress

As WTO Director-General, Lamy is Chair of the TNC. He outlined some changes in how the body would function under his guidance. Emphasising that the purpose of the TNC was to assess progress in the different negotiating areas, he said that he would not fix a date for the next TNC meeting, as has been customary. Instead, he would wait to see what was happening in the different negotiating groups before scheduling the next TNC session.

Both in his TNC speech and the press conference that followed, Lamy stressed that Geneva must be the centre of WTO activity between now and Hong Kong. He said that other initiatives to push the negotiations forward were welcome, but that they must be done in a way that supports the Geneva-based processes.

Lamy said he would attach a great deal of importance to transparency in his functions as Director-General. He said that he would make use of formal and informal TNC meetings at the head-of-delegation level to keep all Member delegations involved and informed of progress in his informal consultations.

Reminding Members that precisely three months separated their meeting from the 13 December start of the ministerial summit, Lamy asked them to constantly evaluate progress -- or the lack thereof -- in the negotiating groups, so as to keep things on track. He did identify two specific junctures for evaluation before December: mid-October, for evaluating progress made up to that point and coming to a clearer understanding of what it is that Members hope to achieve in Hong Kong; and mid-November as a date by which Members would need to see specific and substantive results from each negotiating group. Ideally, a consolidated draft ministerial text would emerge by the latter time, which would give delegations a month to hash out differences

before the Ministerial Conference, thus improving their chances of reaching a deal.

Following the meeting, Lamy appealed to the US and the EU to make concessions in the agriculture talks, saying that they could break the deadlock in the negotiations by doing so. "They have margins of manoeuvre which they have to use tactically to the maximum of their capacities," he added. "The question is: when do they show their hand?"

Pascal Lamy's full statement is available online at http://www.wto.org/english/news_e/news05_e/tnc_stat_lamy_14sep05_e.htm.

ICTSD reporting; "WTO chief urges US, EU to break deadlock in farm talks," XINHUA, 14 September 2005.

ANDEAN NEGOTIATORS CALL FOR FLEXIBILITY ON AG, IPRs IN FTA TALKS WITH US

Trade negotiators from three Andean countries have called on the US to show more flexibility in their ongoing free trade agreement (FTA) negotiations, saying that its intransigence on agriculture and intellectual property rights was preventing a final agreement. In a 8 September speech at the Inter-American Dialogue, a Washington-based policy research centre, negotiators from Colombia and Peru said the US' willingness to relax some of its demands in the two negotiating areas would determine whether they can conclude a deal by next year.

Colombia, Ecuador and Peru, along with Bolivia as an observer, started comprehensive FTA talks with the US in 2003, following Washington's announcement that the US would not renew Andean preferential market access after the Andean Trade Preference Act's expiration in December 2006.

Andean countries look for market access, flexibilities

Current farm trade between the US and the Andean countries amounted to USD 2.7 billion in 2003, and stands to grow significantly if tariff and non-tariff barriers are removed. The Andean countries' requests on agriculture trade reflect both their offensive and defensive interests. On the one hand, they would like the US to open its markets to exports such as sugar, for which it maintains import quotas. On the other, they want to retain the right to use trade safeguards to afford a certain level of protection to farm products including rice, beans and corn that are crucial to livelihoods and nutrition in the region. The Andean countries argue that

they need these measures because the US has not assured them that it would phase out trade-distorting subsidies on these and other products. Such exceptions would be in keeping with the current mandate for WTO negotiations. The US, however, has been reluctant to discuss subsidies issues outside the multilateral context. It has also been unwilling to grant its Andean trading partners permanent exceptions on farm trade. The latter mirrors the US' position in the recent Central American Free Trade Agreement (CAFTA), which requires all such measures to be ultimately phased out.

Andean governments negotiating the FTA are facing strong opposition from their own agricultural producers, who insist they cannot compete against farmers supported by the US treasury. Agricultural producers in Colombia have warned that if their market is fully opened to imports before the US eliminates its farm subsidies, Colombian products will be unfairly displaced from the market. This would, in turn, undermine programmes to promote alternatives to coca production, an essential part of the fight against drug production.

IP concerns focus on biodiversity, access to medicine

Two intellectual property-related issues are proving divisive in the talks: the protection of test data for pharmaceutical products, and the inclusion of a transparent disclosure requirement on the country of origin and source of any genetic resources used or incorporated in a particular invention.

The former is central to the issue of access to medicine. 'Test data exclusivity' is a system used in the US and Europe to prevent access to data submitted to government sanitary authorities by companies seeking the right to market pharmaceutical products. The data is protected for time periods between five and eleven years. The US would like to see similar protection extended to such data under the terms of the Andean FTA.

Andean countries, however, were initially unconvinced of the need for such measures, arguing that data of this kind has nothing to do with innovation -- the ostensible reason for the existence of intellectual property protections. They were also concerned that protecting test data might delay generic products from appearing on the market, since would-be generic manufacturers would have to either wait for the end of the exclusivity period or run their own clinical tests in order to receive marketing approval for their products. Recently, they proposed a softer formula calling for test data 'protection' -- as opposed to 'exclusivity.' This would allow generic producers access to the data, so long as they provided compensation to the patent-holding

companies that originally carried out the tests. This would protect the data without denying generic manufacturers access to such information, thus assuaging concerns about access to medicine. This US, however, rejected this proposal.

With regard to biodiversity concerns, Andean countries would like the FTA to include rules requiring patent applicants to reveal the country of origin and source of any genetic resources and associated traditional knowledge used in an invention, as well as provisions for compensating the titleholders of such resources and knowledge. US negotiators have indicated that they might be willing to discuss some language on biodiversity, but only if there is no disclosure requirement.

The Andean countries' biodiversity-related demands have been echoed by a group of prominent US-based environmental organisations, including the Centre for International Environmental Law, Earthjustice, and the Sierra Club. In a July letter to US Trade Representative Rob Portman, they said that the "Andean FTA should obligate parties to require patent applicants to disclose the source and country of origin of genetic resources and traditional knowledge used in the invention, as well as evidence of prior informed consent and fair and equitable sharing of benefits." They also urged Portman to exclude plants and animals from patentability under the agreement.

Andean governments pushing for FTAs

Andean trade negotiators are facing both internal and external pressures to withdraw these minimum requests. Internal pressure comes from their own governments, which want to see quick and tangible results from the talks. Peruvian President Alejandro Toledo, for instance, has declared his intent to sign a FTA with the US even if the other Andean states do not speed up negotiations. External pressure is coming from US negotiators who are seeking commitments similar to, or deeper than, those they obtained in CAFTA.

With the final scheduled rounds of negotiations approaching, it remains to be seen if the US will choose to address some of its Andean counterparts' concerns or if it will simply present them with a "take or leave it" deal.

The next round of talks will take place next week in Cartagena, Colombia.

The environmental groups' letter to USTR Rob Portman is available online at http://ciel.org/Publications/AndeanLetter_July2005.pdf.

ICTSD reporting; "Peru Negociaria TLC sin Andinos," LA PRIMERA DE PERU, 13 September 2005; "TLC Andino en la recta final," BOLPRESS, 13 September 2005.

FIRST PUBLIC WTO DISPUTE SETTLEMENT HEARING UNDER WAY

For the first time in its ten-year history, the WTO this week opened up the proceedings of a dispute settlement meeting to the public. The 12-13 September proceedings in the long-standing beef hormones dispute among the EU, the US and Canada were broadcast through closed-circuit television to an audience consisting mainly of trade negotiators, non-governmental organisation (NGO) representatives, media and academics at the WTO in Geneva.

Over the years, the WTO has been criticised for its lack of openness, not just to the public but also to some extent toward its own Members. The dispute settlement process has been at the centre of the debate on greater organisational transparency. The hormone panel's 2 August announcement that it had accepted the parties' joint request to open up the hearing thus represented a historic shift in policy (see [BRIDGES Weekly](#), 7 September 2005).

On the first day of the hearing, the EU, the US, and Canada each acknowledged the importance of the day, emphasising the benefits that increased transparency would bring to Members that have never participated in a WTO dispute, as well as to the general public's understanding of the WTO and the dispute settlement system. The three have long supported the principle of making dispute settlement meetings public, albeit only so long as doing so is acceptable to all parties in a dispute. The 14 September meeting among the disputing parties and the third parties in the case -- Australia, Brazil, China, Chinese Taipei, India, Mexico, New Zealand, Norway -- was closed, as not all of the latter were willing to open it to the public.

EU attempting to have retaliatory sanctions lifted

The issue before the panel is a complaint brought by the EU against continued trade sanctions by the US and Canada on certain EU exports, worth USD 116.8 million and USD 11.6 million respectively. The challenged sanctions were authorised in 1999 by the Dispute Settlement Body after the Appellate Body in 1998 ([WT/DS26/AB/R](#) and [WT/DS48/AB/R](#)) found that an EU ban on hormone treated meat exports from the US and Canada violated the WTO Agreement on Sanitary and Phyto-sanitary Measures (SPS).

The EU argues it adopted measures in 2003 to come into compliance with the 1998 Appellate Body ruling, and that the continued sanctions therefore violate WTO law. The US and Canada counter that the authorisation to retaliate still applies, arguing that the EU has not proven that it is in compliance with the ruling. To this charge, the EU responds that the US and Canada should then file a case charging non-compliance against the EU, rather than merely continuing their sanctions. It would then be left to a WTO panel to determine whether the EU is in fact complying with its obligations.

The Systemic Issue of the Case and the WTO

In the parties' arguments lies an important systemic issue. No WTO panel has ever had to rule on the procedures for removing previously authorised sanctions. This panel will have to determine where the burden of proof lies -- whether Members should have to file a compliance or a non-compliance case in order to determine if and when authorised sanctions should be lifted. This is an important clarification of Members' rights and obligations under the DSU.

The US and Canada have thus far not been willing to file a non-compliance case against the EU under the relevant article of the DSU (Article 21.5). Instead, they contend that the EU should prove its compliance. Moreover, the EU's compliance should be confirmed multilaterally, such as through the adoption of a WTO panel report recommending the suspension or revocation of their right to retaliate. The US and Canada argue that the EU has submitted no arguments or evidence proving its compliance, but merely states that it is in compliance.

The EU, on the other hand, claims that the US and Canada, by refusing to file a case to determine whether the EU is indeed in compliance, have made a unilateral 'de facto' determination that it is not. Since WTO rules require such determinations to be made multilaterally by the DSB, the EU is arguing that the US and Canada are in violation of WTO law. Continuing to send the ball back and forth, the latter two claim that the EU's case has no legs, since it has neither removed its WTO-inconsistent ban on hormone treated meat nor established that the measures it implemented in 2003 brought it into compliance with the 1998 ruling. Moreover, the US and Canada charge that the EU's notification to the DSB that it was in compliance with the ruling was in itself a unilateral action.

The Course of the Meetings

The first scheduled meetings focused more on procedural and systemic issues than on the substantive SPS and science issues linked to the case. In the first

session on 12 September, the parties made oral statements on the basis of their written submissions, laying out their claims and arguments. On 13 September, the parties and the panel were given the chance to ask questions and seek clarification about previously-made statements and submissions.

The panel appeared to explore the parties' possibilities within the DSU to resolve the dispute. It asked the EU if its present case was tantamount to a case filed against the US and Canada under the DSU Article for non-compliance cases -- since, in seeking the removal of US and Canadian sanctions, it was essentially implying that it was in compliance with previous WTO rulings. The EU rejected this, maintaining that its complaint was against the US and Canada's unilateral determination of its guilt. The panel also asked the US and Canada why they had not used the DSU mechanism and filed a case against the EU charging non-compliance, in the interest of quickly solving the matter. The US and Canada argued that they were not obligated to do so under the DSU, with the US specifying that it was for the Members to determine the most efficient way of solving such cases.

Relatively few people attended the WTO's first open dispute settlement hearing. Up to 400 people were permitted to observe the meetings, but only 100 sat in on the first day. By the end the second day, a mere 20 people remained.

Outcome eagerly anticipated

The open hearing will continue on 15 September with parties asking any remaining questions and making their final statements. In light of the fact that the parties' statements and the questions posed by the panel are now a matter of public record, trade dispute observers are awaiting the panel's report with particular anticipation.

ICTSD reporting.

OTHER STORIES

G-20 CALLS ON RICH COUNTRIES TO RESPOND CONSTRUCTIVELY TO AG PROPOSALS

Ministers and senior trade officials from the developing countries that make up the G-20 bloc in WTO negotiations ended a 9-10 September summit in Bhurban, Pakistan with a joint statement calling on rich

countries to engage in negotiations aimed at reforming their agricultural policies. The purpose of the meeting was to discuss strategy in the run-up to the WTO's December Ministerial Conference in Hong Kong.

The 25-point 'Bhurban Declaration' reaffirmed G-20 members' commitment to their common negotiating positions in the ongoing Doha Round talks on trade liberalisation in agricultural products. These views, expressed in WTO submissions and in a declaration following a similar ministerial gathering in New Delhi in March 2005, call for the elimination of export subsidies within five years; a "substantial and effective reduction" in trade-distorting farm subsidies; a tariff reduction formula that involves equal (as opposed to progressively higher) percentage cuts on items within each band, with developing countries making lower reductions; the binding of all tariffs with different ceilings for developed and developing countries; and the provision of adequate special and differential treatment (S&D) for developing countries.

G-20 to developed countries: respond to our proposals

In July, the G-20 countries proposed a compromise formula on market access at an informal mini-ministerial meeting of WTO trade ministers in Dalian, China (see [BRIDGES Weekly](#), 13 July 2005). Although delegations present at that meeting agreed at the time to use the G-20 proposal as a starting point for subsequent talks, nothing came of the intensive Geneva-based negotiations in the weeks that followed, as Members started to express disagreement with different aspects of the approach (see [BRIDGES Weekly](#), 3 August 2005).

The Bhurban Declaration called on major subsidisers to respond constructively to their proposals, which they said constituted "a genuine middle ground." They warned the latter against trying to extract disproportionate concessions in other areas of the Doha Round talks in return for eliminating trade-distortions in farm products.

Officials at the meeting paid particular attention to improving co-operation between the G-20 and other developing country groups at the WTO, including the G-33, the least developed countries (LDC), and the African, Caribbean, and Pacific (ACP) countries. They declared that LDCs should be exempt from commitments to cut tariffs, and said that preference erosion could be addressed by expanding market access in products of export interest to beneficiaries, as well as through the provision of financial and technical assistance.

The G-20 formally reiterated its support for the G-33 grouping's goals of allowing developing countries to designate 'special products' for reduced liberalisation to help address issues of food security, rural development, and livelihood concerns, accompanied by the creation of a 'special safeguard mechanism' to afford them some protection against import surges. It announced that it would support the G-33's efforts to develop a list of indicators for the identification of such products.

The declaration also called for an end to unjustifiable non-tariff barriers and tariff escalation -- higher tariffs on processed foods that discourage developing countries from adding value to their farm products -- and "the fullest liberalisation" of trade in both tropical products and crops that can be grown in the place of illegal narcotics.

Hong Kong Commerce, Industry and Technology Secretary John Tsang, who will chair the Ministerial Conference in December, was present in Bhurban in order to improve his understanding of G-20 concerns.

Civil society groups urge India, Brazil to quit FIPs

In related news, several civil society organisations held a meeting on the sidelines of the G-20 gathering. Representatives from the groups shared their concerns with some of the ministers present in Bhurban. Notably, the non-governmental organisations and farmers' groups urged India and Brazil to quit the influential "five interested parties" (FIPs) grouping which they form along with Australia, the EU, and the US, arguing that talks in "exclusive processes such as green rooms, mini-ministerial meetings and FIPs do not yield pro-development elements." The joint statement was signed by NGOs including Oxfam Great Britain-Pakistan, ActionAid-Pakistan, and the Islamabad-based Sustainable Development Policy Institute.

Amorim: ball in the developed countries' court

At the end of the meeting, Brazilian Foreign Minister Celso Amorim said that "the ball is in the developed countries' court." This echoes comments made by some Geneva-based trade negotiators, who said that the US and the EU must work out a deal on cutting farm subsidies in order for talks to move ahead.

The US and the EU, for their part, have been attempting to find common ground in the Doha Round talks. EU Trade Commissioner Peter Mandelson and EU Farm Commissioner Mariann Fischer Boel met their US counterparts in Washington on 13 September. That same day while speaking at the National Press Club, Mandelson said that the US and the EU should jointly agree to the rapid elimination of export subsidies. The EU has been arguing that it reformed its subsidy

programme in 2003 and that the US should decrease its subsidies rather than increasing them as it has in recent years. US politicians counter that EU support and tariffs remain higher than those in the US.

WTO agriculture talks started up again on 13 September (see related story, this issue).

The Bhurban Declaration is available online at <http://www.commerce.gov.pk/news/read.asp?newsID=80>.

ICTSD reporting; "G-20," PRESS TRUST OF INDIA, 9 September 2005; "Pak groups call for transparency in WTO talks," FINANCIAL EXPRESS, 10 September 2005; "G-20 asks West to eliminate subsidies," ECONOMIC TIMES, 10 September 2005; "US, EU seek common ground on WTO talks," REUTERS, 13 September 2005; "Bhurban Declaration signed: G-20 ministers come up with 3-tier strategy," DAILY TIMES, 12 September 2005; "Mandelson: US, EU Should Jointly Cut Ag Export Subsidies," DOW JONES, 13 September 2005.

SAUDI ARABIA, US CONCLUDE BILATERAL, PAVING WAY FOR SAUDI ACCESSION AT HONG KONG

On 9 September, Saudi Arabia and the US concluded a bilateral deal on Saudi Arabia's accession to the WTO. This sets the stage for the world's largest oil producer to join the WTO at the global trade body's December Ministerial Conference in Hong Kong.

WTO accession rules require prospective members to negotiate bilateral market access deals with any Members that request them. The US had been the main trading partner with which Saudi Arabia had not yet signed such an agreement. Among the contentious issues was the Saudi approach to the Arab League's boycott of Israel. As part of the bilateral pact with the US, Saudi Arabia has agreed to have "WTO relations with all WTO Members." However, according to Saudi press, this would not entail an end to the boycott of Israeli companies as such, but merely that the kingdom would not restrict business with US companies that also deal with Israel.

Saudi Arabia made substantial commitments in the areas of goods, services and agricultural market access, and agreed to reforms of rules on intellectual property rights and sanitary and phyto-sanitary measures. Among these, Saudi Arabia agreed to abolish its ban on hormone-treated beef, an issue not all WTO Members agree on (see related story, this issue).

Saudi Arabia will implement all its WTO commitments immediately, without relying on transition periods. US business representatives welcomed what they termed a "high-quality" agreement. The response of the Saudi Arabian business community was mixed, however, with companies seeing both opportunities and threats. Fawaz Al-Tuwaijeri, an investor in the agricultural sector, voiced his fear that dumped products from developed countries, would "threaten the existence of many of our agricultural projects."

The issue of Saudi domestic energy pricing was not covered by the agreement. Prices of gas used as feedstock for the Saudi petrochemicals industry are lower than for exported gas. The EU, though it already concluded a bilateral deal with Saudi Arabia two years ago (see [BRIDGES Weekly](#), 23 September 2003), asked Riyadh to resolve the issue before accession. The EU is of the view that dual energy pricing constitutes a de facto subsidy, and thus is incompatible with WTO rules.

The accessions of the world's two foremost oil exporters, Saudi Arabia and Russia, have been flagged as possible "deliverables" at the Hong Kong Ministerial Conference (see [BRIDGES Weekly](#), 27 April 2005). The Saudi accession process commenced in 1993.

Civil society groups have criticised the bilateral market access component of the WTO accession process for giving developed country Members an opportunity to exert direct pressure on applicants to make concessions deeper than those demanded by WTO rules. For example, in the Saudi case, the country agreed to implement standards for the protection of clinical test data that are stricter than those required under WTO intellectual property rules.

The next meeting of the Working Party on the Accession of Saudi Arabia has not yet been scheduled.

"U.S. and Saudi Arabia Conclude Bilateral WTO Accession Agreement," US TRADE REPRESENTATIVE RELEASE, 9 September 2005; "Saudi Arabia partially lifts boycott on Israel," AL JAZEERA, 11 September 2005; "Kingdom Must Finalize Natural Gas Pricing Before WTO Entry," ARAB NEWS, 14 September 2005; "Businessmen give mixed response to Saudi accession to WTO," KHALEEJ TIMES, 14 September 2005.

IN BRIEF

UN HUMAN DEVELOPMENT REPORT HIGHLIGHTS CONCERN OVER AGRICULTURAL TRADE

On 7 September, the UN Development Programme (UNDP) released the 2005 Human Development Report (HDR). The HDR is well known for its 'human development index,' a ranking of 177 countries on the basis of their performance on health and education, in addition to per capita income. The index's 15 year history has seen it grow into a much anticipated and somewhat controversial update on levels of development around the world.

This year's HDR focuses on global aid, trade and security policies, and their respective roles in lifting the world's poorest people out of extreme poverty. With regard to trade, an area on which the HDR has tended not to focus, the study draws attention to problems that impede development, stating "the world's highest trade barriers are erected against some of its poorest countries." It cites unfair subsidies and high import tariffs in developed countries as significant obstacles for growth in the agricultural sector in the developing world.

The study puts particular emphasis on agricultural trade in relation to countries' continued lack of progress in alleviating rural poverty and the consequent problems of achieving the Millennium Development Goals (MDGs) -- a set of eight development targets which range from providing universal primary education to halving extreme global poverty by 2015. It states "More than two-thirds of all people surviving on less than USD 1 a day live and work in rural areas either as farmers with small holdings or as agricultural labourers. Unfair trade practices systematically undermine the livelihoods of these people, hampering progress towards the MDGs in the process."

An online copy of the UNDP HDR is available at <http://hdr.undp.org/reports/global/2005/>.

"UN Report Calls for Human Development," CHINA DAILY, 9 September 2005; "NGOs Given the Cold Shoulder on World Summit" UN INTEGRATED REGIONAL INFORMATION NETWORKS, 12 September 2005; "UN Report Warns of Failure to Meet MDGs, Calls for Swift Change in Aid, Trade," UN NEWS CENTRE, 7 September 2005; "Human Development Report Released," AGENCIA DE INFORMACAO DE MOCAMBIQUE, 9 September 2005.

UNCTAD POINTS TO FUNDAMENTAL SHIFT IN GLOBAL ECONOMIC INTERDEPENDENCE

The nature of global economic interdependence is being fundamentally changed by the economic ascent of China and India, according to the UN Conference on Trade and Development (UNCTAD) Trade Development Report for 2005. Rapid growth in the two countries has driven up global commodity prices, increased South-South trade, and led to the emergence of East and South Asia as "a new growth pole in the global economy." The annual study, released on 2 September, hailed economic growth in developing countries in 2004 as being higher and more broad-based than in previous years. Developing country output that year grew by 6.4 percent more than in 2003 -- 5.7 percent in Latin America, 4.6 percent in Africa, and 6.9 percent in Asia. It warned, however, that worldwide economic growth in 2005 had already slowed due to weakness in developed country economies coupled with high oil prices, and that growth in developing countries has been "depending excessively on the US economy."

The report points to a shift in the terms of international trade for developing countries. Exporters of primary commodities have benefited in recent years, mainly because of growing demand for oil, minerals, and mining products from East and South Asia. However, developing countries that mainly export manufactured goods have seen their imports of raw materials become more expensive, compounded by increased competition from other developing countries.

According to UNCTAD, the central policy concern with regard to global trade flows is the need to correct present imbalances -- specifically, the US' large external deficit and large current account surpluses in Japan and Germany -- without pushing developed countries into recession. In the introduction to the report, UNCTAD Secretary-General Supachai Panitchpakdi writes, "Adjusting the global imbalances will be less deflationary if demand from the euro area and Japan grows faster."

The "Trade and Development Report 2005: New features of global interdependence" is available online at <http://www.unctad.org/Templates/webflyer.asp?docid=6086&intltemID=3453&lang=1&mode=downloads>.

ICTSD reporting.

WTO IN BRIEF

EU'S REVISED BANANA TARIFF PROPOSAL MEETS COLD RECEPTION

In the latest development in its longstanding dispute with a number of Latin American banana producers, the EU proposed on 12 September a new most-favoured nation (MFN) banana tariff rate of 187 euros per tonne to replace the 230 euros per tonne level that was deemed to be too high by a WTO arbitrator in August (see [BRIDGES Weekly](#), 3 August 2005). The EU is replacing its current banana import regime, which is based on a combination of tariffs and quotas, with a simple tariff-only system. Its current proposal would see tariff rates rise from 75 to 187 euros per tonne, but would eliminate all quota ceilings as of 1 January 2006.

However, even this lowered rate met with a cold reception from Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama and Venezuela, which argue that it would not maintain the market access they currently enjoy. These were the countries that sought WTO arbitration over the EU's initial proposed tariff. WTO rules give third parties such as the Latin and Central American banana exporters the right to enter into negotiations and seek arbitration before the entry into force of EU banana tariffs replacing the quota system. If they file another WTO complaint against the EU's new proposal, the latter's implementation of a tariff-only banana import regime could be pushed back past the beginning of next year.

The revised tariff proposal also retains a tariff quota of 775,000 tonnes at zero duty for bananas from African, Caribbean and Pacific (ACP) countries. The Caribbean banana industry, however, expressed disappointment with the EU's new proposal albeit from the opposite perspective -- they argued that the scaled back tariff would have crippling effects on their economies.

ICTSD reporting; "Scaled Back Commission Banana Proposal To Have Crippling Effect On Caribbean," CARICOM REGIONAL NEGOTIATING MACHINERY, 13 September 2005; "Ecuador rejects EU banana tariff proposal," REUTERS, 13 September 2005; "Rebuff for EU in banana dispute," FINANCIAL TIMES, 14 September 2005; "EU Makes New Banana Tariff Offer to Comply With WTO (Update3)," BLOOMBERG, 13 September 2005; "Commission presents revised banana tariff proposal," EU PRESS RELEASE, 12 September 2005.

FALCONER KICKS OFF AG WEEK AS HONG KONG LOOMS

Following on the heels of G-20 ministerial meeting in Pakistan (see related story, this issue), agriculture delegates kicked off the first 'agriculture week' after the WTO's August recess with a formal meeting of the Special (negotiating) Session of the Committee on Agriculture on 13 September. Originally scheduled to begin two weeks later, the meeting was brought forward by the new chair of the farm trade negotiations, Ambassador Crawford Falconer of New Zealand, who will seek to get the talks back on track in the three months before the WTO's Hong Kong Ministerial Conference in December. This is particularly urgent given that delegates failed to reach agreement on a 'first approximations' of agriculture modalities at the end of July (see [BRIDGES Weekly](#), 3 August 2005).

In the invitation to the meeting, Falconer asked delegates to refrain from repeating already-known negotiating positions during the discussions. He asked them to come forward with "genuinely new things to say" on domestic support, export competition, and market access, the so-called 'three pillars' of the farm trade talks. During the meeting itself, he stressed to Members that the aim of the negotiations has changed: the goal is no longer a framework, but rather the actual modalities themselves. In this regard, he asked delegates to consider three questions: whether a comprehensive approach to the agriculture negotiations, tackling a range of issues at once, would work better than the current incremental approach; whether Members would find it useful to start discussing actual numbers under this approach, making the modalities more concrete; and when to discuss linkages across pillars and across issue areas, and which these linkages were. He also made it clear that he expects Members to be on call for negotiations in between the official agriculture weeks.

ICTSD will provide a full report of the current agriculture week in the next issue of BRIDGES Weekly.

ICTSD reporting.

EVENTS & RESOURCES

VACANCIES

Oxfam is currently recruiting a POLICY RESEARCHER. Successful candidates will be responsible for commissioning and conducting both quantitative and

qualitative research that would occasionally involve working with staff in developing countries. The Policy Researcher will also be required to disseminate their results by preparing high-impact briefing papers, campaign reports and, occasionally, media op-ed articles. Further information and an online application can be found at http://www.i-grasp.com/fe/tpl_oxfam.asp?newms=jj&id=19503. The closing date for this position is 23 September 2005.

The International Institute for Sustainable Development (IISD) is recruiting a Sustainable Trade Manager for its Sustainable Trade and Innovation Centre (STIC) in Geneva, Switzerland. The Manager will be responsible for the oversight and implementation of a series of projects that aim to promote environmentally and socially sustainable trade-related economic growth. The Manager will also help to plan the growth and development of STIC, which has recently established a presence in Geneva. For full job description, please contact geneva@iisd.org.

EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's [web calendar](#). If you would like to submit an event, please [email us](#).

Coming Up: 15 September - 21 September

15-16 September 2005, Vienna, Austria: SEMINAR ON LINKING THE KYOTO PROTOCOL PROJECT-BASED MECHANISMS WITH THE EU EMISSIONS TRADING SCHEME (ETS). This seminar will focus on linkages between the flexible mechanisms outlined under the Kyoto Protocol and the EU Emissions Trading Scheme. The meeting is being organised by the UN Industrial Development Organization, in co-operation with various government agencies and the European Commission. For further information contact Zalfa Sheety, tel: +43-1-26026-3511; fax: +43 1 26026 6804; e-mail: Z.Sheety@unido.org; or see <https://www.unido.org/doc/38110>.

20-21 September 2005, Geneva, Switzerland: CONSUMERS INTERNATIONAL PUBLICATIONS LAUNCH. Consumers International (CI) will be holding an event to launch several new publications. Publications include CI's advocacy pack for the WTO Ministerial Conference in Hong Kong and "Bridging the gaps - the case for a General Agreement on Public Services." There will also be open discussions on intellectual property rights and the WTO, and the conclusion of the CI Global Governance programme.

For further information contact Boris Wolf, tel: + 44 (0)207 226 6663; email: bwolf@consint.org or see <http://www.consumersinternational.org/>.

21-22 September, Geneva, Switzerland: UN ENVIRONMENT PROGRAMME (UNEP) INTEGRATED ASSESSMENT AND PLANNING PROJECT REVIEW. This event is organised by the Economics and Trade Branch of UNEP. At this review meeting, participating countries will share the preliminary results of their work as well as their experiences from project implementation. For further information contact Cecilia Pineda, tel: +41-22-917-8103; fax: +41-22-917-8076; email: Cecilia.Pineda@unep.ch.

21-23 September, Geneva, Switzerland: UNCTAD EXPERT MEETING ON TRADE FACILITATION AS AN ENGINE FOR DEVELOPMENT. At this meeting, experts and resource persons will analyse the increased need for trade and transport facilitation and the insertion of facilitation measures into the development process. Other topics to be discussed include establishing national needs and priorities and technical assistance and capacity requirements for effective integration into the global economy. For further information contact Bismark Sitorus, Economic Affairs Officer, tel: +41-22-917-2094; fax: +41-22-917-0050; e-mail: bismark.sitorus@unctad.org; or see <http://www.unctad.org/Templates/Meeting.asp?intltemD=3418&lang=1>.

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.

15-16 September: COMMITTEE ON TRADE AND ENVIRONMENT - SPECIAL SESSION

15 September: WORKING PARTY ON THE ACCESSION OF VIET NAM

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

16 September: TRADE POLICY REVIEW BODY - TRINIDAD AND TOBAGO

19 September: COMMITTEE ON TRADE IN FINANCIAL SERVICES

19-20 September: NEGOTIATING GROUP ON TRADE FACILITATION

20 September: WORKING PARTY ON DOMESTIC REGULATION

21 September: NEGOTIATING GROUP ON MARKET ACCESS

21 September: WORKING PARTY ON GATS RULES

Other Upcoming Events

26 - 27 September 2005, Washington, D.C.: ANNUAL MEETINGS OF THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK GROUP. Topics to be discussed at this meeting include the World Economic Outlook (WEO), the 2006 World Development Report (WDR) and new global challenges for International Financial Institutions. This meeting is not open to the public. See <http://www.imf.org/external/am/2005/index.htm> for more information.

18-19 October, Colombo, Sri Lanka: ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) GLOBAL FORUM ON TRADE: NEGOTIATING ON TRADE FACILITATION: IMPLICATIONS FOR DEVELOPING COUNTRIES. This conference, organised by the OECD, aims to bring together a wide variety of stakeholders to discuss the implications for developing countries of the ongoing WTO negotiations on trade facilitation, and to explore ways for matching resulting commitments to countries' capacities. Participation is by invitation only and is welcome from all WTO member economies. Internet: http://www.oecd.org/document/15/0,2340,en_2649_37431_35152335_1_1_1_37431,00.html.

RESOURCES

"NGOs at the World Trade Organization: The 'Democratic' Dimension" by Jayati Srivastava in ECONOMIC AND POLITICAL WEEKLY, 7 May 2005. This article analyses the role of NGOs at the WTO in order ascertain the ability of NGOs to act as an instrument of democratisation at WTO ministerial conferences. In practice, interaction with the WTO is confined only to a handful of powerful and networked groups, with limited access for most southern NGOs. Furthermore, participating NGOs overwhelmingly include business associations and interest groups, whereas grassroots organisations have little or no presence. Srivastava contends that NGOs in

themselves are not democratising forces and there are important issues of autonomy, transparency and accountability they themselves need to address. At a more fundamental level, she concludes that the WTO's method of alleviating the democratic deficit largely by involving NGOs has severe limitations. Available online at

<http://www.epw.org.in/showArticles.php?root=2005&leaf=05&filename=8622&filetype=html>.

UNDERSTANDING GLOBAL TRADE & HUMAN RIGHTS. International Federation for Human Rights Report 423 (2), July 2005. This report is intended for all who are striving to reconcile the gap between human rights and trade with regard to the upcoming WTO Ministerial Conference in December. This report identifies the WTO agreements that most affect human rights and institutional procedures through which human rights advocates can lobby for human rights-conscious trade policies. Available online at <http://www.un-ngls.org/cso/cso9/understanding-global-trade-human-rights.pdf>.

PUBLIC DEBT IN DEVELOPING COUNTRIES: HAS THE MARKET-BASED MODEL WORKED? By Indermit Gill and Brian Pinto. World Bank Policy Research Working Paper 3674, August 2005. Over the past 25 years, significant levels of public debt and external finance are more likely to have enhanced macroeconomic vulnerability than economic growth in developing countries. This paper examines the reasons for this with the help of a conceptual framework drawn from the growth, capital flows and crisis literature for developing countries with access to the international capital markets. The paper finds that, while the chances of another generalised debt crisis have receded since the turbulence of the late 1990s, sovereign debt is indeed constraining growth in these countries, especially those with debt sustainability problems. The authors conclude international financial institutions may need to ramp up their role as providers of stable long-run development finance to countries that can access international capital markets, rather than reducing activity in this area. Available online at http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/07/29/000016406_20050729140641/Rendered/PDF/wps3674.pdf.

TRADE AND EMPLOYMENT: STYLIZED FACTS AND RESEARCH FINDINGS. By Bernard Hoekman and L. Alan Winters. World Bank Policy Research Working Paper 3676, August 2005. This paper surveys the subset of literature investigating the links between trade, trade policy, and labour market outcomes focusing on trade policy and integration into the world economy. The authors assert that wage responses to trade and trade reforms are generally greater than employment impacts, but trade can only explain a small

fraction of the general increase in wage inequality observed in both industrial and developing countries in recent decades. A literature survey suggests that the focus is almost exclusively on industries producing goods. Given the importance of service industries as a source of employment and determinants of competitiveness, the paper argues that one priority area for future research is to study the employment effects of services trade and investment reforms. Available online at

http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000016406_20050803104002.

THE MILLENNIUM DEVELOPMENT GOALS: A LATIN AMERICAN AND CARIBBEAN PERSPECTIVE. United Nations Economic Commission for Latin America and the Caribbean, 2005. This report compiles a wide range of information about the status of the Latin America and the Caribbean region five years after the Millennium Development Goals (MDGs) were initiated. A key theme of this report is the question of inequality. The report examines progress on the MDGs to date and considers what still needs to be done. Available online at

<http://www.eclac.cl/publicaciones/SecretariaEjecutiva/1/LCG2331/lcg2331.pdf>.

Back issues of **BRIDGES Weekly Trade News Digest**© can be accessed at: <http://www.ictsd.org/weekly/archive.htm>.

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

Contributors to this issue of **BRIDGES Weekly Trade News Digest**© are Andrew Aziz, Trineesh Biswas, Dominic Furlong, Teisha Mattison, Malena Sell, Knirre Sogaard, David Vivas. Editor: Trineesh Biswas, bridges_weekly@ictsd.ch. Director: Ricardo Meléndez-Ortiz, rmelendez@ictsd.ch. ICTSD is an independent, not-for-profit organisation based at: 7, ch. de Balexert, 1219 Geneva, Switzerland, tel: (41-22) 917-8492; fax: 917-8093. Excerpts from **BRIDGES Weekly Trade News Digest**© may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

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

