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### LEAD STORIES

#### EU OFFER OF DEEPER FARM TARIFF CUTS FAILS TO RESTART TALKS

In response to heavy pressure from many of its major trading partners, the EU came forward on 28 October with a deeper proposal to cut its farm tariffs -- in return for specific, far-reaching concessions in virtually every area of the Doha Round negotiations (see related article, same issue).

Preliminary reactions from many governments and trade diplomats criticised what EU Trade Commissioner Peter Mandelson described as "Europe's bottom line" for offering insufficient gains on agricultural market access while making unrealistic demands in other areas of the talks. Mandelson is also facing demands from within the EU, most vocally from France, to make no further moves on agriculture.

After informal meetings on 31 October, WTO agriculture Chair Ambassador Crawford Falconer of New Zealand said that the EU's proposal, though a "genuine effort" to get the talks restarted, had failed to narrow Members' differences on market access for farm products.

Mandelson claimed that the EU's "middle ground" offer would lead to a 46 percent reduction in its average agricultural tariff, though the US has said that the real figure would be closer to 39 percent. The US, Brazil, and Australia have criticised the proposed tariff package's numerous provisions for sheltering several different products from the full force of increased foreign competition.

In addition to heavy cuts on industrial tariffs by developing countries, the EU is demanding mandatory, quantitative, and qualitative targets for countries to liberalise their services sectors -- a departure from WTO services rules, under which Members open their services markets to foreign competition through bilateral requests for and offers of market access. It is also seeking the extension of geographical indication (GI) protections, currently available only to wine and spirits like Champagne, to all food products. Furthermore, the EU paper appears to assume differentiated treatment for several different classes of

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non-LDC developing countries, something that has never been agreed to in the WTO and is anathema to many of the global trade body's Members.

With regard to development concerns, the EU challenged all rich country WTO Members to agree at the Hong Kong Ministerial Conference in December to grant full duty- and quota-free access to exports from least-developed countries (LDCs).

The EU puts forward 8 November as a target date for agreement on "the substance" of the agriculture talks along with an "explicit political commitment" from Members to pursue the conditionalities linked to its market access proposal.

### **EU cuts still lower than G-20**

The EU would classify developed countries' farm imports into four tiers on the basis of their tariff levels: below 30 percent, 30-60 percent, 60-90 percent, and above 90 percent. Tariffs in the lowest band would be cut by between 20-45 percent, with an average of 35 percent for all of products within the tier. Tariffs on products in the other three would be slashed by 45, 50, and 60 percent, respectively. This is higher than the 50 percent cut that the EU had previously proffered for tariffs above 90 percent (see BRIDGES Weekly, 12 October 2005, <http://www.ictsd.org/weekly/05-10-12/story2.htm>).

The proposal is considerably less ambitious than the G-20 proposal, which would have higher percentage reductions kick in earlier because the tiers are set at lower levels. For example, the G-20 would have developed countries impose a 75 percent cut on tariffs above 75 percent. The US, for its part, prefers an even deeper cut of about 90 percent for tariffs above 60 percent. An EU document states that the 75 percent cut alone "would have a hugely damaging effect on preferential access and farm livelihoods in Europe and elsewhere."

For developing countries, the EU adopts the same tariff thresholds as the G-20: below 30 percent, 30-80 percent, 80-130 percent, and above 130 percent. It proposes tariff reductions roughly two-thirds of those in the corresponding bands for developed countries, i.e., 25 percent (with cuts ranging from 10-40 percent), 30 percent, 35 percent, and 40 percent respectively.

### **EU wants several types of flexibilities on ag**

In addition to the range of tariff cuts provided for in the lowest tariff tier -- a 'pivot' of the sort that had earlier raised the ire of the US and Brazil (see BRIDGES Weekly, 28 September 2005, <http://www.ictsd.org/weekly/05-09-28/story1.htm>) -- the

EU is seeking several other flexibilities in the implementation of its tariff reduction commitments.

Most significantly, it is seeking to designate about 8 percent of all products as 'sensitive,' and thus eligible for lower tariff cuts than those required by the formula. This would cover some 170 of the EU's 2200-odd specific products, or tariff lines. The EU would let tariff cuts on such products deviate by one- to two-thirds from the required level in the applicable band.

To increase market access for these sensitive products, albeit by less than would otherwise have occurred, the EU provides for expanding tariff rate quotas (TRQ) for trade in them. It proposes a mechanism by which higher deviations from the standard tariff cut would result in increased TRQ expansion. However, the extent of TRQ expansion would actually decrease for products in higher tariff bands -- the EU claims that this is because the lion's share of expanded market access would still come from the tariff reductions.

For the sake of comparison, the G-20 would like to see developed countries limit sensitive products to 1 percent of tariff lines (1.5 percent for developing countries), with deviations of no greater than 30 percent from the regular tariff cut (see BRIDGES Weekly, 26 October 2005, <http://www.ictsd.org/weekly/05-10-26/story2.htm>). It would also prohibit developed countries from creating new TRQs, an option that the EU seeks to retain.

In addition, the EU wants to maintain its ability to use the WTO Agreement on Agriculture's Special Safeguard in order to be able to impose duties above bound tariff levels on beef, poultry, butter, fruits, vegetables, and sugar, in the event of import surges.

### **Domestic subsidies and export competition**

The EU proposal indicates that it is willing to make a 70 percent cut in its ceiling amount for overall trade-distorting farm support (as well as on Amber Box subsidies), and would accept a 60 percent cut from the US. Japan, it says, could go into either of the two bands.

It also calls for developed countries to cut the existing 5 percent 'de minimis' level of exempted trade-distorting subsidisation by 80 percent, and agree on rules to make sure that Blue Box payments are less trade-distorting. The EU is seeking checks on the US' ability to shift its countercyclical payments into the Blue Box.

Mandelson has acknowledged that the EU's subsidy cuts would be doing no more than locking itself in to the 2003 reform of its Common Agricultural Policy.

The market access offered by the EU is also conditional on Members agreeing to move towards untied (i.e., not linked to purchases from particular countries) cash-only food aid, a move that primarily targets the US; and on new disciplines governing state trading enterprises, which takes aim at Australia, Canada, and New Zealand.

With regard to cotton, the EU wants Members to agree in Hong Kong on commitments to "overcome" the trade-distorting effects of rich country policies, as well as on "dates and modalities for [their] early implementation."

### Looking ahead

Key Members remain deeply divided. Brazil says that the EU's proposed tariff reductions on farm trade are too low while its demands on industrial goods and services are too high.

It is unclear whether Mandelson could come up with a deeper offer on agricultural market access before Hong Kong without incurring the open wrath of some EU member states. Furthermore, an offer made during the Ministerial Conference itself might run the risk that Members would simply not have enough time to thoroughly evaluate it, and would instead agree in to continue negotiations at a later date. This would not take the Doha Round two-thirds of the way to completion at Hong Kong, as per the roadmap set out by WTO Director-General Pascal Lamy (see BRIDGES Weekly, 19 October 2005, <http://www.ictsd.org/weekly/05-10-19/story2.htm>).

Another potential obstacle to the negotiations is a looming US Congressional vote, scheduled for 3 November, on a wide-ranging package of spending measures that includes extending to 2011 billions of dollars in US farm subsidies that are currently set to expire in 2007. Although a WTO deal would be able to slate such subsidies for reduction whether or not they are renewed, a vote to extend them would call into question the Bush administration's ability to win Congressional support for an eventual subsidy-cutting Doha Round accord.

Meanwhile, the EU's 8 November target date for agreeing on the major aspects of the agriculture talks is rapidly approaching. Trade ministers from the US, the EU, Australia, Brazil, and India (the so-called 'five interested parties,' or FIPs) are set to meet in London and Geneva from 7-9 November. US Trade Representative Rob Portman told a Congressional committee hearing in Washington on 2 November that these meetings would likely determine whether the Doha Round talks could move forward.

"Making Hong Kong a Success: Europe's Contribution" is available online at [http://europa.eu.int/comm/trade/issues/newround/doha\\_da/pr281005\\_en.htm](http://europa.eu.int/comm/trade/issues/newround/doha_da/pr281005_en.htm).

ICTSD reporting; "WTO chief praises EU-U.S. trade efforts," ASSOCIATED PRESS, 30 October 2005; "EU offer to admit more farm imports helps to keep Doha talks alive," FINANCIAL TIMES, 1 November 2005; "EU's new proposal at WTO, NAMA offer unacceptable to India," PRESS TRUST OF INDIA, 28 October 2005; "Europe's final offer," INTERNATIONAL HERALD TRIBUNE, 30 October 2005; "Latest EU farm tariff offer fails to break deadlock, WTO official says," ASSOCIATED PRESS, 31 October 2005; "EU Offer to Cut Farm Support Falls Short, U.S. Says," BLOOMBERG, 28 October 2005; "U.S. trade official sees upcoming meetings in Europe as crucial to progress," WASHINGTON FILE, 2 November 2005; "A damper on WTO talks?" INTERNATIONAL HERALD TRIBUNE, 3 November 2005.

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## EU'S PRICE FOR FARM TARIFF CUTS TOO STEEP, SAY DEVELOPING COUNTRIES

The price that the EU has placed on its offer of deeper Doha Round farm tariff cuts -- far-reaching demands on industrial tariffs, services, and systemic issues -- has raised the ire of many WTO Members (see related story, this issue).

The EU's 28 October proposal to open its markets wider to farm products from other countries was explicitly conditional upon other Members' acceptance of a series of specific "requirements for progress in non-agricultural issues" that run the gamut from intellectual property rights to tariff- and quota-free market access for exports from least-developed countries (LDCs).

### Differentiation among non-LDC developing countries

The EU offer appears to assume differentiated treatment for as many as four different classes of non-LDC developing countries: "advanced developing countries," "developing countries," "poorer developing countries," and "small and vulnerable economies." This is a striking deviation from the concept of differentiation as it currently exists in the WTO, under which Members fall broadly into three categories: 'developed,' 'developing,' or 'least-developed' countries. Though a handful of special provisions exist for groups of non-LDC developing countries, such as those which are net importers of food, Members face largely the same obligations as the other countries in their group.

Though it specifies that developing countries' market opening commitments "will reflect their level of development (though without creating new country 'categories')," the EU proposes no methodology for how any classification of Members' developmental levels could be accomplished. As a result, said a trade diplomat, it was not clear what each of the EU's categories meant.

### **EU wants deep NAMA tariff cuts**

On non-agricultural market access (NAMA), the EU has maintained its position that developed countries and "advanced developing countries" should use a simple "Swiss" tariff reduction formula with a coefficient of 10. Rich country tariffs would be capped at 10 percent. "Developing countries" would be allowed some flexibilities in the use of the formula, but would have no tariffs higher than 15 percent.

According to the EU's proposal, "poorer developing countries" and LDCs would not be required to reduce their industrial tariffs as part of the round, as per Paragraphs 6 and 9 of the NAMA mandate in Annex B of the 2004 July Package (WT/L/579). However, as one delegate pointed out, Paragraph 6 only exempts developing countries with a very low proportion of bound tariffs from having to make tariff reductions through the formula -- would the definition of "poorer developing countries" be limited to them?

The EU would have Members deal with unbound tariff lines by marking them up by ten percentage points before applying the formula.

It is unclear how the EU paper's demands on NAMA would sit with its own stipulation that "developing countries in a position to do so... should contribute two-thirds of the effort of developed countries" in a manner that is "broadly proportionate across the negotiation." A 15 percent cap on industrial tariffs would require developing countries to nearly halve their average 'bound' ceiling level, currently at 29.12 percent according to calculations by Pakistan (TN/MA/W/60). These figures, based on a November 2002 WTO Secretariat document (TN/MA/S/4/Rev.1/Corr.1) indicated that the corresponding figure for average bound tariffs in developed countries is 5.48 percent. A 10 percent cap for developed countries, therefore, would be well above their average bound level, though it would substantially reduce 'tariff peaks' -- exceptionally high tariffs on certain goods, often those of export interest to developing countries.

Senior Indian trade officials have described the EU's terms on NAMA as "completely unacceptable," and "in violation of the July [Package] Framework," which

provides for less-than-full reciprocity in developing countries' tariff reduction commitments. Sources quote Brazilian officials as suggesting that Brazil would have to slash its average bound industrial tariff by about 75 percent to meet the EU's terms.

### **Services: mandatory, quantitative, and qualitative targets**

On services, the EU wants mandatory, quantitative, and qualitative targets for Members to make new or improved liberalisation commitments. Developed countries would be expected to do so in 139 of the 163 subsectors covered by WTO services rules; developing countries, in 93. This would be coupled with mandatory participation in a minimum number of sectoral liberalisation initiatives. Members would submit revised offers based on these parameters in 2006. "Small and vulnerable developing countries" and LDCs would be exempt from these commitments.

Sources said that the EU's continued insistence on mandatory, quantitative targets at this stage may be counterproductive to the services talks. They suggested that several developing country Members are adamant that numerical 'benchmarks' of this sort erode their flexibility under WTO services rules to determine the extent to which they may open their services markets to foreign competition, in line with their individual development situations. Others added that members of the recently-formed 'core group' of countries seeking to advance the services talks, notably the US and India, were surprised with the EU's conditional proposal, since it had apparently not been presented or discussed in the group prior to publication.

### **GIs: EU demands extension to all products**

Another EU demand is its longstanding goal of extending geographical indication (GI) protections, currently available only to wine and spirits like Champagne, to all products. It wants a multilateral register to be established for the notification and registration of these GIs, which would be binding on all Members. Countries would thus be required to prevent GIs from being misused, and to deny applications for trademarks containing GIs. Although the EU said that it would not require other Members to invalidate all of their existing trademarks that contain GIs, it would have them to do so for "a limited number of well known GIs which are being used in third countries." This issue has long been deadlocked, with Members firmly entrenched on opposite sides of the debate (see related story, this issue).

### **EU goals on rules, development**

The EU also wants Members to agree at the Hong Kong Ministerial Conference on stricter rules for the use of anti-dumping measures, particularly to ensure that they are of appropriate value and duration (see related article, this issue).

In addition to quota- and duty-free market access to developed country markets for LDC exports, the EU is seeking a commitment from Members in Hong Kong to address preference erosion "through a combination of trade-related and supply-side related responses" that would be part of the Doha Round package. It also wants Members to come to an agreement on the 28 proposals on special and differential treatment (S&D) that were originally prepared for the 2003 WTO Ministerial Conference in Cancun as well as the five LDC proposals that have been the focus of recent negotiations on development in Geneva. In addition, the EU is calling on Members to commit to an expanded aid-for-trade package in Hong Kong in order for it to be in place by 1 January 2007.

#### **Market access demands too imbalanced, say negotiators**

A number of negotiators described the proposal as "not very serious" and "completely imbalanced," saying that the EU's level of ambition was so much higher on NAMA and services than on agriculture that it was difficult to even consider seriously. Several developing countries expressed similar sentiments at a 31 October informal meeting of the WTO Committee on Agriculture, criticising the conditionalities that the EU had attached to relatively weak farm tariff cuts.

Trade news sources suggest that the proposed farm tariff cuts are so low that they put no pressure on major developing countries such as Brazil to seriously bargain on the EU's demands on NAMA and services.

Ministers and senior officials from the US, the EU, Australia, Brazil, and India are scheduled to meet in London on 7 November in an effort to give a push to the faltering talks.

ICTSD reporting; "WTO chief praises EU-U.S. trade efforts," ASSOCIATED PRESS, 30 October 2005; "EU offer to admit more farm imports helps to keep Doha talks alive," FINANCIAL TIMES, 1 November 2005; "EU's new proposal at WTO, NAMA offer unacceptable to India," PRESS TRUST OF INDIA, 28 October 2005; "Europe's final offer," INTERNATIONAL HERALD TRIBUNE, 30 October 2005; "Latest EU farm tariff offer fails to break deadlock, WTO official says," ASSOCIATED PRESS, 31 October 2005; "EU Offer to Cut Farm Support Falls Short, U.S. Says," BLOOMBERG, 28 October 2005; "U.S. trade official

sees upcoming meetings in Europe as crucial to progress," WASHINGTON FILE, 2 November 2005.

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### **WTO ARBITRATORS ONCE AGAIN REJECT EU'S PROPOSED BANANA IMPORT TARIFF**

WTO arbitrators have rejected the EU's revised reform package for its banana import regime, determining that it would fail to maintain market access for Latin American producers (see BRIDGES Weekly, 5 October 2005, <http://www.ictsd.org/weekly/05-10-05/WTOinbrief.htm#2>).

The 27 October decision found that the EU's proposed 187 euro per tonne most-favoured nation (MFN) tariff was too high to safeguard or improve the level of market access available to Latin American banana exporters under the current system. The arbitration panel determined that this would be the case whether or not that rate was coupled with a 775,000 tonne duty-free quota for banana imports from African, Caribbean, and Pacific (ACP) countries, as provided for by the EU.

After losing a WTO dispute on bananas in 2001, the EU struck a deal with the US and Ecuador to replace its current banana import rules, which place both tariffs and quotas on MFN suppliers, with a tariff-only system as of 1 January 2006. Also in 2001, on the sidelines of the Doha Ministerial Conference, WTO Members granted the EU a waiver (the so-called 'Cotonou waiver') allowing it to continue granting preferential market access to ACP banana exports -- as long as its shift to a tariff-based system maintained or increased total market access for Latin American producers. The waiver specified that MFN banana exporters could seek arbitration if unhappy with the tariffs proposed by the EU to replace the quota system.

The recent decision came less than three months after the rejection of the EU's initial proposal for a 230 euro per tonne MFN tariff by another WTO arbitration panel (see BRIDGES Weekly, 3 August 2005, <http://www.ictsd.org/weekly/05-08-03/story1.htm>).

MFN producers including Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama and Venezuela, which had complained that 187 euros per tonne was too high, hailed the recent ruling as vindication of their call for a tariff rate of 75 euros per tonne. Honduran WTO Ambassador Dacio Castillo expressed the hope that the arbitration ruling would set the stage for ending preferences for ACP exporters, which he said discriminated against banana producers in his own country.



Caribbean Banana Exporters Association chair Marshall Hall described the ruling as a "monumental disaster for ACP banana-suppliers." Caribbean Community governments have called on the EU to negotiate with MFN and ACP suppliers, to arrive at a mutually satisfactory solution and guarantee market stability in the interim. Groups in the Caribbean are arguing that to ensure stable markets the single tariff should be postponed pending negotiation and agreement on a fair and equitable solution. Jamaican Agriculture Minister Roger Clarke described the arbitrators' finding as "devastating." ACP countries had originally said that a 275 euros per tonne MFN tariff would afford them enough protection to cope with the reformed EU import regime. "We were hoping that if we at least got the 187 euro tariff, we would struggle along with that," Clarke said. Some Caribbean policymakers have taken the decision as a sign that the multilateral trading system has no real place for small countries.

EU Agriculture Commissioner Mariann Fischer Boel said she was "surprised and disappointed" by the arbitration result. "We believed that the system we proposed would have maintained access to our market in a fair manner." The EU has expressed regret that the arbitrator did not "provide more clarity as to how this long-standing dispute could be resolved," and has said that it will study the implications "carefully." The EU has not given any indication of how it intends to proceed. However, two weeks before the arbitration ruling, it submitted a request to extend the waiver by two years to the WTO Council for Trade in Goods, which is set to discuss it on 10 November.

ICTSD reporting; "European Commission disappointed with WTO arbitrators' ruling against proposed banana import tariff," EUROPEAN COMMISSION Website, 27 October 2005; "RNM News Release 2205 - WTO Rules Against Banana Tariff, Europe Must Negotiate Fair Resolution," CARIBBEAN REGIONAL NEGOTIATING MACHINERY, 28 October 2005; "EU Asks WTO for Two-Year Extension On Elimination of ACP Banana Quotas," WTO REPORTER, 18 October 2005; "WTO rules against EU on banana importation," MIAMI HERALD, 28 October 2005; "New banana ruling 'devastating,'" JAMAICA OBSERVER, 30 October 2005; "WTO rejects EU banana tariffs," EUPOLITIX.com, 28 October 2005.

## OTHER NEWS

### FISHERIES SUBSIDIES NEGOTIATIONS LOOK AT INFRASTRUCTURE, HONG KONG

Negotiations on fisheries subsidies during the 26 October session of the WTO Negotiating Group on Rules focused on whether the large sums spent on building and maintaining fisheries infrastructure should be specifically targeted by new disciplines.

Discussions centred on a paper from New Zealand (TN/RL/GEN/70) that called for fisheries subsidies to be included as a category in the disciplines, citing statistics that such subsidies account for over 40 percent of industrialised countries' global financial transfers related to fisheries. Members' positions were polarised between those that broadly supported the submission and those reluctant to make a distinction between general infrastructure subsidies and those related specifically to fisheries. The proposal's inclusion of subsidies to port facilities proved particularly controversial. The WTO Agreement on Subsidies and Countervailing Measures (ASCM) specifically exempts grants for the provision of "general infrastructure."

New Zealand said that its paper was intended to initiate a dialogue on the category of "subsidies to fisheries infrastructure." It noted that Members would need to reach a clear understanding of what types of programmes would constitute fisheries infrastructure as opposed to general infrastructure in order to be able to establish new rules for their treatment. Arguing that subsidies that are specific to fisheries infrastructure could have an effect on overfishing and overcapacity, it called for them to be prohibited under new disciplines.

The paper proposes that the negotiating process start by trying to identify types of programmes that could be classified as fisheries infrastructure, as little detailed information is currently available on spending in the area. It makes a preliminary attempt to define three sub-categories, namely subsidies to port facilities, subsidies to the development of fishing communities, and subsidies to processing facilities for fisheries products. Conservation or research would be treated as separate, non-infrastructure categories.

#### Can fisheries infrastructure be distinguished from other kinds?

The Friends of Fish -- a loosely defined group of countries seeking tighter rules on fisheries subsidies that includes Australia, Argentina, Chile, New Zealand, Philippines, Peru, Norway, Iceland and the US -- saw it

as a good starting point for discussing an important but neglected category of subsidies, saying that greater detail was necessary.

However, Japan, Korea and Taiwan were reluctant to introduce a distinction between subsidies for fisheries infrastructure and those for general infrastructure. Citing the example of ports used for multiple purposes, they argued that differentiating between them was effectively impossible. Korea declared that disciplining the use of infrastructure subsidies would amount to an infringement on countries' sovereign right and political duty to develop their domestic infrastructure.

The EU and China were ambivalent on the issue. While they welcomed the consideration of subsidies to fisheries infrastructure, they also pointed to the problem of multiple use of port facilities. The EU instead pushed for subsidies to be examined at the boat level, rather than for infrastructure. The Friends of Fish responded that addressing boat-level subsidies in isolation from the rest of the production chain would be insufficient.

### **Subsidies to develop fishing communities to be protected**

The other two types of infrastructure identified by New Zealand, subsidies for the development of fishing communities and those to processing facilities, were less controversial than port subsidies. While China, Korea, Hong Kong and the EU felt that addressing processing facilities would touch on too many aspects beyond fisheries, other Members supported the idea of disciplining spending in this area. However, Members -- particularly developing countries -- supported New Zealand's proposal to consider exempting grants to infrastructure development in fishing communities from outright prohibition. Developing country Members stressed the importance of a clear definition of the type of "infrastructure development" and "fishery communities" covered by any exemption. New Zealand's paper only includes the provision of housing and of transport infrastructure for fishermen in the community development category. Indonesia spoke out in favour of expanding the definition to include additional support measures such as subsidised bait and fuel.

### **Diverging opinions on draft text for Hong Kong**

At the end of the meeting, Members discussed the content of the draft text that they are to submit to the Hong Kong Ministerial Conference. In general, delegates felt that they had made significant progress over the past year, which ought to be reflected in the Ministerial Declaration. In particular, they now have consensus that new disciplines on fisheries subsidies

are necessary, overcoming earlier opposition to the negotiations themselves.

Delegates are now looking to ministers in Hong Kong to guide the process forward by outlining a mandate for subsequent negotiations. They feel that work should intensify in 2006 so that new rules can be agreed upon by the end of the year. After concluding the current technical stage of discussing specific types of fisheries subsidies, Members will go back to negotiating the overall approach that they will take to disciplining them, as well as how to provide special and differential treatment for developing countries. Only after these questions are resolved can Members turn to text-based negotiations.

Latin American countries such as Argentina and Chile want the draft text for Hong Kong to include specific deadlines for the conclusion of the different stages of the negotiations. Japan and Korea, which oppose the Friends of Fish's proposal for a broad ban of fisheries subsidies with well-specified exemptions, advocated reopening the structural discussions as soon as possible. New Zealand would like to address the issue only after Hong Kong.

Chair Ambassador Guillermo Valles Galmes of Uruguay announced that he would soon submit a paper based on input from the group to WTO Director-General Pascal Lamy for the November General Council meeting in preparation for Hong Kong. No more formal discussions are scheduled on fisheries subsidies until the Ministerial Conference in December.

ICTSD reporting.

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## **TRADE FACILITATION: MEMBERS MOVE TOWARDS HONG KONG DRAFT REPORT**

The WTO Negotiating Group on Trade Facilitation convened on 24-25 October with the main purpose of preparing its report for the Hong Kong Ministerial Conference in December, as well as its contribution to the first draft version of the declaration that ministers may eventually adopt there. Members overwhelmingly agreed that the report should refer to the progress made in the talks and the active participation of a wide range of countries, but differed on whether it should explicitly refer to the launch of text-based negotiations.

### **India calls for customs information exchange mechanism**

Discussions on the report were preceded by three new submissions made by India, Egypt, and the US.

Elaborating on an earlier Indo-US paper (TN/TF/W/57), India called for the establishment of a multilateral mechanism to facilitate information exchange among WTO Member customs authorities in cases where governments have reason to doubt the veracity of the information provided by exporters or importers (TN/TF/W/68).

Customs authorities could exchange specific information on customs valuation, HS classification, description, quantity, or the origin of the goods in question. The mechanism would also facilitate the provision of relevant documents for investigative or judicial processes. The proposal provides for the cooperation mechanism for customs compliance to be facilitated by an appropriate body in the WTO.

Egypt (TN/TF/W/69) pointed to its successes at reforming customs procedures and fighting corruption. The Egyptian paper referred to the two-year drive to modernise and computerise customs infrastructure and processes, which had reduced the average clearing time of imported shipments from six months to a matter of hours. It described how Egypt had streamlined procedures for the clearance and release of goods, and introduced a system that expedited procedures for importers with 'clean' records.

The US submission focused on the growth in trade-related technical assistance (TRTA), highlighting that US provision of such aid had doubled from USD 504 million to USD 1.3 billion for more than 101 countries worldwide, and that grants for trade facilitation accounted for the largest and fastest growing segment of its TRTA.

### **Members differ on reference to text-based negotiations**

Delegates were reportedly unanimous in their agreement that the group's report to the Hong Kong Ministerial Conference should include a reference to the progress that had been made in the trade facilitation talks. One trade diplomat said that they also broadly agreed that the Secretariat's existing compilation of Members' trade facilitation proposals (TN/TF/W/43/Rev.3) should remain open to additions, and not be a 'final' listing of proposed options. This document is to be referred to in the draft report.

The draft report is also likely to contain language that will serve as the basis for a text to be considered for negotiations. Members differed, however, on whether it should directly refer to launching text-based negotiations. India and the Philippines reportedly wanted an implicit rather than explicit reference.

While some Members want actual text-based negotiations on trade facilitation to start soon and are

targeting the first three months of 2006 as a launch date, others were open to starting them in 2006 but did not want any concrete dates to be fixed at this stage. Some believe that it is still premature to ask for text-based negotiations.

Echoing the views of most developing country delegations, one trade negotiator underscored the importance of technical assistance in the draft report, as well as the balance between Members' commitments and their capacity to implement them. The delegate indicated that it was likely that the report would include language on technical assistance similar to that in the 2004 July Package (WT/L/579) mandate on trade facilitation, which was notable for its unprecedented link between Members' obligation to implement commitments and the successful delivery of technical assistance to help them do so. The key challenge would be to include language on how such technical assistance would be operationalised.

Trade facilitation Chair Ambassador Muhamad Noor Yacob of Malaysia is said to be preparing the first draft of the group's report for the Hong Kong Ministerial Conference. Members will likely discuss it during the 8-9 November meeting of the Negotiating Group.

ICTSD reporting.

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## **G-33 OUTLINES SPECIAL SAFEGUARD MECHANISM FOR DEVELOPING COUNTRIES**

The forty-odd members of the G-33 WTO grouping last week came forward with a methodology for a 'special safeguard mechanism' (SSM), as provided for in the 2004 July Package (WTO/L/579), which would allow developing countries to quickly put in place high levels of tariffs to protect themselves from import surges or a collapse in import prices. Unlike the existing 'special safeguard' (SSG) under Article 5 of the WTO Agreement on Agriculture, which can be used by only a minority of Members for a limited number of products, all developing countries would have recourse to the SSM.

The SSM would modify the WTO Agreement on Agriculture to permit developing countries to impose duties higher than the bound ceiling level on farm imports in the event that import volumes rise above their three-year average, or if import prices fall below their average level for the three years preceding the year in which the duty is being imposed. The provisions for the import price-related safeguards include a component that insulates them from recent depreciation in the domestic currency rates of the importing country,



which could otherwise make imports seem artificially expensive and thus above the price level that would 'trigger' the extra duties.

Additional duties imposed under the SSM would last a maximum of 12 months. The G-33 outlines provisions for four tiers of increased import levels, the sizes of which would be negotiated. While importing Members would not be allowed to levy additional duties for the tier that comprises increased imports just over the average level, they would have the right to impose steadily higher safeguard duties to counter import surges falling into the three higher tiers. These additional duties would be capped for each tier, either as a fixed number of percentage points or as a certain percentage of the bound tariff for the product concerned.

In an attempt to clarify the status of products 'en route' to importing countries on the basis of contracts settled before the trigger volume is exceeded -- a source of great confusion during the EU's recent imposition of quotas on some Chinese textile exports -- the proposal specifies that such shipments would be exempt from additional duties but counted towards the threshold volume and price level for the following year.

Safeguard measures imposed in response to a drop in the import price of a product would be levied in one of two ways: on a shipment-by-shipment basis, where the specific amount of additional duties would not exceed the gap between the import price of each shipment and how much it would have cost at the trigger price level; or on a percentage 'ad valorem' basis that would not be higher than what is necessary to compensate for the difference between the import price and the trigger level.

The G-33 suggests that import surges for perishable and seasonal products could be identified and offset by considering reference periods shorter than the standard three-year period.

The proposal stipulates that for the sake of transparency, developing countries would have to notify the Committee of Agriculture of any measures taken under the SSM, "as far in advance as may be practicable and in any event within 30 days of the implementation of the such action."

Most developing countries are ineligible to use the existing special safeguards (SSG) clause under the Agreement on Agriculture because they did not 'tariff' their various non-tariff border protection measures during the Uruguay Round. Instead of converting such measures into tariff levels of a roughly equivalent level of protection, many developing countries chose to bind their tariffs at very high levels, thus disqualifying them

from recourse to the SSG. Furthermore, even the developing countries that did retain the right to invoke the SSG have often been unable to do so, not least because its trigger price levels date back to 1986-1988, and are thus far lower than current import prices. The G-33 contends that the SSM will rectify these problems, and serve as an effective means for developing countries to protect themselves from import surges.

The G-33 SSM paper follows its 12 October proposal describing how developing countries might designate 'Special Products' for low tariff cuts based on food security, livelihood security and rural development criteria (see BRIDGES Weekly, 26 October 2005, <http://www.ictsd.org/weekly/05-10-26/story2.htm>).

ICTSD reporting.

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### **ANTI-DUMPING: MEMBERS LOOK AT NEW PROPOSALS, STILL UNSURE ABOUT HK OUTCOME**

During the 24-25 October 2005 session of the WTO Negotiating Group on Rules, Members discussed several new proposals related to anti-dumping. Most time was spent on two proposals dealing with the impacts of anti-dumping investigations entail on exporters. Delegates also discussed a US submission seeking to discipline practices that amount to the circumvention of anti-dumping measures. Sources report that there is still no clarity on the likely content of a text on anti-dumping for the upcoming Hong Kong Ministerial Conference in December.

#### **Concerns regarding initiation of investigations**

WTO rules generally define 'dumping' as exporting a product at below the home market price (referred to as 'normal value'). A country that is prompted by its domestic industry to accuse another of dumping must carry out an investigation to determine whether this is indeed the case before it can impose anti-dumping duties on the offending imports. During the course of this process, exporters have to provide investigating authorities from the importing country with a wide range of information regarding their cost structures and pricing strategies.

Members' positions in these negotiations tend to depend on whether they approach the issue as users of anti-dumping measures or as exporters targeted by them, even though many are both. Several countries, including a group known as the Friends of Anti-Dumping Negotiations (FAN), want the Doha Round to result in tighter disciplines on the use of such measures.

Hong Kong's proposal (TN/RL/GEN/69) argues that simply initiating an investigation places significant costs on the exporting companies targeted, and thus ought to be disciplined more strongly. It also seeks to give exporting companies and governments more opportunities to comment on the application for an investigation beforehand, thereby enabling them to identify inaccurate information early in the process. Members expressed a wide range of opinions on the paper. Countries including New Zealand, Australia, Argentina and Canada supported the general objective of disciplining rules regarding the initiation of anti-dumping investigations, but objected to some specific aspects of Hong Kong's submission, such as the proposal to provide for a compulsory 12-month period between the termination of an investigation and the initiation of a new one for the same product. On the other hand, they welcomed its proposal to raise the 'standing requirement,' or the percentage of domestic production of the targeted product accounted for by producers seeking anti-dumping measures, from 25 to 50 percent. Speaking on anti-dumping issues for the first time, Sri Lanka expressed support for Hong Kong's proposal on behalf of least-developed countries (LDCs). Thailand also supported the submission, referring to the burden placed by data requirements on exporters' already limited resources. Some Members said that the proposal would add little value to the current agreement.

A Chilean paper (TN/RL/GEN/75) on the same issue was only briefly discussed due to time constraints; it will be taken up in the next session.

### **Brazil also looks at obstacles to exporters**

Members also paid significant attention to a new Brazilian paper (TN/RL/GEN/67) that sought to narrow the definition of 'affiliate parties' of exporting companies facing anti-dumping investigations. Targeted exporters are required to provide detailed financial data from their "affiliates" to the investigating authorities in the importing country. Brazil argued that the current broad definition forces exporters to provide information from a high number of companies, at considerable cost. Its submission seeks to strike a balance between the FAN's proposed ownership-based definition, which would define affiliates as entities holding at least 50 percent of voting power in the enterprise, and a looser definition preferred by the US. It does so by expanding the definition of affiliated parties to include the criterion of "significant influence" in addition to the one of voting power. Members remained divided on the issue. The US opposed the position taken by Brazil.

### **US seeks to prevent circumvention of anti-dumping duties**

Most Members were cool to a new US proposal (TN/RL/GEN/71) to strengthen WTO anti-dumping and subsidy rules to prevent Members from circumventing anti-dumping and countervailing duty measures imposed on them by marginally altering the physical characteristics, production or shipment of the targeted product.

In the past, exporters have tried to circumvent anti-dumping actions by establishing assembly plants either in the importing country or in third countries. Though it received some support from the EU, several other Members expressed conceptual problems with the proposal, which they described as lacking legal detail, but nonetheless signalled that they were open to discussing the issue further. According to one delegate, this could be because Members are aware that this issue is one of the few within the anti-dumping discussions where the US has a proactive interest: as a frequent user of antidumping measures, it is more concerned with preventing Members from getting around anti-dumping duties than with restricting the circumstances under which such measures can be imposed. Some delegations may be contemplating concessions on circumvention in order to win US consent for their goals in the anti-dumping talks.

### **EU declares HK position on anti-dumping**

The EU's 28 October proposal on agricultural market access sets out a series of "explicit aims" on anti-dumping as part of the demands on which it is conditional (see related article, this issue). It advocates stricter rules on the substance, process, review, predictability, and transparency of anti-dumping proceedings to "avoid or terminate measures which are proven to be unnecessary," and to allow parties such as consumers and industrial users of purportedly dumped products to have some say in the process that determines whether or not additional duties should be imposed. The paper also calls for measures to be limited to the extent needed to offset the injury that the dumped products are causing to domestic industry, also known as a 'lesser duty rule.'

Chair Ambassador Guillermo Valles Galmes of Uruguay held several plurilateral consultations last week and is continuing to do so. Valles Galmes announced that he would soon submit a paper based on the group's discussions to WTO Director-General Pascal Lamy for the November General Council meeting in preparation for Hong Kong. The Negotiating Group on Rules will meet once more before Hong Kong, the week of November 28.

ICTSD reporting; "THE POLITICAL ECONOMY OF THE WORLD TRADING SYSTEM: THE WTO AND

BEYOND," B. Hoekman and M.M. Kostecki, Oxford University Press, 2001.

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## IN BRIEF

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### **ELEVEN EU MEMBERS REJECT COMMISSION'S SUGAR REFORM**

The EU's position in WTO farm trade talks was posed with another obstacle on 25 October, when 11 of its member states rejected the proposed reforms to EU sugar policy that the European Commission had put forward in June. The reform package would cut the guaranteed internal minimum prices for sugar to farmers and processing companies by 39 percent over two years starting from 2006. It would also compensate EU sugar beet farmers for 60 percent of the price cut, but only through direct payments decoupled from production. Furthermore, it offers grants to encourage less competitive producers to leave the sector through a four-year restructuring scheme. Currently, the EU internal price for sugar is three times above the world market price.

The 11 EU countries -- Greece, Spain, Portugal, Italy, Ireland, Finland, Poland, Hungary, Latvia, Lithuania and Slovenia -- have demanded lower price cuts, longer transition periods and higher compensation. These countries can block the planned reforms and could complicate the EU's negotiating position in the run-up to the Hong Kong Ministerial Conference in December.

Meanwhile, on 28 October, a WTO arbitrator gave the EU a 22 May 2006 deadline to curb its sugar exports in accordance with an April 2005 ruling by the WTO Appellate Body on a case brought by Australia, Brazil, and Thailand against its sugar regime. On 19 May 2005, the WTO Dispute Settlement Body ordered the EU to reduce its subsidised exports of sugar from approximately 5 million tonnes a year to 1.273 million tonnes, and slash export subsidies from an estimated 2 billion euros per year to a maximum of 499.1 million euros. After the EU and the complainants failed to reach an agreement by August on a reasonable implementation period for the EU to bring its sugar policy into compliance with WTO rules, they asked an arbitrator to do so.

An EU press release on the sugar reform is available at <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/776&format=HTML&aged=0&language=EN&guiLanguage=en>

ICTSD reporting; "WTO Arbitrator Gives EU Until May To Implement Sugar Subsidies Ruling," WTO

REPORTER, 31 October 2005; "Europe must agree on sugar reform, says Fischer Boel," FARMERS WEEKLY, 27 October 2005; "EU trade talks undermined as sugar reform blocked," EUOBSERVER, 26 October 2005.

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### **CHINA, CHILE CONCLUDE GOODS-ONLY FTA**

On 28 October, China and Chile agreed to establish a free trade agreement (FTA) on goods, concluding a process they started in November 2004. The agreement is expected to be formally signed at an Asia-Pacific Economic Cooperation (APEC) conference, scheduled for 18-19 November.

Once the deal enters into force, Chinese import tariffs on Chilean goods will be immediately cut by 92 percent. The remaining 8 percent -- mostly apples, grapes and salmon -- would see tariffs phased out over ten years. The agreement identifies 152 specific types of Chinese goods, primarily textiles, as sensitive products that will not be part of the deal. Chinese exports of machinery, computers, cars, cell phones and electronics will be tariff free.

The accord is the first of its kind between China and a non-Asian country. It brings together the world's largest producer (Chile) and consumer (China) of copper.

The tariff-cutting agreement advances the South American country's reported agenda to establish itself as Asia's gateway to the region. "We want to be a bridge between Latin America and Asia, to position ourselves as a platform for Asia to reach Latin America," said Chilean President Ricardo Lagos after the negotiations came to a close.

Chile has already established an FTA with South Korea (see BRIDGES Weekly, 8 April 2004, <http://www.ictsd.org/weekly/04-04-08/story7.htm>), Singapore and Brunei. Talks with Japan are expected to begin in 2006.

Osvaldo Rosales, international trade director for the UN Economic Commission for Latin America and the Caribbean (CEPAL), praised the deal for simultaneously providing Chile with stronger economic ties with Asia and giving China better access to energy, minerals, food and raw materials.

Bilateral trade between the two booming economies -- USD 6 billion in 2004 -- is expected to increase sharply under the new accord. The agreement may subsequently be expanded to cover services and investment.

"Latest China-Chile FTA talks complete," CHINA DAILY, 1 November 2005; "UN official praises trade in cargo agreement between Chile, China," PEOPLE'S DAILY, 1 November 2005; "Chile, China to sign free trade accord," ASSOCIATED PRESS, 28 October 2005; "Chile-China Trade Pact Could be Signed in November," REUTERS, 20 September 2005, "Chilean President Applauds Trade in Cargo Agreement with China," XINHUA, 29 October 2005.

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### **NINE AFRICAN TRADE MINISTERS ADOPT JOINT STATEMENT ON DOHA ROUND**

Trade ministers from nine African countries jointly set out some of their views on what would be necessary for a pro-development outcome in the ongoing Doha Round talks, following a 27 October summit in Cairo. Describing African countries' regional and multilateral trade liberalisation processes as "mutually supportive," they recognised that negotiations must be inclusive and transparent.

The ministers called on developed countries and developing country Members "in a position to do so" to provide duty- and quota-free access to products from least-developed countries (LDCs). They called for help in building supply-side capacity and an aid for trade mechanism, specifying that Members should reach agreement on the latter at the Hong Kong Ministerial Conference in December.

They urged all WTO Members to redouble their efforts to step up the pace of the agriculture negotiations. Specifically, they demanded urgent action on domestic and export subsidies, a fixed date for an end to all cotton subsidies, and a decision to compensate cotton producers for the huge losses that they have suffered due to subsidies. The group also pointed out that net food importing developing countries and LDCs would need special and differential treatment (S&D). They also called for non-agricultural market access (NAMA) talks to be 'disentangled' from the farm trade negotiations to ensure that the talks advance by Hong Kong.

Ministers also made declarations on other important negotiating areas such as services. They expressed wariness about approaches to the services talks other than the bilateral request-offer process, and asked for an increased focus on the modes and sectors of export interest to developing countries, in particular, Mode 4, the crossborder movement of individual service providers.

The countries represented were Egypt, Kenya, Mauritius, Rwanda, Senegal, South Africa, Tunisia, Zambia, and Zimbabwe.

ICTSD reporting.

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### **WTO IN BRIEF**

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### **GI TALKS GOING IN CIRCLES; EU MAKES GI EXTENSION HONG KONG PRIORITY**

The Special Session of the WTO Council on Trade-related Aspects of Intellectual Property Rights (TRIPS) met on 27 October to discuss the creation of a multilateral register for the notification and registration of geographical indications (GIs) for wines and spirits.

A separate set of informal consultations had been held the day before, during which Members discussed whether the protection of GIs currently available to wines and spirits such as Champagne should be extended to other products. The EU, Switzerland and a number of developing countries have been pushing for 'GI extension,' in opposition to the US, Australia and other 'New World' countries that are net agricultural exporters as well as frequent users of 'Old World' GIs for their own food products. No consensus was reached during the meeting.

The Special Session on the wine and spirits register saw no real headway on the issue, although Members did discuss the WTO Secretariat's side-by-side presentation of their proposals (TN/IP/W/12) at length. Countries including Argentina, Australia, Canada, and the US have argued for a voluntary GI register that would essentially function like a searchable database, with enforcement grounded in national law. The EU wants registered terms to be protected in all WTO Member states, including those not participating in the register.

The EU's 28 October offer to cut farm tariffs in the Doha Round negotiations was explicitly conditional on the extension of binding GI protection to all products. The EU wants to establish a multilateral register for these GIs, and to get other countries to stop allowing the use of a 'limited number' of well-known European GIs (see related article, this issue).

ICTSD reporting.



## **STILL NO CLARITY ON COTTON OUTCOME**

The developments currently unfolding in the ongoing farm trade talks could significantly affect trade in cotton, said Chair Ambassador Crawford Falconer of New Zealand at a 28 October meeting of the WTO Sub-Committee on Cotton. He said that cuts in developed country subsidies could benefit all non-subsidising producers, as would tariff cuts if Members succeed at narrowing their differences enough to agree on them. However, Falconer reminded Members that the 2004 July Package (WT/L/579) required more specific detail on cotton than whatever was achieved in the overall agriculture negotiations.

During previous sessions of the group, the EU called for the elimination of cotton export subsidies and for duty and quota free market access for cotton and cotton products from developing and least-developed countries. At the 28 October meeting, it reiterated that any agreement on cotton should be implemented immediately, ahead of other Doha Round commitments. The African proponents of the cotton initiative urged the EU to table its suggestions formally.

Sources report that West African cotton producing countries welcomed the new cotton-related projects and contributions announced by bilateral and multilateral donors during parallel consultations on the developmental aspects of the cotton negotiations that were held alongside the formal meetings of the sub-committee. Uganda and Zimbabwe complained that these efforts were ignoring the fact that other African countries produce cotton as well.

Outside the sub-committee, trade ministers from Mali and Chad and two West African cotton producer representatives recently came to Geneva to plead their case. Referring to cotton as their single interest in the ongoing talks, they called for special attention on domestic and export subsidies in time for the Hong Kong Ministerial Conference in December. They told the press on 19 October that they would consider blocking consensus in Hong Kong if they were unsatisfied with the outcome on cotton.

ICTSD reporting; "African cotton countries demand concrete results at Hong Kong," THIRD WORLD NETWORK, 19 Oct 2005.

## **DISCLOSURE, TRIPS-CBD RELATIONSHIP UNDETERMINED FOR HONG KONG**

At the WTO Council on Trade-related Aspects of Intellectual Property Rights (TRIPS) on 26 and 28 October, Members once again clashed on whether patent-seekers should be required to disclose the source and country of origin of any genetic resources and traditional knowledge used in the development of an invention. Consensus continues to elude Members on the relationship between the TRIPS Agreement, the Convention on Biological Diversity (CBD), and the protection of traditional knowledge and folklore.

India, Brazil, Bolivia, Cuba and Pakistan (IP/C/W/459) argued that the US' favoured contract-based approach (IP/C/W/449) is not sufficient to prevent the theft of genetic resources and associated knowledge. India and Brazil emphasised that many delegations believe that disclosure requirements would constitute an efficient, workable solution to biopiracy. They acknowledged that the US contract-based suggestion could be one part of this solution. Peru introduced a paper (IP/C/W/458) analysing the potential benefit that a disclosure requirement could have made in the case of the Camu Camu plant, a Peruvian fruit that was patented in Japan. Australia, the EU, Canada and New Zealand said that further discussions on disclosure requirements were necessary, though they did not support India's paper as it was.

During informal consultations on disclosure held by the Deputy Director-General Rufus Yerxa on 26 October, India proposed a paragraph for the Hong Kong Ministerial Declaration stipulating that "negotiations shall be undertaken on the relationship between the TRIPS Agreement and the CBD," which shall cover issues including "the details of the mandatory requirements on patent applicants to disclose..." as well as prior informed consent and benefit sharing. Many developing countries strongly supported the draft paragraph, but consensus was impossible because of objections from the US and Japan.

Yerxa said that he would report on progress to the Trade Negotiations Committee, and that he may hold another round of informal consultations before Hong Kong.

For further coverage, see BRIDGES Trade BioRes, 28 October 2005 <http://www.ictsd.org/biores/05-10-28/story3.htm>.

ICTSD reporting.



## EVENTS & RESOURCES

### EVENTS

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

#### Upcoming Events: 3 November - 9 November

3-4 November, Hanoi, Vietnam: NATIONAL TRAINING WORKSHOP ON ENHANCING POLICY CO-ORDINATION ON TRADE AND ENVIRONMENT ISSUES. The aim of this UN Conference on Trade and Development (UNCTAD) training workshop is to build capacity in Vietnam on trade and environment issues related to the implementation of four multilateral environmental agreements: the Basel Convention, the Convention on International Trade in Endangered Species (CITES), the Montreal Protocol and the Convention on Biological Diversity and its Biosafety Protocol. For further information contact Ulrich Hoffmann, tel: (+41) 22 917 5780; fax: (+41) 22 917 0051; e-mail: [ulrich.hoffmann@unctad.org](mailto:ulrich.hoffmann@unctad.org); internet: <http://www.unctad.org/Templates/Meeting.asp?intItemID=2068&lang=1&m=11198&year=2005&month=11>.

3 November, Washington, DC: CATO INSTITUTE 23RD ANNUAL MONETARY CONFERENCE: MONETARY INSTITUTIONS AND ECONOMIC DEVELOPMENT. This conference, co-sponsored by the Cato Institute and The Economist, will discuss issues related to monetary institutions' role in poverty reduction. Topics will include suggestions for the most effective monetary institutions for emerging market economies to achieve sustainable development. For further information contact the Cato Institute, tel: (+1) (202) 218-4633; fax: (+1) 202-371-0841; e-mail: [monetary@cato.org](mailto:monetary@cato.org), internet: <http://www.cato.org/events/monconf23/program.html>.

5-6 November, Bishkek, Kyrgyz Republic: FOURTH MINISTERIAL CONFERENCE ON CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC). This conference will review progress in regional cooperation activities since the previous summit in 2004, and set the direction and medium- to long-term priorities for regional economic cooperation. The conference will produce a joint ministerial statement. Participation is by invitation only. For further information contact the CARECU Secretariat, tel: (+632) 632-5857, (+632) 632-6368; fax: (+632) 636-2387; e-mail: [carec@adb.org](mailto:carec@adb.org), internet:

<http://www.asiandevbank.org/Documents/Events/2005/CAREC/4th-Conference/default.asp>.

#### WTO Events

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

3 November: TRADE POLICY REVIEW BODY - BOLIVIA

3 November: COMMITTEE ON SAFEGUARDS

3 November: COUNCIL FOR TRADE IN SERVICES - SPECIAL SESSION

7 November: GENERAL COUNCIL - DEDICATED DISCUSSION ON E-COMMERCE

8-9 November: NEGOTIATING GROUP ON TRADE FACILITATION

#### Upcoming Events

18 November, Berlin, Germany: PRESENTATION OF THE GLOBAL ECONOMIC PROSPECTS 2006. This presentation, organised by the German Ministry for Economic Cooperation and Development (BMZ) with Inwent/Capacity Building International, will explore the short-, medium-, and long-term outlook for the global economy and the implications for developing countries and poverty reduction. This year, the annual report will focus on the economic implications of migration and remittances. For more information contact Qays Hamad, tel: (+49) 1-888-535-2646; e-mail: [hamad@bmz.bund.de](mailto:hamad@bmz.bund.de); internet: <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20694043~menuPK:34482~pagePK:34370~piPK:34425~theSitePK:4607,00.html>.

21-23 November, Geneva, Switzerland: INTERGOVERNMENTAL WORKING GROUP OF EXPERTS ON INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING, TWENTY-SECOND SESSION. This UN Conference on Trade and Development (UNCTAD) Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) event will deliberate on an approach to enhancing the comparability and relevance of corporate responsibility indicators with a

view to contributing towards improving corporate responsibility reporting without imposing an undue burden on reporting entities. For further information contact ISAR, fax: +41 22 917 0122; e-mail: [isar@unctad.org](mailto:isar@unctad.org); internet: <http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=10286&year=2005&month=11>.

13-17 December, Hong Kong, China: HONG KONG TRADE AND DEVELOPMENT SYMPOSIUM. The goal of this symposium, co-convened by the International Centre for Trade and Sustainable Development (ICTSD) and the University of Hong Kong in collaboration with the Institute for Agriculture and Trade Policy (IATP), is to encourage innovative thinking on issues related to trade and development that could be subsequently be translated into constructive inputs for the ongoing Doha Round negotiations. The main topics for discussions will be drawn from key development-related issues in the trade policy and trade rules arena. For further information contact Patrick Lunt, e-mail: [plunt@ictsd.ch](mailto:plunt@ictsd.ch); internet: <http://www.ictsd.org/ministerial/hongkong/tds/>.

14 December, Hong Kong, China: INTERNATIONAL SYMPOSIUM ON SUSTAINABLE FISHERIES AND TRADE LIBERALISATION. This event, organised by JF ZENGYOREN (the National Federation of Fisheries Cooperative Associations of Japan) and YUTAIKYO (the All Japan Seafood Import Consultative Group), will discuss necessary considerations for forthcoming trade rules with regard to ensuring the sustainable development of fisheries and fishing communities. For further information contact JF ZENGYOREN, tel: (+81) 3-3294-9617; fax: (+81) 3-3294-9602; e-mail: [kokusai-sato@r6.dion.ne.jp](mailto:kokusai-sato@r6.dion.ne.jp).

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## RESOURCES

STRENGTHENING THE GLOBAL TRADE ARCHITECTURE FOR ECONOMIC DEVELOPMENT: AN AGENDA FOR ACTION. Global Trade and Financial Architecture Briefing Paper, 2005. This paper presents the major findings and recommendations of the Global Trade and Financial Architecture project -- a group of trade experts convened by the UK Department for International Development (DFID), and chaired by former Mexican President Ernesto Zedillo. The paper warns of a looming impasse in the Doha Round talks. It suggests that governments must "openly recognise and explicitly address" domestic adjustment costs and attempt to garner support for substantial multilateral liberalisation by demonstrating that it would yield global gains that far exceed the losses that it would inflict. Subsequently, countries would need to set up mechanisms -- within and outside the multilateral trading system -- to enable 'loser' groups to adjust, in

order for liberalisation to yield benefits across the world. The panel suggested that a potential crisis resulting from conflicting interests could be averted if rich WTO Members substantially increased and institutionalised 'aid-for-trade' to boost their poorer counterparts' competitiveness and productivity. Available online at [http://www.ictsd.org/ministerial/hongkong/docs/GTA\\_policy\\_brief\\_090205-1.pdf](http://www.ictsd.org/ministerial/hongkong/docs/GTA_policy_brief_090205-1.pdf).

THE SHRINKING GAINS FROM TRADE: A CRITICAL ASSESSMENT OF DOHA ROUND PROJECTIONS. By Frank Ackerman. Tufts University, October 2005. This paper contends that the World Bank's new, much reduced projections of the possible gains from further trade liberalisation may alarm those hoping the upcoming round of WTO negotiations will deliver on their promise of development. Where just two years ago the World Bank was projecting more than \$500 billion in developing country gains from trade, 80 percent of those supposed gains now are gone. The author offers a critical review of the new economic modelling results, putting them in context, analysing the reliability of the models, and explaining why the prospective gains are so low. The new World Bank projections indicate that 70 percent of the gains would go to developed countries, up from 40 percent in 2003; a small number of the largest developing countries would capture most of the developing country benefits. Ackerman's paper also suggests that in a "likely Doha scenario" of reforms, developing country gains would amount to less than a penny-a-day per capita, and that poverty impacts would be very small, with projected reductions of less than one percent in the number of people living in poverty. Available online at <http://ase.tufts.edu/gdae/pubs/wp/05-01ShrinkingGains.pdf>.

TELECOMMUNICATIONS AND THE WORLD TRADE ORGANIZATION: THE CASE OF MEXICO. By Bjorn Wellenius, Juan Galarza and Boutheina Guermazi. World Bank, 2005. This policy research working paper discusses the case of the US-Mexico WTO dispute on telecommunications services. The findings of the panel charged with settling the dispute contain interpretations of the General Agreement on Trade in Services (GATS), especially its Annex on Telecommunications and the Reference Paper that sets regulatory principles. The following are some of the findings: telecommunications services originating in one country and terminating in another country are cross-border services under the GATS irrespective of whether the same service provider is present in both countries; the accounting rate regime, whereby operators share revenue from international services provided jointly, is subject to the discipline of cost-based interconnection for countries that have adopted the Reference Paper; and uniform settlement rates and proportional return are anticompetitive practices under the Reference

Paper even when they are mandated by law. Although these interpretations strictly apply only to the case examined, they have implications for other countries and sectors and beyond trade law. This paper is available online at [http://www-wds.worldbank.org/servlet/WDS\\_IBank\\_Servlet?pcont=details&eid=000016406\\_20051021103720](http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000016406_20051021103720).

THE AGENDA FOR TRANSFER OF TECHNOLOGY: THE WORKING GROUP OF THE WTO ON TRADE AND TRANSFER OF TECHNOLOGY. The South Centre, October 2005. Part of the South Centre's Trade-Related Agenda, Development and Equity (TRADE) Analysis Series. This TRADE Analysis examines the current status of the WTO Working Group on Trade and Transfer of Technology, revisits developing countries' expectations for the Working Group, and discusses options and strategies for raising discussions in the group to a level where there is sufficient basis for moving to the consideration of substantive recommendations in the lead-up to the Hong Kong Ministerial Conference. Available online at [http://www.southcentre.org/tadp\\_webpage/research\\_papers/ipr\\_project/wg\\_tech\\_transfer\\_agenda\\_oct05.doc](http://www.southcentre.org/tadp_webpage/research_papers/ipr_project/wg_tech_transfer_agenda_oct05.doc).

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