



INTERNATIONAL CENTRE FOR  
TRADE AND SUSTAINABLE  
DEVELOPMENT

# Bridges

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### LEAD STORIES

#### WTO MARKET ACCESS TALKS PROGRESSING SLOWLY, MEMBERS STILL OPTIMISTIC

Common ground continues to elude WTO Members in talks on non-agricultural market access (NAMA). At the end of a week of informal-mode meetings from 31 January - 4 February, countries seemed little closer than before to agreement on any of the major issues being discussed. Nonetheless, Members did not dissent at session's close when NAMA Negotiating Group Chair Stefan Johannesson of Iceland announced that future negotiations would follow the pattern of the agriculture talks, with separate meetings to discuss specific issue areas such as the tariff-reduction formula or the effects of the erosion of trade preferences.

#### North-South split on sequencing of formula, sectoral approaches

Developing and developed countries still broadly differ on the approach to be taken towards tariff reduction and elimination. The former continue to push for the development of a broad tariff-reduction formula; the latter, led by the US, want this process to take place in parallel with a 'sectoral' initiative that would sharply reduce or eliminate import tariffs on certain products (see [BRIDGES Weekly](#), 8 December 2004). At the meeting, a number of developing countries said that these 'sectorals' should only be considered after a formula for reducing tariffs is agreed. One negotiator did say that in a number of informal small-group meetings, delegations seemed to better understand the 'critical mass' idea proposed by some supporters of the sectoral approach. This would see tariffs on a product eliminated when a sufficiently high percentage of countries trading in it agree to do so. Developed countries also argued that eliminating low tariffs -- below, for example, 3 percent -- would be beneficial, while many developing countries said that these tariffs were important.

#### Members differ on product coverage, S&D

Members disagreed on virtually all of the other issues that were discussed during the 'NAMA week,' albeit largely not along similar North-South lines.

Countries differed on whether all products not covered by the WTO Agreement on Agriculture were to be covered by any rules that come out of the NAMA negotiations, with some confusion over how to classify fish and fish products. They also clashed on the binding of tariffs -- some countries pointed out that while the NAMA negotiating mandate specified that all products were eligible for consideration, it did not say that tariffs must be bound for all products. The issue is significant because the July Package ([WT/L/579](#)) specifies that tariff reduction is to start from bound rates, i.e., the tariff rates that Members have pledged not to exceed, rather than from the rates that they actually apply, which are often much lower.

Members also clashed on how to incorporate flexibilities for developing countries into tariff-reduction rules. A number of developing countries argued that they should not have to reduce tariffs as much as developed countries, with some calling for differentiated coefficients for rich and poor countries in the final tariff reduction formula to allow for this. Other countries argued for an implementation period twice as long for developing countries as for developed ones.

US Trade Representative Robert Zoellick had said before the recent meetings that the US would be willing to consider the differentiated coefficient approach and longer transition periods -- so long as Members accepted immediate liberalisation in some sectors as well as a so-called 'Swiss formula' for tariff cuts. Developing countries are generally opposed to the Swiss formula, which requires higher tariffs to be cut more heavily, since they tend to have higher tariffs on industrial goods than their richer counterparts.

Several Latin American countries, which have generally bound most, if not all of their tariffs, asked other developing countries to do so as well. A number of Asian and African developing country Members wanted tariffs on some sensitive products to remain unbound and thus outside the tariff reduction formula; this would allow them to impose high protective tariffs if deemed necessary. Countries debated the fairness of the longstanding suggestion to set the base rate for reducing unbound tariffs at twice the applied rate, albeit without any conclusion on the matter. Although letting certain tariffs remain unbound was specifically mentioned in the July Package, several developed countries argued that agreeing to do so would constitute a concession that would need to be paid for elsewhere in the negotiations. In particular, the US, Norway, Switzerland, and New Zealand said that they would agree to either differentiated coefficients under a

Swiss formula approach or to allowing countries to retain unbound tariffs, but not both.

Costa Rica voiced its opposition to long implementation periods, arguing that they would foil the ambitions of developing countries that wish to export goods to other developing countries. It cited data indicating that 70 percent of all tariffs are paid in the course of South-South trade. Although they are willing to demand little of the poorest countries, developed countries want access to the markets of the larger developing economies. Members also seemed to be generally lukewarm to appeals for special treatment from newly acceded countries in light of the extensive liberalisation commitments they undertook as part of their accession agreements.

### **ACP countries to put forward proposals on preference erosion**

Developing countries were even more divided among each other on the issue of trade preferences. While the African, Caribbean, and Pacific (ACP) countries most reliant on non-reciprocal market access argued that preferences were invaluable, some Latin American countries countered that they were discriminatory. The ACP countries promised to put forward papers in time for the next meeting on how to reconcile preferences with the effective erosion of special market access that would result from overall reductions in tariffs.

The US put forward a proposal (TN/MA/W/18/Add.6) calling for the reduction or elimination of non-tariff barriers (NTBs) to trade in automobiles and auto parts, including foreign equity restrictions that "restrict or distort investments in automotive production." Another US submission, made jointly with New Zealand (TN/MA/W/48), argued that construction regulations could constitute NTBs to trade in wood products, and suggested that the NAMA talks could establish parameters for modifying building codes. However, Members did not agree on how to deal with NTBs -- some thought that they should be considered by other WTO fora, such as the Negotiating Group on Trade Facilitation.

### **Members positive about future talks**

In spite of all of the differences, Members reported a feeling that the negotiations "are moving towards a new phase," with a "sense of urgency" motivated by the desire to achieve a "first approximation" of modalities for negotiations by August, as decided at the recent mini-ministerial meeting in Davos (see [BRIDGES Weekly](#), 2 February 2005). One delegate said that Members had demonstrated a better sense of the key issues, adding "we need to intensify discussions

amongst ourselves... [as well as] take advantage of meetings at the senior official and ministerial level."

Officials from key WTO countries will meet in Kenya from 2-4 March. The next meeting of the Negotiating Group on NAMA is scheduled for 14-18 March.

ICTSD reporting; "US targets barriers to world auto trade," UNITED PRESS INTERNATIONAL, 3 February 2005; "WTO Chair Urges Intensified Talks on Non-Agricultural Market Access," INTERNATIONAL TRADE DAILY, 7 February 2005.

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## **WTO MEMBERS MOVE FORWARD ON S&D NEGOTIATIONS**

At the WTO Committee on Trade and Development Special Session (CTD-SS) meeting on 8 February, Members decided to move forward with negotiations on agreement-specific special and differential treatment (S&D) proposals, while keeping Chair Faizel Ismail's recently-proposed approach to S&D as a "reference point".

Ismail's "situational flexibility" methodology, presented in CTD-SS meetings in November and December 2004, seeks to enable developing countries to avail of enhanced flexibilities in WTO rules to address particular development challenges while remaining consistent with the basic principles of a rules-based multilateral trading system (see [BRIDGES Weekly](#), 8 December 2004).

The Doha mandate negotiations on making S&D provisions stronger, as well as "more precise, effective, and operational" have not progressed significantly in the round thus far. A split has emerged between two groups: those who want to deal with the 88 agreement-specific proposals for S&D enhancement, led by the African Group of developing countries; and those who want to first address controversial "cross-cutting" issues including the principles and objectives of S&D.

Ismail's approach attempts to bridge this gap by allowing both tracks to proceed simultaneously. The methodology calls for negotiators to cluster agreement-specific S&D proposals on the basis of their motivations or "underlying issues." It outlines four elements of a conceptual approach for doing so: effective market access, enhanced flexibility in WTO rules, consistency with a multilateral rules-based system, and enhanced capacity-building programmes.

Concerned that the talks were becoming bogged down in abstract, time-consuming discussions, Members decided to neither negotiate on the approach nor accept it in its entirety. Several large developing

countries expressed concerns that the new approach would introduce differentiation amongst developing countries, while some African countries stressed the need to focus on specific proposals. Members decided to treat the approach as a 'reference point' for actual negotiations on the agreement-specific proposals.

### **Priority to be given to LDC proposals**

Based upon the agreement to move towards concrete negotiations on agreement-specific proposals, Members refocused on the 88 proposals on the table. Following a request from the Least Developed Country (LDC) group, Members agreed to deal first with the agreement-specific proposals that had been put forth by LDCs.

However, there was no decision on whether to reopen the 28 recommendations on S&D proposals that had been tentatively agreed to at the Cancun Ministerial Conference in 2003. The African group has called for their renegotiation, saying that they deliver little value, while developed countries would prefer they be treated as if complete.

### **Putting Chair Ismail's methodology to work**

It remains to be seen how, in practice, Ismail's approach will be used to deal with the remaining proposals. Ismail said that he would circulate a document detailing a potential way forward in the negotiations. It is expected that he will call for the grouping of the agreement-specific proposals into thematic clusters based upon the four elements outlined in his approach, and possibly for the creation of working groups for each cluster. While proposals relating to particular issue areas (such as sanitary and phytosanitary standards) will remain in the hands of the relevant negotiating bodies, it has not yet been decided whether all of the remaining proposals will be treated simultaneously.

An alternative approach, supported by Malaysia, would be to prioritise the so-called proposals on which consensus is seen as more imminent over the proposals on which delegates have had the most difficulty finding consensus.

ICTSD reporting.

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**OTHER STORIES**

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**SUBSTANTIVE DISCUSSIONS ON TRADE  
FACILITATION BEGIN**

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At the Negotiating Group on Trade Facilitation (TF) held its third meeting from 7-9 February, Members had preliminary discussions on the first crop of substantive submissions on the issue. The WTO Secretariat, the World Bank, the World Customs Organisation and the United Nations Conference on Trade and Development (UNCTAD) also made presentations at the meeting.

As per the mandate and modalities set out in Annex D of the July Package ([WT/L/579](#)) the negotiations on TF aim to "expedit[e] the movement, release and clearance of goods, including goods in transit." Members are mandated to "clarify and improve relevant aspects" of General Agreement on Tariffs and Trade (GATT) 1994 Articles dealing with freedom of transit for goods from other Member states (Article V), trade related fees and formalities (Article VIII), and transparency in the regulation and administration of trade regulations (Article X). (See [BRIDGES Weekly](#), 24 November 2004, <http://www.ictsd.org/weekly/04-11-24/story3.htm>).

**Submissions, reactions 'preliminary,' say delegates**

While Members agreed on the need for and importance of TF, including for developing countries and least developed countries (LDCs), the key challenge is said to be bridging countries' differences on how to go about it.

A trade delegate described the submissions, which focused primarily on Article X and Article VIII, as preliminary and open to negotiation. Cost concerns and technical assistance were an integral part of all submissions. The session was described as "interactive" with Members asking specific questions about the proposals. However, the questions and responses to the proposals were described as not very detailed, because most delegates were waiting for feedback from their capitals.

The EU (TN/TF/W/6) and Korean (TN/TF/W/7) submissions focused on broadly similar issues regarding greater transparency and improved administration of regulations affecting border-crossing trade. These included prior consultation with trading partners on new and amended rules as well as time periods before their entry into force; and appeal procedures. With regards to special and differential treatment (S&D), the EU proposal mentioned technical and trade-related assistance for developing countries, in addition to longer time periods for implementation.

Many of the same topics featured in the joint proposal by Japan, Mongolia and Chinese Taipei, co-sponsored by Pakistan (TN/TF/W/8).

At the meeting, India said that the EU paper sought to expand the transparency requirements of Article X. Brazil said that the proposal for prior consultation between regulatory authorities and the trading community went beyond the present requirements for transparency. In an interview, one delegate criticised the Korean submission for containing no S&D measures apart from longer implementation periods, which he described as 'being without value.' He added that developing countries and LDCs expected "more concrete and meaningful proposals."

The US' four substantive proposals focused on making 'advance rulings' available to traders upon request; clarification and improvements in the form of requirements regarding internet publication of trade regulations and other import procedures; setting specific parameters for the use and publication of customs fees; and to provide for expedited procedures for express shipments (TN/TF/W/12, 13, 14, and 15, respectively).

'Advance rulings' allow traders to ask for and receive written certification from authorities in a destination country -- before the merchandise is prepared for export. These rulings would specify the tariff classification for the goods, the rate of duties that will be levied on them, and whether the merchandise is eligible for preferential tariff treatment. Canada and Australia's joint proposal on advance rulings (TN/F/W/9) said that such measures would result in greater transparency and predictability, which would give a boost to small and medium enterprises as well as to foreign investment flows. These views were echoed in the American proposal on advance rulings. Canada and Australia also noted that new costs for such measures could be relatively low, as provisions for advance rulings already exist under the WTO agreement on Rules of Origin. Advance rulings also featured in Chinese Taipei's proposal (TN/TF/W/10).

The US proposals sought to address concerns relating to cost-implications, S&D, and technical assistance. Chinese Taipei also stressed its commitment to provide the necessary technical assistance to other developing countries.

**Developing countries: costs must be taken into account**

The Philippines, on behalf of the "core group" of 19 developing countries with similar positions on TF insisted that Members need to focus on the possible impact of the proposals, especially in order to provide



technical and financial assistance to developing and least-developed countries (LDCs). (For information on the 'core group,' see [BRIDGES Weekly](#), 8 April 2004). Speaking on behalf of the LDCs, Zambia reiterated that development and cost implications must be taken into account. China said that making advance rulings available may not always be appropriate; Pakistan observed that requirements to provide them might not be easy to implement and could require assistance. One negotiator noted the need for more submissions on freedom of transit (Article V), pointing out that the matter was crucial for land-locked countries.

A developing country trade diplomat told BRIDGES that the TF negotiations should ideally perform three functions: to enable Members to decide how the relevant GATT Articles can be improved and clarified; to assess what new measures would be necessary as well as how much time and money would be required to implement them; and to ensure that Members have the resources necessary to do so. He added that any TF provisions could not become binding upon Members for some time, since not all countries would be prepared to undertake obligations immediately even if the resources to help them do so were readily forthcoming.

The Chair of the Negotiating Group on Trade Facilitation, Ambassador Muhammad Noor Yacob of Malaysia, invited Members to table new proposals. He also suggested that the group's next meeting, scheduled to take place from 22-24 March, could involve more detailed examination and discussion of submissions.

### **IGO observers make presentations**

The WTO Secretariat presented its notes on the scope and applications of Articles V, VIII and X (TN/TF/W/2, 3, and 4 respectively), as well as those on technical assistance (TN/TF/W/5). The Secretariat is to organize small group meetings of interested parties, in particular developing and least developed countries, to assess their needs in terms of technical assistance and capacity building

The World Bank also made presentations on its TF related activities, including a plan to help countries participate more effectively in TF negotiations by setting up coordination processes between Geneva-based delegates and capital-based technical experts better positioned to assess national priorities and the potential costs of different negotiating proposals. The World Bank's new 'Customs Modernization Handbook,' launched during the meetings, outlines the key elements of a successful customs modernisation strategy.

The World Customs Organisation (WCO) put forward a self-assessment checklist to help countries assess their compatibility with Articles V, VIII and X.

UNCTAD, for its part, drew Members' attention to a Trust Fund it had established to assist them to negotiate more effectively, as well as to enhance their capability to implement new obligations.

Many Members stressed the need for coherence among the various intergovernmental organizations working on TF.

The World Bank's 'Customs Modernization Handbook' is available online [here](#).

ICTSD reporting; "U.S. Advances WTO Trade Facilitation Ideas, Seeks Special Rule for Express Delivery Firms", WTO REPORTER, 9 February 2005; "Cutting Red Tape At The Border: New World Bank Handbook Is Designed To Help Countries Benefit From Trade Liberalization", WORLD BANK NEWS RELEASE, 8 February 2005.

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## **G7 INCH FORWARD ON DEBT RELIEF, AID AND TRADE FOR AFRICA**

Finance ministers from Canada, France, Germany, Italy, Japan, the UK, and the US -- the Group of Seven (G7) -- met in London from 4-6 February to discuss plans for more aid, debt relief and fairer trade for Africa. British treasury sources reported an emerging consensus on the need for debt relief as well as extra development assistance and better access to western markets for developing countries. However, differences among the seven richest nations on support for full debt relief meant that the language in the finance ministers' closing statement was watered down from a declared willingness to provide "100 percent debt relief" to "as much as" 100 percent. Furthermore, the statement specified that it would operate on a "case by case analysis" of Highly Indebted Poor Countries (HIPC). Trade commentators have noted that the reference to HIPC countries would limit the number of eligible countries under any debt deal.

### **US says it will not support the International Finance Facility**

UK Chancellor of the Exchequer Gordon Brown's proposal of an International Finance Facility (IFF) for dramatically increasing current aid flows met with a mixed reaction from other G7 leaders. The IFF would essentially borrow money immediately using future aid flows as collateral, with borrowing to be repaid out of aid budgets years from now. Proponents of the idea say that it could be used to double aid for the world's

poorest countries from \$50 billion a year today to \$100 billion annually up to 2015, money that could be specifically directed to achieving the internationally agreed Millennium Development Goals (MDGs). Critics counter that it is simply spending tomorrow's aid money today, or "robbing Peter to pay Paul."

European G7 members were generally supportive of the plan, although they recognised that raising money to pay off borrowing could pose a problem. Germany and France mooted a solely European tax on airline fuel to refinance the IFF.

Canada, Japan, and the US opposed the IFF. Although the US expressed its commitment to poverty reduction and the provision of funds to meet this goal, US Treasury Under-Secretary John Taylor said that "this particular mechanism does not work for the United States." He explained that the IFF would violate rules governing how the US Congress can allocate funding (for further information on this process see: <http://www.senate.gov/reference/resources/pdf/97-684.pdf>). Canada supports increased aid budgets, but thought that borrowing against future money would give rise to financing and accounting problems.

The eradication of poverty in Africa is a key focus of the UK, which currently holds the 2005 presidency of the Group of Eight (G8), made up of the G7 and Russia. A G8 summit to be held in July in Scotland is expected to finalise a deal on debt relief, aid and trade.

### **Mandelson calls for complementary actions on trade**

During a speech at the London School of Economics during the G7 summit, EU Trade Commissioner Peter Mandelson said that poor countries need financial assistance in order to build up their capacity to benefit from export opportunities. Increased aid would also help them ease the social costs of trade liberalisation-related adjustment. He pointed to the need for policy coherence among the pillars of the "development triad" of trade, aid, and debt, saying that actions on the three "need to complement each other." Mandelson called on the non-European G7 countries -- Canada, Japan and the US -- to offer least developed countries the same tariff- and quota-free market access they currently enjoy under the EU's "Everything But Arms" (EBA) initiative.

### **Trade, aid and debt at the WTO**

The link between aid and trade has also been the subject of renewed attention, both in the WTO and elsewhere. The recent report of the UN Millennium Project said that Africa's supply side constraints to export opportunities must be addressed in tandem with market access negotiations (see BRIDGES Weekly, 19

January 2005, <http://www.ictsd.org/weekly/05-01-19/story3.htm>). Mandelson echoed this in his speech, saying that Africa needs aid to build trade infrastructure if it is to effectively increase its share in global trade. Finally, the new WTO negotiations on trade facilitation aim to streamline complex domestic customs systems and procedures that often act as barriers to trade. African countries have called for development aid and technical assistance in implementing any trade facilitation rules.

### **Background**

Trade liberalisation -- specifically, market access and disciplines on rich-country agricultural subsidies -- is not the only way in which the 'development triad' is being addressed in the WTO. At the Doha Ministerial Conference in November 2001, trade ministers agreed to work with international financial institutions such as the International Monetary Fund and the World Bank "for greater coherence in global economic policy-making." The Doha mandate for the ongoing trade negotiations requires Members to examine the relationship between trade, debt and finance, and come up with recommendations on steps that could be taken to address problems identified. The WTO's Working Group on Trade, Debt and Finance (WGTDf), which focuses on these issues, looks at the relationship between trade and finance; that between trade and debt; and greater policy coherence among the international finance institutions and the WTO.

ICTSD reporting; "Debt write-off deal close, says G7," Mail and Guardian online, 8 February 2005; "Cancel Africa's debt, Mandela tells G7," iAfrica.com, 8 February 2005; "G7 still divided on debt relief for Africa," Financial Times, 6 February 2005; "G7 backs Africa debt relief plan," 5 February 2005. "G7 meeting US opposes Brown, Chirac debt financing proposals," Yahoo Finance, 5 February 2005; "Making poverty history," Economist.com, 16 December 2004.

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## **US QUIETLY PROMOTES PATENT HARMONISATION AT DEVELOPED COUNTRY MEETING**

Trade analysts are concerned that a number of industrialised countries, led by the US, are trying to move negotiations on patent harmonisation outside the ambit of the World Intellectual Property Organisation (WIPO), according to Intellectual Property (IP) Watch, a Geneva-based reporting service on IP issues. They believe that this would risk undermining the multilateral process for harmonising patent law and procedures. The United States Patent and Trademark Office (USPTO) invited representatives from certain

developed countries to a meeting in Alexandria, Virginia on 3-4 February 2005, to discuss patent law harmonisation and other IP related issues.

### **'Exclusive' nature of meeting raises concern**

The harmonisation of patent law and procedures is one of the most controversial subjects currently under debate in WIPO. Positions among member states continue to differ, particularly along North-South lines.

A number of developed countries have been highly critical of the WIPO secretariat for being slow to move the patent harmonisation process forward. IP Watch quotes developing country sources as being concerned that the US and other developed countries are "trying to show they can take the negotiations outside of WIPO if that organisation cannot keep the talks on track by keeping developing countries in check." The 'exclusive' nature of the recent meeting has raised concerns about the forum in which patent harmonisation might be determined. Another trade source suggested that the USPTO is trying to take negotiations on patent harmonisation outside the multilateral track in order to achieve standards for patent harmonisation that are closer to US objectives than any likely result of the WIPO process. These allegations were rejected, however, by a patent official from a participating country, who asserted that meeting was simply a dialogue and there were no specific ideas about its potential outcome prior to the event.

### **Participants decide on way forward**

The countries at the meeting agreed to hold regular sessions in the future to work particularly on patent law harmonisation. Future discussions are to be based on a proposal made by the USPTO, the European Patent Office and the Japanese Patent Office in WIPO (WO/GA/31/10, available online at <http://www.wipo.int/news/en/documents.html>), which calls for an approach prioritising four particular criteria for patentability: definition of prior art; grace period; novelty; and non-obviousness.

Additionally, the UK and the Netherlands agreed to head a subgroup on intellectual property and development. Their discussions will take into account a September 2004 proposal by Argentina and Brazil (WO/GA/31/11) on including a development agenda in the work of all of the bodies of WIPO (see [BRIDGES Monthly](#) September 2004). Furthermore, attention will be given to concerns related to access to genetic resources.

The countries that attended the meeting included Australia, Belgium, Canada, Czech Republic, Denmark, European Commission, European Patent Office,

France, Germany, Hungary, Ireland, Italy, Japan, Lithuania, Luxembourg, the Netherlands, Portugal, Romania, Slovak Republic, Spain, Sweden, Switzerland, the UK, and the US.

Patent offices of some countries that attended the USPTO meeting indicated that participants agreed that the entire membership of WIPO's 'Working Group B' -- composed primarily of industrialised and Eastern European countries -- would be invited to the next meeting. The group's next meetings will take place between March and May of this year.

ICTSD reporting; "Australia to Chair New Working Group on Substantive Patent Law Harmonisation," IP AUSTRALIA (Australian Government) NOTICE, 7 February 2005; "United Kingdom to lead Working Group on IP and Development," UK PATENT OFFICE NOTICE, 8 February 2005; "Washington Patent Meeting Stirs Concern," [INTELLECTUAL PROPERTY WATCH](#), 27 January 2005.

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## **SERVICES 'CLUSTER' UNDERWAY AT WTO**

A three-week 'cluster' of services talks is underway at the WTO; it is scheduled to run from 7-25 February.

### **GATS Rules Working Party discusses subsidies, govt procurement**

The 7 February meeting of the Working Party on General Agreement on Trade in Services (GATS) Rules discussed services subsidies, government procurement of services, and an emergency safeguard mechanism (ESM) for services trade.

The talks about services subsidies focused on procedural issues. The US led discussions with a paper on how to increase the exchange of information on services subsidies. It advocated dealing with the difficulties inherent to the definition of services subsidies on a sector-by-sector basis, starting with tourism. This drew criticism from a number of countries that want to remain free to move forward on services subsidies in sectors which may not be favoured by the US, and also on the grounds that tourism is not among the most distorted of services sub-sectors.

The main issue in talks on government procurement of services remains the scope of the current negotiating mandate for services. The impasse is that while most developing country Members -- including Argentina, Brazil and Mexico -- regard the negotiating mandate on services as excluding government procurement, many developed countries -- including the EU -- disagree. Discussions about government procurement focused on

countries' reactions to the EU's revised compilation of requests for market-opening presented to WTO Members on 25 January (see [BRIDGES Weekly](#), 2 February 2005).

Brazil requested that an expert paper on the ESM for trade in services prepared for the 9th UNCTAD Commission on Trade in Goods, Services and Commodities (as yet unavailable) be circulated to Members at the next discussions on services safeguards, scheduled for 14-18 March.

### **Technical discussions in Domestic Regulation Working Party**

Discussions in the 8 February meeting of the Working Party on Domestic Regulation focused around a Swiss paper on technical standards and a document presented jointly by India, Thailand, Pakistan and Chile on qualifications, requirements and procedures. The latter triggered debate on disciplines on domestic regulation.

The meeting was not concluded and will continue on 18 February. It is likely that the US will put forward a paper on transparency issues.

### **Upcoming issues in the services talks**

Representatives from leading US, European and Japanese financial service providers are holding a seminar in Geneva on 10 February on the benefits of financial services liberalization for developing countries. The week beginning 14 February will see the beginning of bilateral discussions on services. The final week of the services cluster will have a special session to discuss Mode 4 of the General Agreement on Trade in Services, i.e., the transnational movement of individual providers of services.

ICTSD will provide coverage of the services cluster in forthcoming issues of *BRIDGES Weekly*.

ICTSD reporting; "U.S. Industry Sees Progress in Mode 4 As Key to Success in Overall WTO Talks," *WTO REPORTER*, 4 February 2005.

## **IN BRIEF**

### **INDONESIA TO EU TRADE ASSISTANCE IN WAKE OF TSUNAMI**

The EU is set to implement new preferential market access arrangements for Indonesia from 1 April, according to a 2 February statement by French Foreign Trade Minister Francois Loos after a meeting with his Indonesian counterpart Mari E. Pangestu. The new trade preferences, intended to help the Southeast Asian archipelago nation recover from the Indian Ocean tsunami of 26 December 2004, were originally to have gone into effect in July 2005.

EU member countries are still negotiating the new preferences under the EU's Generalised System of Preferences, but they would likely cut import duties on a number of products, including footwear, which could see tariffs lowered from 17 percent to 13.5 percent. However, vegetable oils and wood products will not benefit from enhanced market access, since Indonesia already accounts for over 15 percent of the EU's imports in the two sectors.

Loos also announced that France would give bilateral aid to Indonesia to rebuild the aquaculture and fisheries industries in areas devastated by the tsunami.

The US, for its part, has offered to reduce import duties on commodities and goods from the Indonesian province of Aceh, the area worst affected by the tsunami. However, Indonesian trade officials have pointed out that Aceh's manufacturing industry is limited, and that its exports tend to go through a neighbouring province. They plan to ask the US to modify the scheme to include all goods that use materials from Aceh.

"L'UE va accorder dès avril des preferences commerciales à l'Indonésie (Loos)," *AGENCE FRANCE PRESSE*, 2 February 2005; "EU to give trade preferences to RI," *THE JAKARTA POST*, 4 February 2005; "US offers import duty cuts for Aceh goods," *THE JAKARTA POST*, 31 January 2005.



## WTO IN BRIEF

### AGRICULTURE WEEK KICKS OFF WITH HEATED DISCUSSIONS ON PREFERENCES

The first 'agriculture week' of 2005, consisting of both informal and formal meetings of the Committee on Agriculture (CoA) special (negotiating) session, began on 7 February. During the first two days of the informal meetings, Members clashed over the issue of preference erosion. Countries that benefit from preferential access to developed country markets, including African, Caribbean and Pacific countries and least-developed countries (LDCs), defended these preferences. They called for the preservation of some level of preferential market access, as well as reasonable adjustment periods and assistance as preferences are eroded. Other Members, however, strongly disagreed. These included several Latin American countries, which cited the need to uphold the WTO's core principle of non-discrimination. The G-20 group of major developing countries, including Brazil and India, sought to forge a middle way, suggesting that transition periods could help bridge the problems some countries would encounter as a result of agriculture liberalisation.

Members also discussed tariff cuts, subsidy cuts, and export restrictions. Starting on 9 February, Members continued discussions on other items on the agenda. The agriculture negotiations are held in three different settings: in an informal negotiating session open to the full Membership allowing for a first reading of issues; in more focused open-ended technical consultations that delve deeper into the issues; and in small group consultations involving technical experts (see [BRIDGES Weekly](#), 22 December 2004).

ICTSD will provide coverage of the full agriculture week in the next issue of BRIDGES Weekly.

ICTSD reporting; "Developing States Clash At WTO Farm Talks," REUTERS, 8 February 2005.

### WTO SUBCOMMITTEE ON COTTON TO HOLD ITS FIRST FORMAL MEETING

The first formal meeting of the WTO's special committee on cotton will be held on 16 February, Members decided on 3 February.

In November 2004, Members agreed to establish a subcommittee in the negotiating session of the

Committee on Agriculture (CoA) dealing specifically with the issue of cotton. The establishment of the subcommittee was mandated in the July Package on the Doha Round (WT/L/579), which states that Members "shall ensure appropriate prioritisation of the cotton issue independently from other sectoral initiatives. The work of the subcommittee, which is chaired by Agriculture Chair Tim Groser (New Zealand), will encompass all trade-distorting policies affecting the sector in market access, domestic support, and export competition (see *Bridges Weekly*, 24 November 2004: <http://www.ictsd.org/weekly/04-11-24/story2.htm>).

ICTSD reporting; "Bush plan to cap farm subsidies gets green backing" MSNBC, 8 February 2005. "WTO Sets Date for First Meeting of Special Panel on Cotton Trade" WTO reporter, 3 February 2005.

## EVENTS & RESOURCES

### 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 [events@ictsd.ch](mailto:events@ictsd.ch).

#### ICTSD Event

18 February, Geneva, Switzerland: CAFÉ & CROISSANTS DIALOGUE ON "FINDING COMMON GROUND IN THE WTO FISHERIES SUBSIDIES NEGOTIATIONS." Organised by ICTSD. Speakers will include David Evans (New Zealand), Hiroyuki Yamaguchi (Japan) and Ana Kessie (Pacific Islands Forum Secretariat). The meeting will take place from 9 am to 12 pm in the International Environment House, 13 chemin des Anémones, Rooms 2 & 5. For further information and to register, contact Heike Baumüller, tel: +41 22 917 84 78, fax: 917 80 93, email: [hbaumuller@ictsd.ch](mailto:hbaumuller@ictsd.ch).

#### Coming Up: 10 - 16 February

14-18 February, Bangkok, Thailand: THIRD MEETING OF THE CBD'S AD HOC OPEN-ENDED WORKING GROUP ON ACCESS AND BENEFIT-SHARING. This meeting is the third in a series of conventions organised by the Convention on Biological Diversity (CBD). The conference will include discussions on topics such as the implementation of the Bonn Guidelines; developments in relevant international processes; the international regime on access and benefit-sharing; and

the need for indicators for access to genetic resources. For further information contact the CBD Secretariat, tel: +1 514 288 2220; fax: +1 514 288 6588; email: [secretariat@biodiv.org](mailto:secretariat@biodiv.org); Internet: <http://www.biodiv.org/doc/meeting.aspx?mtg=ABSWG-03>.

14-18 February, Geneva, Switzerland: SECOND SESSION OF THE UNITED NATIONS CONFERENCE FOR THE NEGOTIATION OF A SUCCESSOR AGREEMENT TO THE 1994 INTERNATIONAL TROPICAL TIMBER AGREEMENT. This conference is organised by the United Nations Conference on Trade and Development (UNCTAD). The agenda includes the establishment of a main committee and of other committees as required; preparation of a successor agreement to the International Tropical Timber Agreement, 1994; and consideration and adoption of final resolutions. For further information, contact the UNCTAD Secretariat, fax: +41 22 917 0056; email: [correspondence@unctad.org](mailto:correspondence@unctad.org); Internet: <http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=9941&year=2005&month=2>.

15-20 February, Rio de Janeiro and Fortaleza, Brazil: RIO 05 CONGRESS -- WORLD CLIMATE AND ENERGY EVENT. This event, organised by a group of different organisations, aims to bring together experts from the scientific community, industry and the public sector to discuss research, policies and products relating to sustainable energy. The Latin America Renewable Energy Fair will be held concurrently and will give companies and institutions the opportunity to present the latest in energy technologies and services to a growing Latin American and world market. For further information contact Vanessa Espi, tel: +55-21-2233-5184; fax: +55-21-2518-2220; email: [info@rio5.com](mailto:info@rio5.com); Internet: <http://www.rio5.com/programme/index.html>.

#### 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.

10 February: COMMITTEE ON TRADE IN FINANCIAL SERVICES.

10 February: SEMINAR ON THE BENEFITS OF LIBERALISATION OF FINANCIAL SERVICES.

11 February: TRADE POLICY REVIEW BODY - SIERRA LEONE.

11 February: COMMITTEE ON SPECIFIC COMMITMENTS.

11 February: COMMITTEE ON AGRICULTURE - SPECIAL SESSION.

14 February: TRADE NEGOTIATIONS COMMITTEE.

15-16 February: GENERAL COUNCIL.

16 February: SEMINAR ON MARITIME TRANSPORT SERVICES.

16 February: SUB-COMMITTEE ON COTTON.

#### Other Upcoming Events

21-26 February, Sabah, Malaysia: THIRD INTERNATIONAL CONFERENCE: BIODIVERSITY CONSERVATION AS A WAY OF LIFE. This conference is organised by the Institute for Tropical Biology and Conservation. It will focus on increasing partnerships between policy makers and local communities, and integrating industries into biodiversity conservation. Topics include conservation through partnership, alternative models on sustainable use of resources, and market mechanisms. For further information contact the Bornean Biodiversity and Ecosystem Conservation, fax: 60-088-320291; email: [bbec@sabah.gov.my](mailto:bbec@sabah.gov.my); Internet: <http://www.bbec.sabah.gov.my/overall/1stannouncement2005.htm>.

25-27 February, Island of Oahu, Hawaii: INTERNATIONAL CONFERENCE ON ENVIRONMENTAL, CULTURAL, ECONOMIC AND SOCIAL SUSTAINABILITY. This conference, organised by Common Ground, aims to develop a complete view of sustainability, in which environmental, cultural, social and economic issues are inseparably interlinked. The multidisciplinary conference will consider diverse fields and perspectives as it addresses a wide range of sustainability issues. The overall theme for the 2005 conference is "People & Planet: Longer, Broader, & Deeper Views." For further information contact Kate Tunstall, tel: +61 2 9519 0303; fax: +61 2 95192203; email: [kate@commonground.com.au](mailto:kate@commonground.com.au); Internet: <http://www.SustainabilityConference.com>.

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## RESOURCES

### ICTSD Resource

**NEW SECTION ON TRADE-ENVIRONMENT.ORG.** A new section featuring a collection of submissions by WTO Members on trade and environment has been added to ICTSD's web portal [trade-environment.org](http://trade-environment.org). The section includes submissions to the Committee on Trade and Environment under its 10-point work plan as well as submissions related to the current negotiating mandate agreed in Doha on fisheries subsidies, the MEA-WTO relationship, environmental goods and services, environmental measures and market access, eco-labelling and the CBD-TRIPS relationship. Available [here](#).

**CONSTRUCTING THE CLIMATE CHANGE REGIME.** By Joanna Deplege. Earthscan, January 2005. The global negotiations over climate change involved over 180 countries, and addressed complex and economically vital issues with conflicting agendas. Enormous and very skilful organisation was required for the UN to create an effective and well-supported international regime. This book shows how this was accomplished to produce the UN Framework Convention on Climate Change, the Kyoto Protocol and subsequent accords. The author draws out the lessons and implications for other complicated negotiations, not all of which have succeeded so far, including the WTO trade negotiations at Seattle and Cancun. She identifies six key elements that determine organisational effectiveness as a necessary condition for successful outcomes. For more information visit <http://shop.earthscan.co.uk/ProductDetails/mcs/ProductID/323/GroupID/4/CategoryID/6/v/2>.

**THE GMO DISPUTE BEFORE THE WTO: LEGAL IMPLICATIONS FOR THE TRADE AND ENVIRONMENT DEBATE.** By Francesco Sindico. Fondazione Eni Enrico Mattei, January 2005. In the context of the US-Canada-Argentina WTO challenge of the EU de facto moratorium on GM product approvals, the paper looks at which WTO provisions would have been violated by the EU. It also highlights the dispute's most important legal issues in order to see to what extent the dispute might influence the ongoing trade and environment debate. The paper concludes that the role of the precautionary principle in the application of the EU legislation is one of the dispute's main issues and the panel findings on the legal stature of the principle in the WTO will be influential on the trade and environment debate. For more information and access to the report visit <http://www.feem.it/NR/rdonlyres/D6C4B280-88C0-4D0C-A0D9-0F9AEE1EABAB/1432/1105.pdf>.

**TIGHTENING TRIPS: THE INTELLECTUAL PROPERTY PROVISIONS OF RECENT US FREE TRADE AGREEMENTS.** By Carsten Fink and Patrick Reichenmiller. World Bank, February 7, 2005. This note offers an overview of the main elements in which

recent US FTAs go beyond multilateral standards on intellectual property. It also offers a perspective on the intellectual property bargain in trade agreements, outlines key economic and social implications from the adoption of new intellectual property standards, and discusses several lessons learned. For more information and access to the report visit <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/TRADE/0,,contentMDK:20115046~pagePK:148956~piPK:216618~theSitePK:239071,00.html>.

**TRADE POLICY AND POVERTY REDUCTION IN BRAZIL.** By Glenn W. Harrison, Thomas F. Rutherford, David G. Tarr and Angelo Gurel. Taken from The World Bank Economic Review, this article uses a multiregion computable general equilibrium to evaluate the regional, multilateral, and unilateral policy options of Mercosur from the perspective of welfare of all potential partners in several proposed agreements. Poverty is explored in Brazil, with a focus on the increase in returns of un-skilled workers as a result of trade liberalisation. For more information and to access the report visit <http://wber.oupjournals.org/cgi/content/abstract/18/3/289>.

**WTO AGREEMENT ON AGRICULTURE: A DECADE OF DUMPING -- UNITED STATES DUMPING ON AGRICULTURAL MARKETS.** By Sophia Murphy, Ben Lilliston and Mary Beth Lake. Institute for Agriculture and Trade Policy, February 2005. The first in a series assessing the WTO's first 10 years, this report finds that US food companies are still exporting crops at prices below their cost of production onto world markets and that such dumping occurs in spite of the efforts of the WTO. The analysis provides dumping calculations from 1990-2003 for five commodities grown in the US and sold on world markets: wheat, corn, soybeans, rice and cotton. It shows that these products were exported by the US at between 10 and 48 percent below the price of production. To access the report, visit <http://www.tradeobservatory.org/library.cfm?refid=48532>.

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