



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

Bridges

Weekly Trade News Digest

23 November 2005

Volume 9 Number 40

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LEAD STORIES

FIVE MINISTERS AIMING FOR DOHA ROUND ROAD MAP IN HONG KONG

Ministers from five influential trading nations came away from a 22 November meeting in Geneva with the impression that a high-level summit in the first months of 2006 would be necessary in order for WTO Members to strike a far-reaching, detailed framework agreement for the Doha Round trade talks in time to conclude the negotiations by the end of next year. Representatives from the EU, the US, Brazil, India, and Japan agreed that December's Hong Kong Ministerial Conference should establish a "road map" for the completion of the negotiations, though they remain divided on the issue of farm trade liberalisation.

WTO Members have conceded that their negotiating positions remain too far apart for them to agree on 'full modalities' -- including specific numerical values and formulae for reducing tariffs on farm products and industrial goods -- in Hong Kong (see BRIDGES Weekly, 16 November 2005, <http://www.ictsd.org/weekly/05-11-16/story1.htm>). They now admit that full modalities will only be possible in 2006.

The reports on the state of the talks released this week by the chairs of the agriculture and industrial goods negotiations point to the wide differences that persist. While the reports had originally been expected to contain draft modalities based on Members' converging viewpoints, the chairs were able to do little more than summarise and consolidate the various positions that Members had expressed during discussions.

Lamy draft text expected to provide direction for Hong Kong

Nevertheless, US Trade Representative Rob Portman stressed that the Ministerial Conference should be "more than just a simple stock-taking exercise," suggesting that Members could, for example try to agree to the contours of a formula for reducing tariffs on industrial goods. Saying that the summit should create "the road map for negotiations in 2006," he called for

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any interim decision there to be "as specific as possible."

"We have agreed to try and bridge our differences in the course of the next weeks to Hong Kong and thereafter," said Indian Commerce Minister Kamal Nath. He told the press that the ministers had agreed to try to ensure that the December meeting establishes timelines for work in 2006. His EU counterpart, Trade Commissioner Peter Mandelson, expressed hope that governments would use the Hong Kong gathering to "lock in the progress made" in the negotiations thus far, and establish a "springboard for advance" next year.

In order to conclude the Doha Round by the end of 2006, Members would need to agree on full modalities quite early in the year in order to leave sufficient time for the significant amounts of technical work that would still be necessary thereafter.

Clues about precisely how much more than simple stock-taking Members might try to achieve at the December summit are expected to emerge from the first comprehensive draft version of a Hong Kong Ministerial Declaration that WTO Director-General Pascal Lamy is currently putting together on the basis of input from the different negotiating groups. He is aiming to circulate the text to Members on 25 November.

New ministerial meeting in early 2006?

The ministers were emphatic about the need to maintain the current level of momentum in the talks through December and into 2006. "We've got to make sure that coming out of Hong Kong we don't simply all breathe a sigh of relief and go back home... and leave Doha behind," Portman said. "We need to keep the pressure on." For the first time, he openly suggested that a high-level meeting after Hong Kong would be necessary in order to nudge Members towards full modalities. "Without a meeting, without setting up sort of a backstop, it's tough to make progress."

Earlier this month, Kamal Nath and Brazilian Foreign Minister Celso Amorim had talked about the possible need for a "Hong Kong Two" gathering. At the time, sources had mentioned March as a potential target date for full modalities. On 22 November, however, Portman said that no timeframe for such a meeting had been established.

Governments are continuing to push for finishing the round by the end of 2006 because US President George W. Bush's "fast track" ability to put a trade agreement to Congress for a simple yes-or-no vote without the risk of major amendment is set to expire in mid-2007.

Senior trade officials from several countries are set to meet over the next two weeks to discuss what they might successfully agree on in Hong Kong. The five ministers who met on 22 November are planning to get together again next week, possibly in Brussels or Geneva. A summit of G-90 ministers (encompassing African, Caribbean, Pacific, and least-developed country Members) is planned for the same time. African trade ministers kicked off a meeting in Arusha, Tanzania on 23 November, where they will try to articulate a common position on commodities.

Geneva delegations will examine Lamy's comprehensive draft text first at a 30 November meeting of the Trade Negotiations Committee and then at a 1-2 December session of the General Council. The Ministerial Conference gets underway on 13 December.

ICTSD reporting; "WTO 'won't agree deal in China,'" BBC NEWS, 22 November 2005; "WTO heavyweights set to review Hong Kong prospects," AGENCE FRANCE PRESSE, 23 November 2005; "New date for interim trade deal agreed," FT.com (FINANCIAL TIMES), 22 November 2005; "African trade ministers meet on position," ASSOCIATED PRESS, 23 November 2005; "Key WTO 'meeting next week'," GULF TIMES, 23 November 2005; "Another Day of Trade Talks, but the Same Old Impasse," NEW YORK TIMES, 23 November 2005.

AGRICULTURE: CHAIR REPORTS ON STATUS QUO WITH A VIEW TO HONG KONG

Ambassador Crawford Falconer of New Zealand, the Chair of the WTO agriculture negotiations, presented Members with his draft report on the state of the agriculture negotiations on 22 November. In a brief meeting the same day, delegates provided their first reactions -- generally positive -- to the report.

Delegations have scaled down their expectations for the sixth WTO ministerial meeting to be held in Hong Kong from 13-18 December, recognising that they will not be in a position to agree on full modalities, i.e., specific numerical values and formulae for tariff cuts (see BRIDGES Weekly, 16 November 2005, <http://www.ictsd.org/weekly/05-11-16/story1.htm>).

Falconer acknowledged this fact in his draft report, and sought to provide an "objective factual summary of where the negotiations have reached at this time,"

albeit one that could "orient" further discussion, as per Members' request. He particularly underlined the need for Members to build on progress that has taken place over the last few months. "You don't close divergences by taking time off to have a cup of tea," the report warned. "If you do so, you will find that everyone has moved backwards in the meantime."

A range of numbers included on domestic support

In the report, Falconer described the main offers on the table in each of the three pillars of the agriculture negotiations -- domestic subsidies, export competition, and market access -- often by providing ranges of figures that encompassed the different numbers that Members had put forward.

A table outlined convergence towards three bands for cutting overall trade-distorting domestic support. Proposals for cutting ceiling support levels over USD 60 billion ranged between 70-80 percent; from USD 10-60 billion by between 53-75 percent; and under USD 10 billion by 31-70 percent. Similarly, Members generally agreed on three bands -- but different reductions -- for Amber Box (trade distorting support) cuts. As with the reductions to overall domestic support, the EU would fall into the uppermost tier and the US in the middle one. The position of Japan remained unclear.

On the lower levels of 'de minimis' support -- the maximum level of exempted trade-distorting subsidisation -- Falconer noted that Members could generally agree that developed countries should cut the limit for such subsidies by between 50-80 percent from the current level of 5 percent of the total value of agricultural production. The situation with regard to developing countries was more open, with proposals on the table to exempt them from having to make any reductions, or to undertake cuts two-thirds the size of those made by developed countries. The report takes note of the different approaches with regard to how to further constrain Blue Box subsidies, which are to be partially de-coupled from production: for instance, the ceiling level could be lowered, or new and stricter criteria introduced.

On the review of the Green Box (decoupled, non-trade distorting subsidies), Falconer noted that Members remain in two camps: those that wish to see current disciplines remain intact, and those that want the criteria tightened. Members have also opened up to the idea of including new rules to better accommodate developing country issues and needs in the Green Box.

Responding to the draft report, some countries expressed the view that it had provided disproportionately more detail on domestic support than the other pillars, given that a range of numbers had

been included in the body of the text (numbers on market access, for instance, are present only in footnotes). They emphasised that each element was contingent on progress in the other pillars as well as the overall talks. The US has said that its offer to cut domestic subsidies depends on further movement by the EU on market access, whereas the EU's proposal is strongly linked to progress in areas such as industrial market access and services by other Members.

End date for export subsidies yet to be decided

On export competition, Falconer noted that Members would have to settle on an end-date for export subsidies, which they have agreed to phase out. He also noted Members' positions diverged on some of the other export competition issues under review, namely export credits, state trading enterprises and food aid.

"Substantial progress" needed on market access

Falconer noted some general contours of agreement in the market access pillars, including the idea of classifying tariffs into four different bands, with linear-type reductions within each band. However, the report points out that Members remain far apart with regard to the depth of the actual cuts -- a footnote provides tables containing the wide range of figures proposed for tariff thresholds and reductions.

Members also differ, the report points out, in their approaches to tariff caps and the treatment and number of sensitive products (slated for milder tariff cuts), as well as how to accord special and differential treatment to developing countries.

Furthermore, the Falconer text provided an outline of where negotiations stand with regard to Special Products (SPs, products that developing countries would be able to designate for low or no tariff cuts based on food security, livelihood, and rural development concerns) and a Special Safeguard Mechanism (SSM), which developing countries would be able to use to protect themselves against import surges. He noted divergence over how SPs should be designated, with some Members preferring the use of an illustrative list of indicators used by individual countries as the basis for their selection process for SPs, and others a multilaterally agreed list against which proposed products would be screened. Falconer also took note of the G-33's (the proponents of SPs and the SSM) recent proposal that developing countries be allowed to designate 20 percent of their tariff lines as special, but noted that their suggestions had not yet been discussed by the Membership as a whole.

Ag report to be included in draft ministerial declaration

A number of negotiating group Chairs have provided similar draft reports to WTO Director-General Pascal Lamy, who is expected to provide a first draft of the full ministerial text on 25 November. This text is set to be discussed in the Trade Negotiations Committee on 30 November, which will be followed by a meeting of the General Council from 1-2 December.

Falconer's report is available at http://www.ictsd.org/ministerial/hongkong/docs/05-11-22_ag_draft_report.pdf.

ICTSD reporting.

CTD-SS: MEMBERS ASK "HAS PROGRESS BEEN MADE?"

At a 21 November informal meeting of the WTO Committee on Trade and Development Special Session (CTD-SS), Members agreed on draft Hong Kong Ministerial Declaration text concerning special and differential treatment (S&D) to send to the General Council. However, Members did differ in their opinions on how to reflect the progress, or lack thereof, on five proposed amendments to specific WTO agreements.

During recent meetings of the CTD-SS, developing countries argued that since Members had not reached complete agreement on the wording of the proposed amendments, the draft text should not say that there had been "progress" on the 'agreement-specific S&D proposals.' However, developed countries were wary of deleting any reference to "progress" from the text, contending that positions on the proposals are significantly closer now than they once were. To resolve the matter, Members agreed that the four paragraph-long text would say that "some progress" had been made and that Chair Faizel Ismail of South Africa would make verbal reference to the disagreement on "progress" while presenting the text to the General Council.

No convergence on agreement-specific proposals

The divergence on the reference to "progress" reflects disagreement on many sections of the agreement-specific proposals, which the CTD-SS has focused on since May in the hope of reaching agreement on them before Hong Kong (see BRIDGES Weekly, 16 November 2005, <http://www.ictsd.org/weekly/05-11->

16/story2.htm). Most of the disagreements centre upon how obligatory the language in the new texts should be.

Members were unable to make any breakthroughs on the proposals during intensive negotiations in an informal session on 17 November and a formal meeting on 18 November, and instead decided to include different versions of each of the proposed texts in an annex to the draft ministerial text on S&D. This text is expected to contain two versions of each of the five proposals -- one drafted by the LDCs based upon discussions and the other by, say, the US or the Latin American countries. The draft text allows for ministers in Hong Kong to make a political decision to approve the five proposals.

Swiss call for "reinvigorating" outstanding issues

Drawing on the perceived lack of progress on agreement-specific proposals, Switzerland and a number of developed countries asked for a reference to the "reinvigoration of all outstanding issues" to be inserted into the draft ministerial text. This refers to the cross-cutting or systemic concerns that were placed on the sidelines of the negotiations in May 2005 when Members decided to focus on the agreement-specific proposals.

Developed countries have generally expressed the view that addressing these issues at the same time or even before agreement-specific proposals is an integral part of the mandate given to the CTD-SS. Indeed, one delegate implied that progress on agreement-specific proposals was contingent on movement on cross-cutting issues.

African Group countries, on the other hand, feel that the sequencing set out by the July Package (WT/L/579) calls for agreement-specific issues to be dealt with before cross-cutting issues. Several developing countries are concerned that a reference of the sort that Switzerland is seeking could lead to agreement-specific proposals being put on the back-burner in favour of cross-cutting issues in the post-Hong Kong period.

Nonetheless, the reference to reinvigorating "outstanding issues" was included at the end of the text forwarded to the General Council, but the sequencing of the two types of concerns was not explicitly mentioned.

Call to bring S&D proposals back rejected

The African Group on 16 November called for WTO negotiating groups to send the so-called "category 2" agreement-specific S&D proposals that had been referred to them in 2002 back to the CTD-SS. The proposals had originally been sent to the relevant

negotiating groups so that experts in the issue-areas, such as sanitary and phytosanitary measures (SPS), would be able to examine and improve them.

Arguing that there had been little movement on these proposals in the various negotiating groups, the African Group suggested that it was time to bring them back to the CTD-SS. Other Members disagreed, suggesting that the experts on each issue area would be the best ones to examine the S&D proposals and that the CTD-SS already had a heavy work-load. The draft text sent to the General Council does not support the African Group idea, and instead urges the negotiating groups to "expeditiously complete" their work on the S&D proposals.

CTD considers paragraph on commodities

Cote d'Ivoire, Kenya, Rwanda, Uganda, Tanzania and Zimbabwe made a proposal at an informal 22 November meeting of the regular session of the Committee on Trade and Development for a paragraph on commodities to be included in the draft Hong Kong Ministerial Declaration text. The proposed paragraph refers to the impact of commodity price decline and volatility on the livelihoods of farmers in countries dependent on primary commodities. It calls on Members to launch negotiations on commodities that would aim to eliminating non-tariff barriers and tariff escalation (higher tariffs on processed goods than on raw commodities). The six countries also want negotiations to review and improve WTO rules that relate to the stabilisation of prices through supply management systems as well as the use of export taxes and restrictions.

Although most Members at the meeting agreed that the Hong Kong Ministerial Declaration text should include a reference to commodities, they could not resolve differences on whether it should mention negotiations, stabilisation measures or export taxes and restrictions. CTD regular session Chair Ambassador Gomi Theraka Senadhira said that discussions on commodities would continue at informal meetings next week.

Aid for trade paragraph in the works?

A group of Members that have been meeting informally outside any particular negotiating body are investigating the possibility of submitting a paragraph on aid for trade to the General Council for inclusion in the draft Hong Kong Ministerial Declaration. They met on 22 and 23 November, and are currently in the process of identifying elements for a draft text.

ICTSD reporting.

OTHER NEWS

RULES CHAIR SUBMITS DRAFT TEXT TO TNC, DIVISIONS REMAIN

WTO delegates in the Negotiating Group on Rules discussed revised draft ministerial declaration text put forward by Chair Ambassador Guillermo Valles Galmes of Uruguay, during informal meetings on 18 and 21 November. Though Members broadly described it as an acceptable basis for actual negotiations at the Hong Kong Ministerial Conference in December, one that takes into account the breadth of proposals and progress made, disagreements persist on a number of issues related to the anti-dumping negotiations and the timeline for moving to text-based negotiations. More consensus exists on the paragraph on fisheries subsidies.

Chair mandated to prepare consolidated text, deadline not specified

Establishing time frames to move to text-based negotiations on Rules received the most attention during the discussions. The draft mandates the Chair to prepare consolidated draft texts for amendments to the Anti-dumping (AD) and Subsidies and Countervailing Measures (SCM) Agreements "early enough to assure a timely outcome within the context of the 2006 end date for the Doha Development Agenda." It stipulates that he should take account of progress made in other areas of the negotiations while doing so.

Brazil, Hong Kong, China, Chile, Japan and others would like to fix early 2006 as a deadline for Valles Galmes to develop a consolidated text on rules that would serve as a basis for subsequent negotiations. The US and Egypt objected to such a deadline.

One source reports that Members generally agree that the Chair will need some flexibility in determining the precise moment to come forward with a consolidated text, but that the current phrasing is still too vague to provide him general guidance about when to do so. However, as no consensus was possible on how to translate this into concrete language for the draft, the paragraph remained as it is, with no target dates.

No common ground found on anti-dumping

Consensus was also lacking on various anti-dumping issues specifically mentioned in the text. The draft text simply reports that Members have considered proposals on issues such as the determination of injury/causation, the lesser duty rule, public interest, transparency and due process, interim and sunset

reviews, duty assessment, the use of facts available, limited examination and all other rates, dispute settlement, the definition of dumped imports, and circumvention.

Most members of the 'friends of anti-dumping' (FAN), a group of developed and developing countries seeking tighter rules, did not want the draft to mention the development of rules that would prevent Members from circumventing anti-dumping duties and countervailing measures, a priority demand of the US (see BRIDGES Weekly, 2 November 2005, <http://www.ictsd.org/weekly/05-11-02/story7.htm>). WTO rules on anti-dumping do not currently cover circumvention; many Members perceived the issue's inclusion in a draft text as a victory for the US and the EU, its only clear proponents.

The US, on the other hand, warned that it would block other initiatives in the Rules talks if circumvention were not explicitly mentioned in the text. Moreover, it resisted requests by other Members to explicitly acknowledge negotiations on specific anti-dumping issues in addition to the ones mentioned in the draft.

Similarly, the US blocked attempts by Members of the FAN group to make vague language in the draft text more specific. The text, for example, says that negotiations on anti-dumping should, "as appropriate," clarify and improve anti-dumping rules. Brazil would like to delete phrases such as "as appropriate" from the text, arguing that they further water down an already vaguely formulated mandate.

Some agreement on fisheries subsidies

The most substantial changes were made to the paragraph on fisheries subsidies. The original draft text had been very short and many Members felt that it did not reflect the progress made so far.

The original version noted that "there is broad agreement that the Group should aim to strengthen disciplines on subsidies in the fisheries sector, including through the identification and prohibition of subsidies that may contribute to overcapacity and over-fishing, taking into account the special needs of developing and least-developed Members." The Chair's text expands on this, calling on Members to "promptly undertake further detailed work to, inter alia, establish the nature and extent of those disciplines, including transparency and enforceability."

At India's request, Members agreed to add to the text on special and different treatment (S&D) for developing and least-developed countries by appealing for "appropriate and effective" S&D as an "integral part" of the negotiations, taking into account the sector's

importance to "development priorities, poverty reduction, and livelihood and food security concerns."

Members opposed requests by Japan, Korea and Chinese Taipei that the text instruct Members to "preserve the basic concepts and principles of the Agreement on Subsidies and Countervailing Measures (SCM)," arguing that the mandate for fisheries subsidies negotiations was to amend those very principles.

Although the Friends of Fish, a loosely defined group of countries which support a broad ban on fisheries subsidies that includes New Zealand, Chile, Peru and the US, would have preferred an even stronger call for disciplining fisheries subsidies after the Hong Kong summit, they find the revised version of the draft balanced and acceptable, according to New Zealand.

Environmental sources regard the fact that the draft text clearly addresses subsidies that contribute to overcapacity and over-fishing as a major achievement, given that some Members previously tried to limit disciplines to subsidies that were directly trade-distorting, regardless of their the impact on fish stocks in general.

Some sources noted that the very fact that Japan agreed to a text that speaks of a broad agreement that disciplines should be strengthened could be regarded as remarkable, given its initial reluctance to negotiate fisheries-specific subsidies rules at all.

Level of ambition dependent on dynamics in other groups

Members also differ on the overall level of ambition that the Rules Group should aim for, depending on how strongly they would like to link it to the outcomes in other negotiating groups. During meetings of the group, the US has expressed support for a process-based link that would align the timing of anti-dumping negotiations with work carried out in other committees. Switzerland, along with Brazil and the EU, has asked for progress on rules that is "commensurate" with that in other groups in terms of ambition and substance.

Plurilateral consultations continue this week. As no consensus has been reached on the draft within the Rules Group, the Chair has now submitted it to the Trade Negotiations Committee (TNC) on his own responsibility. WTO Director-General Pascal Lamy, who heads the TNC, will ultimately submit a comprehensive draft ministerial text to Members on the basis of the Chair's texts and further consultations. If Members cannot resolve their differences before the Ministerial Conference starts on 13 December, ministers will take them up in Hong Kong itself. Delegates expect

ministers' negotiations on Rules to be influenced more strongly by developments in other negotiating areas than by the draft text.

Sources report that the Trade Negotiations Committee is scheduled to meet on 30 November.

ICTSD reporting.

TRADE FACILITATION: CONSENSUS REACHED ON DRAFT REPORT FOR TNC

During the 18 November session of the WTO Negotiating Group on Trade Facilitation, Members were able to adopt their draft report to the Trade Negotiations Committee (TNC, TN/TF/W/72), overcoming differences that had caused their previous meeting to break down (see BRIDGES Weekly, 16 November 2005, <http://www.ictsd.org/weekly/05-11-16/story4.htm>). They also reached consensus on the seven-line text for the Hong Kong Ministerial Declaration that endorses the recommendations contained in the TNC report.

Language on starting text-based negotiations muddled

In the end, it was apparently small changes in sections of the draft report's text that resulted in consensus.

A key difference during the group's previous session was on the issue of whether the report should mention a potential start date for start text-based negotiations. In response to concerns expressed by delegations including Kenya and Cuba, the report's reference to "the need to move into focused drafting mode early enough in 2006" was changed to "...early enough after the Sixth Ministerial Conference." As one delegate stated, there was no reason to include any indication of a date for trade facilitation when no similar dates had been proposed for central negotiating topics such as agriculture and non-agricultural market access (NAMA).

One developing country negotiator said that while not all delegations were completely happy with the report, all Members could 'live with the text' and that it reflected their various interests. To address procedural concerns, the report's title was changed from 'Draft Hong Kong Report' to 'Report to the Trade Negotiations Committee.'

Members also managed to agree on language for recommendations regarding special and differential treatment (S&D). One developing country trade delegate suggested that the modified report's S&D

language was more expansive, since it reaffirmed "the linkages among the elements of Annex D" of the 2004 July Package (WT/L/579), as opposed to only two specific paragraphs of Annex D as in the earlier version of the report.

Language that technical assistance be made "expeditiously operational" was changed to a stipulation that it be made operational in a "timely manner," reportedly in response to concerns voiced by the US.

Door remains open to future submissions

One trade diplomat stressed that developing countries had successfully retained the flexibility to submit new proposals to the group, since the report specified that negotiations should continue on the basis of Members' proposals including "any new proposals to be presented," and did not set out an end-date for new submissions.

The diplomat admitted that even though no WTO Member so far had explicitly rejected the inclusion of any item in the present list of proposed issues, Members would eventually need to stop discussing new ideas and elements and get into 'text-based negotiating mode.'

What if technical assistance isn't delivered?

An African delegate told Bridges that Members were yet to act upon the July Package technical assistance mandate to identify the 'needs and priorities' of developing countries and address concerns on the cost implications of implementing trade facilitation measures. The delegate reiterated that many developing countries want clearer assurance that the necessary technical assistance will be forthcoming before they agree to any commitments. Another trade expert pointed out that Members were even mandated to provide countries with technical assistance "during the negotiations."

The trade facilitation mandate is notable for explicitly linking developing country Members' eventual obligations to the successful delivery of technical assistance.

In a personal comment, a developing country negotiator said that there were two options for what developing countries could do if trade facilitation obligations were formalised but technical assistance remained inadequate. They could, for example, choose not to commit to problematic obligations from the outset, i.e., commit only partially to provisions in an agreement. Alternately, they could commit to all provisions but not implement the obligations that were problematic. In the delegate's view both options were possible, but future

discussions with other Members would be required to clarify the issue.

Trade sources report that while the text was 'in principle' adopted by consensus at the meeting, it still needs to be approved at the TNC meeting on 30 November as well as the 1-2 December meeting of the General Council.

ICTSD reporting.

WEST AFRICANS, EU MAKE PROPOSALS FOR HONG KONG DEAL ON COTTON

At the 18 November meeting of the WTO Sub-Committee on Cotton, the EU and a group of four West African countries described plans for cutting subsidies and tariffs on cotton more quickly and deeply than other farm products, urging Members to adopt them at the Hong Kong Ministerial Conference in December. Notably, the EU offered to unilaterally implement its own proposal from 2006. A number of Members have been pushing for an agreement on cotton trade at the WTO's Hong Kong summit, since they have largely given up hopes of striking a comprehensive deal on most aspects of the negotiations there.

Benin, Burkina Faso, Chad, and Mali, the prime advocates of the WTO's special work programme on cotton, called for the elimination of cotton export subsidies by the end of 2005. They also called for trade-distorting domestic support to be eliminated by 1 January 2009 -- 80 percent by the end of 2006, with the remaining cuts to be evenly divided between 2007 and 2008 -- accompanied by rules prohibiting the reclassification of unauthorised subsidies as permitted ones. The four countries urged Members to agree to improved market access, with duty- and quota-free access to developed country markets for least-developed country (LDC) exports. They also called for the creation of an emergency fund to help governments cope with deficits resulting from the decline in the price of cotton, and other technical and financial assistance to develop the cotton sector in Africa. Notably, a 16 November declaration in N'Djamena, Chad signed by senior representatives from the four governments emphasised that they would be unable to sign on to a Hong Kong consensus that did not address these concerns.

The EU proposes that the Doha Round outcomes on cotton "will be more ambitious and farther reaching than those that will be achieved for the agriculture sector as a whole." Referring to the 2004 July Package (WT/L/579) mandate to address cotton "ambitiously,

expeditiously, and specifically, within the agriculture negotiations," the EU's informal paper indicated that it was prepared to eliminate all tariffs and quotas on cotton imports from all WTO Members as well as all cotton export subsidies, "from day one of the implementation period of the results of the round." With regard to domestic subsidies, the EU proclaimed its willingness to eliminate 'Amber Box' trade-distorting support and apply all new rules on 'Blue Box' support. Furthermore, it announced that it was ready to implement these commitments "on an autonomous basis" from 2006. The EU urged Members to agree at the Ministerial Conference to substantial reductions in tariffs and domestic support, as well as the elimination of export subsidies in a manner that is "fast-tracked and front-loaded in comparison with the implementation schedule applicable for other sectors covered by the agriculture negotiations."

During the meeting, the G-20 developing countries, Cuba, and the group of African WTO Members expressed support for the four West African countries' proposal.

The US agreed that disciplines on cotton should go further than the overall results of the farm trade negotiations, but said that an ambitious agreement on agriculture was necessary for any package on cotton to have a significant effect. The US doles out far more in cotton subsidies to its farmers than the EU; Washington would thus likely to encounter far more political difficulty in eliminating them than Brussels. The EU, on the other hand, has been pushing for far smaller tariff cuts in the overall agriculture talks than the US.

Agriculture Chair Ambassador Crawford Falconer of New Zealand, who also heads up the Cotton Sub-Committee, mentioned cotton in the "least-developed countries" section of his report on the talks for the Trade Negotiations Committee. The report says that Members "remain at this point short of concrete and specific achievement" on cotton, with no agreement on the timeline or extent of other liberalisation commitments, as well as their relationship to the overall agriculture negotiations. During an informal agriculture meeting on 22 November, hours after the report was circulated to Members, the four West African countries said that the report should create a special section for cotton. Paraguay and Pakistan echoed this, pointing out that some non-LDCs also had an interest in the matter. Falconer, who will make some modifications to his text, said that he had taken their views into consideration.

ICTSD reporting.

IN BRIEF

**EU POSTPONES VOTE ON NEW BANANA
TARIFF AMIDST INTERNAL DIVISIONS**

The EU has postponed a vote on a reform to its banana import rules that would set the most-favoured nation tariff at 179 euros per tonne, after a group of EU member states attacked it as excessively high. No date has been fixed for the vote, originally scheduled for 23 November, but European Commission agriculture spokesman Michael Mann expressed hope that EU members would resolve the issue before WTO's Hong Kong Ministerial Conference in December. Honduras has already put the issue on the agenda for the summit (see BRIDGES Weekly, 16 November 2005, <http://www.ictsd.org/weekly/05-11-16/story6.htm>).

After its banana import regime was found to be WTO-inconsistent in 2001, Members granted the EU a waiver (the so-called 'Cotonou waiver') allowing it to maintain preferential access for African, Caribbean, and Pacific (ACP) banana exports -- so long as the move to a tariff-only regime by 1 January 2006 maintained total market access for Latin American most-favoured nation (MFN) producers. The waiver allowed MFN banana exporters to seek arbitration if unhappy with the EU's proposed tariff levels. WTO arbitrators have already rejected two EU proposals for tariffs of 230 and later 187 euros per tonne (see BRIDGES Weekly 2 November 2005 <http://www.ictsd.org/weekly/05-11-02/story3.htm>).

Dow Jones reports that Sweden objected to the 179 euros per tonne level, arguing that it would grant too much protection to Europe's banana farmers and former colonies at the expense of EU consumers. Germany, the Netherlands, and the Czech Republic supported its position. Arrayed against them are France, Spain, and Portugal, which have domestic banana industries, and ACP producers, who already feared that a 187 euros per tonne tariff would leave them unable to compete.

The Cotonou waiver is set to lapse on 1 January 2006. A failure to agree on a tariff before the Ministerial Conference could complicate the EU's negotiating position there.

ICTSD reporting; "EU Delays Banana Duty Vote, Lowering Hope for Dec Deal," DOW JONES, 23 November 2005.

"APEC Ministers Say World Trade Talks Hinge on Europe (Update5)," BLOOMBERG, 15 November 2005; "APEC ministers OK statement for WTO talks," ASSOCIATED PRESS, 15 November 2005; "APEC

Ministers Agree on 'Strong Statement' Supporting WTO Goals," VOICE OF AMERICA, 15 November 2005.

**EUROPEAN PARLIAMENT APPROVES
CHEMICALS LEGISLATION**

The European Parliament on 17 November voted by a large majority to approve Registration, Evaluation and Authorisation of Chemicals (REACH) legislation, which sets out a process in the EU for the pre-sale evaluation and potential ban of chemical products based on health and environmental safety grounds.

As per a compromise struck to ensure its approval, the law includes basic registration requirements for quantities of chemicals between one and ten tonnes and provides for the possibility of waiving safety testing requirements for the sale of quantities ranging from ten to 100 tonnes "based on satisfactory justification of risk." Although environmental groups criticised these compromises on the required safety information, the final deal adds two relatively pro-environment provisions: the 'substitution principle' requires companies to cease the production and use of dangerous chemicals when safer alternatives are available, while another limits the duration of authorisations to five years.

Of the numerous amendments incorporated into the approved text, several respond to concerns raised by WTO Members including the US, Japan and several African countries that the new measures may pose illegal barriers to trade (see BRIDGES Trade BioRes, 11 November 2005, <http://www.ictsd.org/biores/05-11-11/story3.htm>). South African government officials had earlier warned that REACH rules, particularly those pertaining to the mining sector, could impose heavy costs on businesses in African, Caribbean, and Pacific countries.

European Parliament Environment Committee member John Bowis said that although he thought the EU should promote REACH-type standards in world trade negotiations to ensure a "level playing field that includes environmental and health requirements," it would also be necessary to "take account of the very real worries among developing countries, especially on the issue of minerals and mining products, and ensure that we do not damage their fragile economies."

EU member states will vote on the legislation on 19 December.

ICTSD Reporting; "Parliament backs safety assessment of chemicals," EURACTIV, 17 November 2005; "Britain sets December date for EU chemicals deal,"

REUTERS, 18 November 2005; "EU Parliament Passes Chemical Legislation In First Reading; Ministers to Review in Dec," WTO REPORTER, 21 November 2005, "Parliament backs new EU law on toxic chemicals," REUTERS, 17 November 2005; "America's Chemical Makers Dismayed by E.U. 'REACH' Vote," PRNEWswire, 18 November 2005.

WSIS MEETING CHANGES LITTLE ON INTERNET GOVERNANCE OR DIGITAL DIVIDE FUNDING

The second phase of the World Summit on the Information Society (WSIS) took place in Tunis, Tunisia from 16-18 November. The two key goals of the conference were to look at how to increase funding for efforts to close the 'digital divide' and, more controversially, to address the governance of the internet.

The technical management of the internet is currently carried out by the US-based non-profit Internet Corporation for Assigned Names and Numbers (ICANN), which is under contract to the US government. Several governments had wanted internet control to be transferred to a potential international body.

The event ended in a compromise, with ICANN remaining in control of the system for governing domain names -- a key US negotiating aim. However, the summit created a new Internet Governance Forum (IGF) to bring together representatives from government, civil society, business, and the UN to examine internet-related governance and cyber-security issues.

Not long before the meeting, the EU moved away from its original pro-ICANN stance by supporting calls for an international body. However, at WSIS itself, the EU effectively accepted the US' position.

Michael Geist, an internet governance expert at the University of Ottawa, writes that the forum "has the potential to emerge as the platform to allow for a continued emphasis on internet regulation concerns." The future of internet governance will also be reviewed in the future.

Little was accomplished in terms of securing additional funding to improve people's access to information and communications technology; contributions to the Digital Solidarity Fund (DSF) remain voluntary. Reportedly, discussions at the summit were distracted by concerns

over internet control, censorship, freedom of speech and other issues yet to be tackled by WSIS.

The summit's final documents, the Tunis Commitment (WSIS-05/TUNIS/DOC/7) and the Tunis Agenda for the Information Society (WSIS-05/TUNIS/DOC/6 (Rev. 1)) as well as further details on the event are available at: <http://www.itu.int/wsis/tunis/index.html>.

"Controversy blights UN net summit," BBC NEWS, 18 November 2005; "Internet Summit Ends with Promises, Little Funding," ASSOCIATED PRESS, 18 November 2005; "Analysis: Net control debate rumbles on," BBC NEWS, 17 November 2005.

WTO IN BRIEF

BRAZIL SUSPENDS CROSS- RETALIATION REQUEST AGAINST US IN COTTON CASE

Brazil has suspended its efforts to seek over USD 1 billion in annual retaliation against US goods, patents, and services providers after striking a bilateral deal to halt proceedings in its WTO dispute against US cotton subsidies.

In October, Brazil formally asked WTO Members for the right to impose sanctions on the US for failing to comply with a March WTO ruling against its cotton subsidy programme (see BRIDGES Weekly, 12 October 2005, <http://www.ictsd.org/weekly/05-10-12/story3.htm>). Arguing that imposing large amounts of retaliatory tariffs on US goods imports would be harmful to its domestic industry, Brazil sought to 'cross-retaliate' against US services providers and intellectual property as well. Although no WTO Member has ever applied such cross-retaliatory measures, some trade analysts believe that they would be more effective than higher goods tariffs at getting large economies to comply with WTO rules in disputes with smaller ones.

At the 18 October meeting of the Dispute Settlement Body (DSB), the US rejected both the type and amount of retaliation that Brazil was seeking as inappropriate, and filed for arbitration in the dispute (see BRIDGES Weekly, 19 October 2005, <http://www.ictsd.org/weekly/05-10-19/WTOinbrief.htm#1>).

This arbitration has been suspended by the US and Brazil's agreement. In a joint letter dated 21 November, US Ambassador Peter Allgeier and Brazilian

Ambassador Clodoaldo Hugueneu asked the WTO arbitrator to halt proceedings, citing the US' reaffirmation during the 18 October DSB meeting that it would implement the cotton ruling. As per the terms of the US-Brazil agreement, arbitration proceedings are suspended until either country asks for their resumption. Each country promised to notify the other 30 days before doing so.

A similar agreement in July suspended arbitration on Brazil's USD 3 billion sanction request with regard to a different set of subsidies in the same dispute (see BRIDGES Weekly, 13 July 2005, <http://www.ictsd.org/weekly/05-07-13/wtoinbrief.htm>).

ICTSD reporting; "Brazil suspends WTO move on US cotton," DAILY TIMES, 23 November 2005.

SMALL ECONOMIES CALL FOR SPECIAL ACCESSION, REGIONAL TREATMENT

A proposal (WT/COMTD/SE/W/17) to ensure that small and vulnerable economies are not faced with "unreasonable" demands during the WTO accession process met with resistance in the Committee on Trade and Development Dedicated Session (small economies) on 16 November. The paper, presented by non-resident Members who were at the WTO for Geneva Week (a bi-annual event to facilitate the participation of small delegations that don't have a representative in Geneva), suggests that the terms of reference for the working parties on the accession of such countries should make clear that membership-seekers "will only be required to undertake commitments commensurate with their level of development." It also proposes allowing Working Party members to request the establishment of a special panel of experts appointed by the Director-General if it believes that these terms are not being observed.

In spite of the sympathy expressed by many Members, the proposal failed to garner consensus and was explicitly rejected by Switzerland, the US, Japan and Brazil. Several delegations questioned the plan's feasibility, pointing out that differentiation among developing countries was a controversial issue and that the Doha Declaration stipulated that the ongoing talks would "not create a new category of Member" (see BRIDGES Weekly, 19 October 2005, <http://www.ictsd.org/weekly/05-10-19/story3.htm>).

The meeting also considered proposals calling for the recognition of regional bodies to provide technical support, notification and implementation functions for SVEs for the Agreements on Technical Barriers to Trade (TBT, WT/COMTD/SE/W/15), Sanitary and Phytosanitary Measures (SPS, WT/COMTD/SE/W/16)

and Trade-related Aspects of Intellectual Property Rights (TRIPS, WT/COMTD/SE/W/18), which most Members supported. Members agreed to a text for the draft Hong Kong Ministerial Declaration that broadly confirms that the CTD-DS has "made progress." In addition, the group approved a report prepared by Chair Ambassador Gomi Theraka Senadhira (Sri Lanka) for the General Council (WT/COMTD/SE/4) that reviews discussions in the CTD-DS negotiations since July 2003.

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.

Upcoming Events: 17 November - 23 November

18 November, Bern, Switzerland: ACCESS TO PHARMACEUTICALS IN DEVELOPING COUNTRIES: SOCIAL, LEGAL AND ECONOMIC ASPECTS. This conference is jointly organised by the World Trade Institute, the Institute of European and International Economic Law of the University of Berne and the Institute of Health Law of the University of Neuchâtel. The focus of the conference will be the economic and regulatory framework of international trade (WTO/World Health Organization) and the challenges for the future in meeting global demands. Registration is requested. For further information contact Rachel Liechti, tel: (+41) 31-631-3487; fax: (+41) 31-631-3630; email: rachel.liechti@iew.unibe.ch; internet: <http://wti.org/gomenu.html?http://wti.org/conf/wticonferences.html>.

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, Germany), 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;

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20694043%7EmenuPK:34482%7EpagePK:34370%7EpiPK:34425%7EtheSitePK: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; <http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=10286&year=2005&month=11>.

23-25 November, Dhaka, Bangladesh: NATIONAL CONSULTATION: REGIONAL ECONOMIC COOPERATION IN SOUTH ASIA. This consultation, organised by the Jaipur, India-based Consumer Unity and Trust Society Centre for International Trade, Economics & Environment (CUTS-CITEE), is designed to involve representatives from business groups, government, civil society and academia primarily from Bangladesh to create awareness and momentum towards regional cooperation with a view to influence the future direction of policies on trade and investment promotion within the country and amongst other South Asian countries. For further information contact Dr. Prasad P. Ranade, tel: (+91) 141-228-2821; fax: (+91) 141-228- 2485; e-mail, citee@cuts.org; internet: <http://www.cuts-citee.org/events2005.htm#nc23nov05>.

WTO Events

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

28 November: DISPUTE SETTLEMENT BODY

28-29 November: COMMITTEE ON TRADE AND DEVELOPMENT

28 November: TRADE POLICY REVIEW BODY - ROMANIA

28-30 November: NEGOTIATING GROUP ON RULES

30 November: TRADE POLICY REVIEW BODY - ROMANIA

30 November: TRADE NEGOTIATIONS COMMITTEE

Other Upcoming Events

5-7 December, Geneva, Switzerland: EXPERT MEETING ON ENHANCING THE PRODUCTIVE CAPACITY OF DEVELOPING COUNTRY FIRMS THROUGH INTERNATIONALISATION. This UN Conference on Trade and Development (UNCTAD) meeting is expected to bring together high-level experts from the public and private sectors, as well as academia and international organisations, to examine issues related to outward foreign direct investment (FDI). For further information contact UNCTAD, tel: (+41) 22-917-5809; fax: (+41) 22-917-0051; e-mail: info@unctad.org; internet: <http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=10495&year=2005&month=12>.

9-10 December, Hong Kong, China: IP3: INTELLECTUAL PROPERTY, INNOVATION POLICIES AND INTERNATIONAL PERSPECTIVES. This conference, jointly organised by the China Information Technology & Law Centre at the University of Hong Kong Faculty of Law and the Intellectual Property & Communications Law Program at Michigan State University College of Law, will bring together leading academics, legal practitioners, technology experts and policy makers to address the latest developments and challenges in the areas of intellectual property and information technology. For further information contact Eliza Li, tel: (+852) 2859-2951; fax: (+852) 2559-3543; e-mail: ewlli@hkusua.hku.hk; internet: <http://www.hku.hk/law/>.

12 December, Hong Kong, China: SOUTH ASIAN CIVIL SOCIETY'S PERSPECTIVE ON DOHA ROUND. The event, jointly organised by the Consumer Unity and Trust Society's Centre for Competition, Investment and Economic Regulation (CUTS-CCIER) and South Asia Watch on Trade Economics & Environment (SAWTEE), will launch the book "Developing a Common South Asian Position in Doha Round: A Civil Society's Perspective." The book release will be followed by a panel discussion on the issues covered in the publication. For further information contact Ritu Lodha, tel: (+91) 141-228-2821; fax: (+91) 141-228-2485; e-mail: rl@cuts.org; internet: <http://www.cuts-international.org/forthcoming-events.htm#cuts12dec05>.

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; internet: <http://www.ictsd.org/ministerial/hongkong/tds/>.

15 December, Hong Kong China: FISHERIES SUBSIDIES DISCIPLINES IN THE WTO: CHALLENGES AND OPPORTUNITIES. The fisheries subsidies negotiations give the WTO an unusual opportunity to help improve the environmental and economic health of the world's fisheries while reducing competitive distortions in a critical natural resource sector. This panel discussion, organised by the UN Environment Programme (UNEP) and the World Wide Fund for Nature (WWF), will discuss the current state of play in the WTO negotiations focusing on some of the key challenges and opportunities WTO members face in developing effective and meaningful disciplines on fisheries subsidies. For further information contact Aimee Gonzales, tel: (+41) 22-364-9002; fax: (+41) 22-364-8219; e-mail: agonzales@wwfint.org.

RESOURCES

COMPETITION REGIMES IN THE WORLD: A CIVIL SOCIETY REPORT. By the Consumer Unity and Trust Society's Centre for Competition, Investment and Economic Regulation (CUTS-CCIER), 2005. Released at the UN's Fifth Review Conference on Competition in Atalya, Turkey, this CUTS-CCIER and International Network of Civil Society Organisations on Competition (INCSOC) book is a compilation of brief essays from across the world on countries' competition regimes. The publication offers an introductory chapter on the historical evolution of global competition regimes. The book then focuses on specific competition policy case examples from 117 countries including Botswana, the UK, India, Brazil, Ethiopia and Senegal. Country studies are primarily based on the voluntary contribution of INCSOC -- a network of civil society organisations -- members. The publication concludes by offering recommendations based on the data collected to promote a more healthy competitive culture. For further

information on this report contact Rijit Sengupta, c-cier@cuts.org or rsg@cuts.org.

IS THE WTO IS THE ONLY WAY? SAFEGUARDING MULTILATERAL ENVIRONMENTAL AGREEMENTS FROM INTERNATIONAL TRADE RULES AND SETTLING TRADE AND ENVIRONMENT DISPUTES OUTSIDE THE WTO. By Stefanie Pfahl. Adelphi Consult, Greenpeace International and Friends of the Earth Europe, 2005. This joint briefing paper explores a set of alternatives to the WTO as a forum both for the clarification of the relationship between the WTO and multilateral environmental agreements (MEAs) and the adjudication of trade and environment disputes. The paper addresses the need to secure a safe political and legal space for the environment and outlines a number of alternative approaches, which would enable governments to move the current negotiations on the relationship between trade rules and MEAs from the WTO to a more suitable forum. The objective of the paper is to provide information on the most relevant alternatives to the WTO currently available. It also elaborates on a few proposals for institutional reforms that would strengthen these alternative institutional options, paying particular attention to the role of the UN Environment Programme (UNEP). Available at http://www.foeeurope.org/publications/2005/alternatives_wto.pdf.

IMPACT OF TRADE LIBERALIZATION ON AGRICULTURE. By Dr. Wajid H. Pirzada. ActionAid Pakistan, 2005. The process of trade liberalization was initiated in many of developing countries under Structural Adjustment Programs (SAPs). Developing countries implemented these programs in conjunction with World Bank and International Monetary Fund (IMF) loans, involving substantial trade liberalisation accompanied by fiscal and monetary austerity. As such, effects specific to the implementation of Uruguay Round commitments, particularly the WTO Agreement on Agriculture (AoA), are difficult to identify and distinguish from SAPs. This paper asserts that while trade liberalisation will create many losers, there will also be some winners. Among them will be the corporate giants, which among them control three quarters of global trade in cereals. These companies depend upon subsidised access to surpluses in Europe and North America and upon access to developing country markets to sell these surpluses. Pirzada finds that the AoA threatens and undermines sustainable agriculture, agricultural biodiversity and rights of small farmers and communities, particularly in the South. The author asserts that the AoA poses a powerful threat to rural livelihoods and that the implications for rural poverty and food insecurity in the South are enormous. Available online at <http://www.actionaid.org/pakistan/images/Impact%20of%20Trade.pdf>.

WHY DEVELOPING COUNTRIES NEED TARIFFS? HOW WTO NAMA NEGOTIATIONS COULD DENY DEVELOPING COUNTRIES' RIGHT TO A FUTURE. By Ha-Joon Chang. South Centre, November 2005. This South Centre publication asserts that the non-agricultural market access (NAMA) negotiations are heading towards a developmental disaster. Chang believes that if developed countries are able to force developing countries to massively cut (or even altogether eliminate) industrial tariffs on a line-by-line basis in an irreversible manner, the latter's prospects for economic development are truly bleak. The author uses a historical analysis of NAMA to show how, contrary to what many developed countries suggest, tariff protection for industries that are not yet profitable can be central to their success. By contrast, free trade works well only in the fantasy theoretical world of perfect markets. Indeed, Chang reveals how trade liberalisation works only when it happens gradually and selectively as part of a long-term industrial policy. Virtually all of today's developed countries built up their economies using government intervention such as tariffs and subsidies throughout the 19th century and most of the 20th century. Thus, the arguments deployed by the developed countries against the use of protection and subsidies by developing countries can only be understood as another effort by the rich world to "kick away the ladder" of development from developing countries. The paper recommends that the current NAMA negotiations be suspended until a new text that ensures developing countries receive the largest possible degree of policy space can be agreed upon. Available online at <http://www.southcentre.org/publications/SouthPerspectiveSeries/WhyDevCountriesNeedTariffs.pdf>.

TRADITIONAL KNOWLEDGE, BIODIVERSITY, BENEFIT-SHARING AND THE PATENT SYSTEM: ROMANTICS V. ECONOMICS? By Hanns Ullrich. European University Institute - Department of Law (LAW), 2005. This paper begins by examining the various ways in which biodiversity-related traditional knowledge may be passively or actively defended or protected. It discusses the conflicts that can emerge when the market-oriented system of intellectual property (IP) protection is put at the service of regulatory schemes aimed at non-market goals. Furthermore, Ullrich asserts that these conflicts can be particularly acute when the acquisition of patents is subject to additional and not directly-related disclosure requirements, and when the exploitation of patents is conditioned on "equitable benefit sharing." The paper concludes that such burdening of patent protected innovation with specific environmental and developmental charges will result in negative synergies which may have a counterproductive impact on the attainment of the regulatory objectives of protecting biodiversity and of promoting development.

Furthermore, the technological neutrality of patent protection as an incentive mechanism for innovation in general may be compromised as well. Available online at http://papers.ssrn.com/paper.taf?abstract_id=838107.

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

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BRIDGES Weekly Trade News Digest is made possible in 2002 – 2004 through the generous support of the Government of the United Kingdom (DFID). Additional support is provided by ICTSD's core donors: the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK), MISEREOR, NOVIB (NL), Oxfam (UK) and the Swiss Coalition of Development Organisations (Switzerland). The **Weekly** also benefits from support for the **BRIDGES** series of publications including: the Rockefeller Foundation, the John D. and Catherine T. MacArthur Foundation and Swiss Development Cooperation. ISSN 1563-0

