



INTERNATIONAL CENTRE FOR  
TRADE AND SUSTAINABLE  
DEVELOPMENT

# Bridges

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### LEAD STORIES

#### **SMALL ECONOMIES' CHARACTERISTICS, PROBLEMS AND SOLUTIONS EXAMINED**

The WTO Committee on Trade and Development Dedicated Session (CTD-DS) meeting on 21 February agreed on a process to move forward the work programme on small economies using an approach suggested by Chair Ambassador Trevor Clarke of Barbados. The 'Dedicated Session' of the CTD focuses exclusively on small economies.

Although Members diverged on whether it was necessary to define the characteristics of small economies, they agreed that the CTD-DS would consider the characteristics and problems of small economies and then design solutions in order to make progress on the group's mandate, outlined in Paragraph 35 of the Doha Declaration ([WT/MIN\(01\)/DEC/1](#)).

At a meeting of the regular session of the Committee on Trade and Development the next day, Members were unable to agree on the approval of ad hoc observers. They also saw presentations on commodities and electronic commerce.

#### **Chair's new approach gains support**

Clarke, in his last meeting as CTD chair, identified a three-step procedure for the CTD-DS at an informal meeting of the group on 25 January; he formally presented it to Members at the meeting on 21 February. The first step entails the consideration of the use of characteristics to identify what can be accepted as small, vulnerable economies. Step two involves the consideration of the trade-related problems that could reasonably be attributed to those characteristics. Step three would involve framing responses to those trade-related problems that these countries could use. Unusually, no countries would be named during this process.

The reluctance to name a particular group of countries stems primarily from some Members' fears over differentiation amongst developing countries (see [BRIDGES Weekly](#), 10 November 2004). Such differentiation is a very contentious issue in the WTO, to

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the extent that the Doha mandate on small economies explicitly specified that Members were to "frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members." Some countries fear that naming a group of countries, or even specifying too clearly which countries could benefit from the proposed solutions, would amount to differentiation. At the meeting, all Members agreed that negotiations in the CTD-DS would not attempt to create a new sub-category of countries in the WTO.

The sequencing of the first and second steps of Clarke's suggested approach divided Members. Brazil, Colombia, Ecuador, Egypt, Costa Rica, Mexico, India, Hong Kong, and Peru suggested that the problems facing small economies should be dealt with first, while Cuba, El Salvador, Canada, and the Dominican Republic preferred to first deal with the characteristics of small economies. Guatemala, Jamaica, Argentina, Sri Lanka, St Kitts and Nevis were interested in looking at both issues at the same time. The US, EU, Switzerland and Paraguay said they were flexible one way or the other.

The first group, composed mainly of larger developing economies, said that some characteristics of small economies probably also apply to other developing countries. They argued that the purpose of defining such characteristics is unclear. Once those characteristics are identified, they asked, how many must apply to one country for it to be called a small and vulnerable economy? They argued that the logical sequence would be to identify the problem, see if it is a consequence of the smallness and vulnerability of the economy, and then try to find a solution. Trade sources suggested that in informal negotiations, they told countries with small economies that it might not be in their interests to open up the issue of characteristics because the debate would be time-consuming, would reopen the contentious differentiation issue, might lead to problems at the Hong Kong Ministerial and because the Doha mandate does not specifically mention characteristics.

The second group, on the other hand, said it makes sense to start with the underlying causes of the problems facing small and vulnerable economies. To this end, a paper setting out key characteristics and problems of small economies was submitted to the CTD-DS by Antigua and Barbuda, Barbados, Bolivia, Dominican Republic, El Salvador, Fiji, Guatemala, Honduras, Mongolia, Nicaragua, and Trinidad and Tobago ([WT/COMTD/SE/W/12](#)). Focusing on the characteristics, they argued, would help Members better understand the structural handicaps that prevent small economies from reaping the full benefit of the

multilateral trading system. However, they remained willing to clarify the trade-related problems as well as the relation between characteristics and problems.

The meeting concluded with Members deciding to take up steps one and two, i.e., the consideration of characteristics and problems, simultaneously. The session will then move on to design appropriate systemic responses to these problems. They agreed that the group would have to move quickly in order to achieve results by the December WTO ministerial in Hong Kong.

### **Ad hoc observers in question**

The meeting of the regular session of the CTD was held on 22 February and included the consideration of two requests for ad-hoc observer status. The Organisation of Eastern Caribbean States and the League of Arab States had submitted requests that several Arab Members said had to be considered simultaneously. However, participants were unable to agree on allowing the groups observer status and the issue will thus be considered at the next CTD meeting.

The remainder of the meeting included presentations on primary commodities by Malaysia and on electronic commerce by the International Telecommunications Union.

Consideration of the graduation of the Maldives from least developed country (LDC) status was postponed to the next meeting because the delegate from the Maldives was unable to attend. The last item in the short meeting, on the participation of LDCs in the multilateral trading system, will also be dealt with at a subsequent gathering.

The next meeting of the Regular Session of the CTD is scheduled for 11 May. The new CTD chair is Ambassador Gomi Tharaka Senadhira of Sri Lanka.

ICTSD reporting.

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### **SERVICES: MEMBERS DISCUSS MODE 4, DOMESTIC REGULATION**

The 7-25 February 'cluster' of services negotiations continued this week at the WTO. The bilateral process of requests and offers of market access remains well behind schedule, although Indonesia gave it a boost on 21 February by announcing its initial offer to liberalise certain services sectors. In spite of the slow pace of the request-offer process through which services trade liberalisation actually takes place, the intensity of the talks has picked up. During the 21-22 February meeting

of the Special Session of the Council for Trade in Services (CTS) Members discussed 15 separate proposals on issues ranging from domestic regulation to postal services. They also discussed 'Mode 4' of the General Agreement of Trade in Services (GATS), which deals with the cross-border movement of service providing individuals.

Supporters of further services liberalisation have been putting forward proposals and draft schedules for making liberalisation commitments in an effort to get support for their ideas before Members make their revised market-opening offers by the May deadline set out in the July Package ([WT/L/579](#)).

### **Indonesia boosts request-offer process**

Indonesia's initial offer proposed opening parts of its education, energy, and health sectors to foreign service providers. Indonesia also offered to deepen its commitments on construction, financial, and maritime services, allowing overseas companies to increase their ownership of locally incorporated banks and construction firms from 49 percent to over 50 percent.

In spite of the Indonesian initial offer, the request-offer process is proceeding sluggishly. In his presentation to Members on the status of the offers that have been made thus far, Services Chair Ambassador Alejandro Jara of Chile indicated that only 47 countries had put forward initial offers. Furthermore, the actual market access offered by developed and developing countries was quite low, both in terms of the extent of liberalisation and the sectors covered. Significant markets including South Africa and the Philippines are yet to table their initial offers.

### **Members discuss classification under Mode 4**

Members considered two proposals for defining and classifying different kinds of service-providing professionals under GATS Mode 4, which governs the so-called 'movement of natural persons.' Both proposals said that a common system for all Members to classify their Mode 4 market access commitments would facilitate deeper liberalisation across a wider range of sectors, as well as simplifying temporary entry and reducing the costs of doing business associated with such service provision.

Many trade scholars contend that liberalised temporary labour movement is the part of the multilateral trading system that offers the greatest potential returns for developing countries.

A joint communication (TN/S/W/31, not yet derestricted) from Argentina, Bolivia, Brazil, Chile, Colombia, India, Mexico, Pakistan, Peru, the Philippines, Thailand, and

Uruguay proposed classifying professionals as 'intra-corporate transferees,' 'business visitors,' contractual service suppliers,' and 'independent professionals,' with a provision for Members to make commitments in categories that do not fit under the first four. A joint submission (TN/S/W/32) from Bulgaria, Canada, the EU, and Romania offered an essentially identical system of classification.

The two proposals differed in that the developing country paper included a section linking the shared categories of professionals to some potential common elements on market access, such as permissible duration of stay and other disciplines governing entry restrictions. For instance, they suggested that professionals classified as 'business visitors' be allowed to stay in the destination country for a duration of six months, with a provision for renewal. While recognising each Members' right to decide on market access conditions associated with their scheduled commitments, the proposal suggests prohibiting countries from imposing 'economic needs tests' before granting entry "except under exceptional circumstances which should be specifically stated."

The EU and Canada said that the proposed classification system was merely a tool for making commitments, specifying that different countries would reserve the right to grant different levels of market access. The developing country proposal, on the other hand, noted that "merely having an understanding on categories without linking it to market access may not be meaningful."

### **Informal papers presented on domestic regulation**

According to GATS Article VI:4, Members are supposed to develop disciplines that may be necessary to ensure that domestic regulations (specifically qualification requirements and procedures, technical standards, and licensing requirements) "do not constitute unnecessary barriers to trade in services."

During the services meetings, a group of developing countries including Brazil, Colombia, and the Philippines tabled an informal 'room document' containing draft disciplines on domestic regulation, including definitions of the different types of domestic regulations mentioned above and transparency requirements for their promulgation and application. The draft rules strongly reaffirmed each Member's right to regulate and to introduce new regulations, as well as to define "the kind of universal service obligation it wishes to maintain." They also specified that countries would take into account the "degree of development of services regulations and of institutional capacities" in a particular Member when applying disciplines or judging whether it is in conformity with its obligations. The

proposed disciplines also provided for special and differential treatment for developing countries, including longer time-frames for compliance and a call for Members to ensure that domestic regulations "do not create unnecessary obstacles to exports from developing country Members."

Additionally, the group's document proposed applying disciplines on regulatory measures to Members' procedures regulating the entry into their territory of professionals under GATS Mode 4. Although the paper did not specifically mention visa procedures -- which, if too onerous, can restrict cross-border movement -- it prompted some Members, in particular the EU and Japan, to assert that visa procedures should be outside the remit of disciplines on domestic regulation.

The US tabled an informal paper on transparency with regard to domestic regulation. It called for a 'prior comment period' before the entry into force of a proposed regulation, during which stakeholders would be able to comment on it. In addition to requirements to clearly publish regulations, the proposal would have Members provide 'inquiry points' to which interested parties would be able to address questions about a particular regulatory measure.

Both documents will be discussed in the Working Party on Domestic Regulation before the next 'cluster' of services talks.

### **Cluster to conclude 25 February**

The WTO Secretariat opened the 21 February meeting of the CTS Special Session with a presentation focusing on the need for Members to be able to assess the potential effects of services market access offers before they table them.

During the past two weeks, Members have held several bilateral and plurilateral meetings; the different groups that work on particular issues in the services talks also met.

The current services cluster will conclude on 25 February with a meeting of the Special Session of the CTS. The next services cluster is due to take place in late June.

ICTSD reporting; "Indonesia makes WTO offer, helps talks on services," REUTERS, 21 February 2005.

## **OTHER STORIES**

### **WTO SUB-COMMITTEE ON COTTON HOLDS FIRST MEETING**

The WTO Sub-committee on Cotton held its first meeting on 16 February. The gathering focused mainly on organisational issues relating to the future work of the sub-committee. Members highlighted the importance of cotton for their economies, and their desire to see speedy and substantial results from their work programme. Regarding the scope of the work, one Member suggested extending it to issues such as textiles trade. The sub-committee is chaired by Committee on Agriculture Chair Ambassador Tim Groser of New Zealand. At the first meeting, Groser warned Members that cotton was important enough to decide the fate of the Doha negotiations.

At the meeting, China effectively blocked a proposal from the International Cotton Advisory Committee (ICAC, <http://www.icac.org/icac/english.html>) to be an ad hoc observer in the meetings. The Chinese delegation argued that since their country was not a member of the ICAC, they would need to study ICAC's work and consult with Beijing first. Egypt, however, supported the ICAC's application, arguing that since WTO Members have still not agreed on observers in general, the sub-committee could follow the example of other committees by accepting ICAC as an ad hoc observer.

### **Members undecided about scope of work programme**

The establishment of the sub-committee was mandated in the July Package ([WT/L/579](#)), which specified that its work "shall encompass all trade-distorting policies affecting the sector in all three pillars of market access, domestic support, and export competition," and that it would "meet periodically and report to the special session of the Committee on Agriculture to review progress."

Members agreed that the sub-committee's work should focus on assessing progress in the agriculture negotiations. It should also provide regular updates on the cotton-related developmental implications of the talks, in order to support coherence between the trade and development aspects of cotton.

However, they could not agree on whether the sub-committee should address "other" subjects, including broader textile-related issues such as industrial market access and trade facilitation.



The US favoured a broader agenda, potentially covering progress in other areas of negotiations related to cotton such as industrial market access (because of textiles) and rules discussions on subsidies and trade remedies. The US suggested that the sub-committee could also study a range of trade-distorting policies affecting cotton, such as market access barriers, agricultural subsidies, and government policies that benefit synthetics.

The proposal by the US did not receive broad support from other Members, several of which opposed dealing with such subjects, arguing that the sub-committee was part of the agriculture negotiations, and should therefore remain focused on its mandate. These countries -- which included Argentina, Brazil, China, Japan, Pakistan and Paraguay -- were of the view that the main problems that needed to be addressed in the sub-committee were export subsidies and domestic support for cotton.

The West African proponents of the cotton initiative (Benin, Burkina Faso, and Chad), the African Group, and the least-developed countries, said they wanted to see the proposed work programme documented on paper.

### **Focus on cotton subsidies**

Most Members who intervened highlighted the importance of tackling the cotton issue because of its impact on poor farmers, some recalling the July framework's call to address the issue "ambitiously, expeditiously, and specifically."

China proposed that the sub-committee act quickly by declaring an immediate end to export subsidies on cotton, but did not receive any backing from other Members. The EU acknowledged that cotton growers in Spain and Greece received subsidies, but said they produced only two percent of the world total, and would produce even less as reforms reduced the level of agricultural support.

Chair Groser announced that he would distribute a draft work programme shortly, and would continue to consult with Members. The sub-committee remains on call, and could meet again soon if the consultations lead to agreement, possibly to adopt the work programme.

### **Background**

WTO Members agreed on 19 November 2004 to establish a sub-committee under the Committee on Agriculture (CoA) special session dealing specifically with the issue of cotton, as mandated by the July Package. The cotton initiative was originally launched in 2003 by four West African countries in the run-up to the

WTO Ministerial Conference in Cancun in September that year. It called for the phase-out of subsidies to developed country cotton producers and for a compensation mechanism to offset the income loss experienced by producers in least developed countries until the completion of the phase-out (for further information, see [BRIDGES Weekly](#), 24 November 2004).

ICTSD reporting.

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## **US, CAFTA-DR SIGN FTA-RELATED ENVIRONMENTAL ACCORDS**

On 18 February, the US, five Central American nations and the Dominican Republic signed the two environmental agreements associated with the free trade agreement (Central American Free Trade Agreement-Dominican Republic, CAFTA-DR) that the seven countries concluded in August 2004.

The seven governments -- Costa Rica, Honduras, Nicaragua, El Salvador, and Guatemala, in addition to the US and the DR -- signed an 'Environmental Cooperation Agreement' and an 'Understanding Establishing a Secretariat to Administer Public Submissions.' The former outlines a framework for environmental cooperation among countries to improve environmental protection in the region. The latter establishes a secretariat charged with administering a submissions process through which members of the public will be able to complain if they believe that one of the governments is not adequately upholding its environmental laws. This is the first US free trade deal to incorporate such a submissions process in the actual text of the agreement -- the public submission process associated with the North American Free Trade Agreement (NAFTA) is included in a side accord on environmental concerns.

The environment chapter of the CAFTA-DR agreement recognises the "right of each Party to establish its own levels of domestic environmental protection and environmental development policies and priorities, and to adopt or modify accordingly its environmental laws and policies." It also specifies that "each Party shall ensure that its laws and policies provide for and encourage high levels of environmental protection, and shall strive to continue to improve those laws and policies." It also establishes a ministerial-level Environmental Affairs Council that is supposed to meet regularly to review progress under the environmental provisions of the agreement.

Parties' obligation to effectively enforce their environmental legislation is ultimately enforceable through the agreement's dispute settlement process.

Some US legislators from the opposition Democratic Party have criticised the CAFTA-DR treaty for not doing enough to protect the environment.

In a January letter to US lawmakers, a group of Central American non-governmental organisations -- including the Salvadoran conservation group Salvanatura, Costa Rica's Foundation for the Restoration of Nature, and the Honduran Network of Ecologists for Sustainable Development -- praised the accord's environmental provisions as "a positive precedent in the efforts for environmental protection in Central America."

Other civil society trade observers have cautioned that CAFTA-DR environmental provisions could backfire against the developing country parties to the accord. They argue that the obligation to enforce environmental legislation is not linked to any commitments to technical assistance from the US, and thus, countries could end up open to sanction for failing to effectively enforce environmental legislation they never had the capacity to implement.

The CAFTA-DR agreement is scheduled to be put before the US Congress for approval this year.

The text of the CAFTA-DR agreement is available [here](#).

ICTSD reporting; "The 'Green' Promises of CAFTA," INTER PRESS SERVICE, 17 February 2005; "US, CAFTA countries sign environmental deals," REUTERS, 18 February 2005.

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### **GENERAL ASSEMBLY BYPASSED IN INFORMAL WIPO TALKS ON PATENT HARMONISATION**

At the invitation of World Intellectual Property Organisation (WIPO) Director-General Kamal Idris, selected WIPO members met in Casablanca, Morocco on 15-16 February to discuss the continuation of the global patent harmonisation process.

Many developing countries -- most of which were not invited -- were heavily critical of the meeting. They noted that Brazil was the only country among the 14 proponents of a 'WIPO Development Agenda' (see [BRIDGES Weekly](#) 8 September 2004) invited to the event, suggesting that this may have been an attempt to make the development agenda appear to be an isolated point of view. The other Southern representatives in attendance were from countries that have been passive in WIPO debates on the development agenda, or from states that are already

committed by bilateral or regional trade agreements to intellectual property standards that go beyond those required by the WTO, such as Chile and Morocco.

During the consultations, the approximately 20 countries and patent offices in attendance came up with an action plan for moving forward on patent harmonisation, identifying six issues to be dealt with in an accelerated manner: prior art, grace period, novelty, inventive step, sufficiency of disclosure, and genetic resources. The meeting did make mention of the need to pursue a "robust, effective and actionable WIPO Development Agenda." Brazil was the only country to register opposition to the statement adopted at the end of the meeting.

Although the last meeting of the WIPO General Assembly gave the Director-General the mandate to hold informal consultations on patent harmonisation, several developing country officials argue that the nature and process of the Casablanca consultations may have exceeded the mandate's original purpose. They say that the meeting's lack of transparency and disproportional representation of developing countries (especially of supporters of the development agenda) call into question the legitimacy of the resulting course of action as a roadmap for the WIPO General Assembly to move forward on patent harmonisation.

### **WIPO under threat**

Industrialised countries have recently been pushing the WIPO secretariat to move forward on patent harmonisation (see [BRIDGES Weekly](#) 9 February 2005). According to James Love, director of CPTEch, an NGO focusing on IP issues, "the US, the EU and Japan are beating up on the WIPO Secretariat, insisting that it do what it can to get developing countries to do what they want on patent harmonisation, otherwise they'll effectively take the Patent Cooperation Treaty out of WIPO by setting up a rival system..." The Patent Cooperation Treaty, which regulates the registration of global patents, is WIPO's main source of revenue. While this is unlikely to happen in the near future, the pressure on WIPO has definitely been stepped up in recent months. It remains to be seen how the WIPO secretariat will respond to the criticism from all sides mounting on its doorsteps.

The parties participating in the Casablanca meeting included: Brazil, Chile, China, France, Germany, India, Italy, Japan, Malaysia, Morocco, Russian Federation, Switzerland, the UK, the US, the African Regional Industrial Property Organisation, Eurasian Patent Office, European Patent Office, African Intellectual Property Organisation and the EU. The meeting was chaired by Dr. R.A. Mashelkar, Director General of the Council of Scientific and Industrial Research and

Secretary of the Department of Scientific and Industrial Research in India.

ICTSD reporting; "WIPO Rekindles Patent Talks As Some Cry Foul," IP-WATCH, 19 February 2005; "Meeting Recommends Future Course of Action for WIPO Work Program," WIPO PRESS RELEASE, 18 February 2005; "Brasil se opoe a projeto de paises ricos para criar patentes globais," VALOR ECONOMICO, 21 February 2005.

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## IN BRIEF

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### IN NEW FAO REPORT: OUTLOOK POOR FOR COMMODITY-DEPENDENT EXPORTERS

The "long-term prospects for commodity-dependent farmers and countries in the developing world are not bright," says a new report by the UN Food and Agriculture Organization (FAO). The first in what is to be a biennial series, "The State of Agricultural Commodity Markets 2004" draws attention to the long-term decline in real prices and terms of trade for agricultural commodities and the resulting immiseration in countries dependent on revenues from them. In recent decades, developing countries have gone from being net exporters to net importers of food. The report points to the role of the multilateral trading system in addressing these problems, but cautions that the benefits of agricultural trade liberalisation are not likely to accrue to the very poorest countries.

The report attributes the long-term commodity price decline -- close to 50 percent over the past 40 years -- to the fact that productivity and production in the sector have been growing faster than demand. The structural oversupply in agricultural commodities and the consequent depressed prices have been exacerbated by tariffs on agricultural imports in both developed and developing countries, tariff escalation, developed-country agricultural support, and the extreme concentration of market power in agricultural commodity value chains. The report particularly emphasises that developing countries would stand to gain in the long run from increased South-South trade in agriculture.

Recalling the failed efforts to control commodity supplies in the 1970s and 1980s, the FAO recommends short-term measures to equip producers to manage the risks of immediate price volatility, such as price

insurance and forward-pricing schemes. Long-term measures to address chronic oversupply problems would include reducing developed-country production by slashing agricultural support. Eliminating tariff escalations would help developing countries diversify out of primary products -- prices for processed foods have been far more stable.

The report, along with its annexes detailing commodity prices, production, and trade, is available online [here](#).

"The State of Agricultural Commodity Markets 2004," UNITED NATIONS FOOD AND AGRICULTURAL ORGANIZATION.

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### ASEAN-AUSTRALIA-NEW ZEALAND FTA TALKS UNDER WAY

The Association of Southeast Asian (ASEAN) countries, Australia, and New Zealand opened the first round of formal negotiations towards a comprehensive free trade agreement (FTA) between the 12 countries on 21 February in Melbourne, Australia. The negotiations will cover investment and services, in addition to trade in both agricultural and manufactured goods. Australia is likely to focus on market access for farm, mineral, and energy products.

The ten-member bloc comprised of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar (Burma), the Philippines, Singapore, Thailand, and Vietnam agreed to start trade talks with Australia and New Zealand at a November 2004 summit in Laos.

Australia and New Zealand have had a comprehensive trade and investment agreement since 1983. The two trade blocs, ASEAN and Australia-New Zealand, each have an annual GDP of about USD 600 billion. They established a 'closer economic partnership' to increase trade and investment flows in 2002. Australian Trade Minister Mark Vaile said that the FTA talks would conclude by the start of 2007, with full implementation to take place over the following ten years.

ASEAN is pursuing FTAs on several fronts. The trade bloc signed a goods-focused trade agreement with China in November 2004 (see [BRIDGES Weekly](#), 1 December 2004); tariff-cutting talks are underway or being mooted with India, Japan, and Korea, among others.

ICTSD reporting; "Trade pact to have lasting impact," SYDNEY MORNING HERALD, 22 February 2005; "Asean-Australia-New Zealand Trade Talks To Start Monday," DOW JONES, 18 February 2005.

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**WTO IN BRIEF**

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**ZAMBIA TO LEAD LDC GROUP IN WTO  
WORK**

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The Zambian government, represented by Commerce, Trade, and Industry Minister Dipak Patel, has been elected to chair and coordinate the work of the 50 least-developed country (LDC) Members of the WTO in 2005. In an interview in Lusaka, Patel pointed to the significance of this appointment in the run-up to the Hong Kong Ministerial Conference in December 2005. He noted that it would provide Zambia with a "unique chance" to help guide the negotiation process during this important period, and added that "it is an honour and privilege for Zambia to be elected to do this noble task of chairing and coordinating all the LDCs' activities."

ICTSD reporting; "Zambia to Coordinate Work of 50 LDCs," THE TIMES OF ZAMBIA, 20 February 2005.

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**BRAZIL TO BRING SOY CASE TO  
DISPUTE SETTLEMENT?**

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According to recent media reports, Brazilian soybean growers are actively considering pushing their government to bring a WTO dispute against US subsidies to soybeans. Brazilian soybean growers have attributed declining global soybean prices to US subsidies. The Brazilian economic daily Valor reports that the Association of Soy Producers of Mato Grosso (Aprosoja) claims to have raised 5.4 million real (USD 2.1 million) from its members to finance a WTO challenge against the US. US soybean producer groups have dismissed these claims. Bob Callanan, spokesperson for the St. Louis-based American Soybean Association, argued that Brazil has no grounds to prove that US soybean subsidies have caused harm to its producers. Callanan pointed to sharp growth in recent years in Brazil's production and global market share in soybeans, compared to stable production and declining market share for US growers. Brazilian government officials have stressed that they have not decided whether or not to initiate such a dispute, and that no decision was likely before the release of a WTO Appellate Body report on Brazil's separate complaint against US cotton subsidies, due on 3 March.

After a September 2004 WTO dispute settlement panel report agreed with several of Brazil's complaints against the US cotton programme, trade experts suggested it could open a Pandora's Box of WTO challenges against

several other subsidised US commodities, as well as other developed country subsidy programmes.

ICTSD reporting; "American Soy Group Downplays Prospects Of Brazil WTO Complaint on U.S. Subsidies," WTO REPORTER, 22 February 2005.

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**NEW HORMONES, FSC COMPLIANCE  
PANELS**

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The 17 February meeting of the WTO Dispute Settlement Body (DSB) established two separate panels at the request of the EU. The first panel will rule on a challenge by the EU against the continued imposition of sanctions on EU exports as retaliation against an EU ban on beef containing growth-promoting hormones. This ban had been found to be WTO-inconsistent in a dispute dating from 1997, and the sanctions have been in place since 1999. The EU argues that these sanctions are unjustified, since it has effectively complied with the WTO ruling.

At the same meeting, the DSB established a panel to examine the US' compliance in the Foreign Sales Corporation case (FSC) at the request of the EU. WTO panels had ruled that the US maintained illegal tax exemptions for certain US corporations located abroad. On 22 October 2004, the US President adopted a new law that repealed the former WTO-inconsistent FSC legislation. The EU however maintains that the new legislation does not fully embody the WTO ruling (for further background on these cases see [BRIDGES Weekly](#), 10 November 2004).

ICTSD reporting.

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**EVENTS & RESOURCES**

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**EVENTS**

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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).

**Coming Up: 24 February - 2 March**

28 February - 4 March, Cape Town, South Africa: CODEX COMMITTEE ON FISH AND FISHERY PRODUCTS (27TH SESSION). The session is organised by the Codex Alimentarius Secretariat. For further information contact: the Codex Secretariat, tel:



(+39 06) 5705 2287; fax: 5705 3369; email: [codex@fao.org](mailto:codex@fao.org).

28 February - 5 March, Colombo, Sri Lanka: 17TH COMMONWEALTH FORESTRY CONFERENCE: FORESTRY'S CONTRIBUTION TO POVERTY REDUCTION. Organised by the Commonwealth Forestry Association, this conference will focus on four topics: the changing world and the challenge of poverty reduction; governance for optimising forestry's contribution to poverty reduction; forest goods and services for securing what is needed for poverty reduction; and stakeholders developing vision and working together for poverty reduction. For further information contact conference organizers, tel: +94 11 230 0589; fax: +94 11 233 1816; email: [info@commonwealthforestry.org](mailto:info@commonwealthforestry.org); Internet: <http://www.commonwealthforestry.org/>.

### 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.

24-25 February: COMMITTEE ON TRADE AND ENVIRONMENT - SPECIAL SESSION.

25 February: COUNCIL FOR TRADE IN SERVICES - SPECIAL SESSION.

25, 28 February: DISPUTE SETTLEMENT BODY.

28 February: DISPUTE SETTLEMENT BODY - SPECIAL SESSION.

28 February: GENERAL COUNCIL.

### Other Upcoming Events

3-4 March, St. Louis, USA: INTRODUCTORY SEMINAR ON THE CARTAGENA PROTOCOL ON BIOSAFETY. This seminar is organised by the Public Research Sector Initiative, a project that aims to involve the public research sector in the development and implementation of biotechnology regulations. The seminar will inform scientists from public research institutions from both developing and developed countries about the background, content, and implementation of the Cartagena Protocol on Biosafety, as well as about the ongoing discussions in the

Meetings of the Parties. For further information contact Kathleen MacKey, tel: +1 314 587 1203; email: [kmackey@danforthcenter.org](mailto:kmackey@danforthcenter.org); Internet: <http://pubresreg.org/Members/Kim/Danforth/Danforthmeeting>.

6-8 March, Helsinki, Finland: THE ENFORCEMENT OF INTELLECTUAL PROPERTY: LESSONS OF THE ERA POST TRIPS. Organised by the Finnish group of the International Association for the Protection of Intellectual Property (AIPPI). For further information contact AIPPI, Internet: <http://www.aippi.org/meetings1.htm>.

7 March, Copenhagen, Denmark: EU, TRADE AND AFRICA: ECONOMIC PARTNERSHIP AGREEMENT NEGOTIATIONS. This seminar is organised by the 'WTO, Trade & Development' network, an initiative based at the Danish Institute for International Studies (DIIS). It will include presentations from an African representative involved in EPA negotiations, Martin Jess Pilegaard of DIIS and Paul Goodison of the European Research Office. The meeting is part of the DIIS' monthly 'Trade Mondays' seminar series. For further information, contact Michael Friis Jensen, tel: +45 3269 8787; fax: +45 3269 8700; email: [mje@diis.dk](mailto:mje@diis.dk); Internet: <http://www.diis.dk/sw239.asp>.

31 March, Cape Town, South Africa: WTO DISPUTE SETTLEMENT -- AN AFRICAN VIEW. Organised by the Trade Law Centre for Southern Africa (TRALAC). The event will examine the role and participation of African Countries in WTO dispute settlement proceedings. It will also look at Africa's limited participation in the WTO dispute settlement system to date and ways in which Africa might engage the dispute settlement system to its advantage. Participation in the event will be of benefit to trade policy formulators, government officials, the business community, lawyers and academics from across the African continent. For further information contact Ann Cloete, tel: +27 21 883 2208; fax: +27 21 883 8292; email: [anncloete@tralac.org](mailto:anncloete@tralac.org); Internet: <http://www.tralac.org/scripts/content.php?id=3267>.

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## RESOURCES

### ICTSD Resource

RESOURCE BOOK ON TRIPS AND DEVELOPMENT. By the UNCTAD-ICTSD Project on Intellectual Property Rights (IPRs) and Sustainable Development. Cambridge University Press, 2005. The Resource Book, conceived as a practical guide to the WTO Agreement on Trade-related Intellectual Property

Rights (TRIPS), provides detailed analysis of each of the provisions of the Agreement, aiming at a sound understanding of WTO Members' rights and obligations. The purpose is to clarify the implications of the Agreement, especially highlighting the areas in which the treaty leaves Members leeway to pursue their own policy objectives, according to their respective levels of development. In doing so, the book does not produce tailor-made prescriptions but gives guidance on the implications of specific issues and on the options available. The book is not limited to the analysis of the TRIPS Agreement but also considers related question

CHINA AND THE WTO: ACCESSION, POLICY REFORM, AND POVERTY REDUCTION STRATEGIES. Edited by Will Martin, Deepak Bhattasali and Shantong Li. World Bank, February 2005. Market liberalisation and other reforms associated with China's accession to the World Trade Organization (WTO) are delivering gains worth more than \$40 billion a year to China's economy and adding about \$75 billion a year to real incomes worldwide, concludes this major World Bank study. However, the report points to the uneven distribution of the benefits of these gains between the country's rural and urban regions, recommending policy adjustments that China could make to improve the situation. To access the report, visit <http://www.worldbank.org.cn/English/Content/747j63205722.shtml>.

THE POTENTIAL IMPACT OF US-SACU FTA NEGOTIATIONS ON PUBLIC HEALTH IN SOUTHERN AFRICA. By Tenu Avafia. Trade Law Centre for Southern Africa (TRALAC), November 2004. This Working Paper examines the potential impact of the proposed Free Trade Agreement (FTA) between Southern African Customs Union (SACU; comprised of South Africa, Botswana, Lesotho, Namibia and Swaziland) and the United States from the perspective of public health. Avafia expresses concerns about the possible impact of the FTA on public health in the SACU region. He draws particular attention to the impact that the proposed FTA is likely to have on the ability of SACU countries to access the most affordable essential medicines required to address urgent public health concerns. Avafia goes on to say that it would be imprudent to enter into a bilateral agreement that contains less favourable provisions on essential medicines than those found in the multilateral arena such as the Doha Declaration on Trade-related Intellectual Property Rights (TRIPS) and Public Health and the WTO General Council Decision of 30 August 2003. To access the paper, visit <http://www.tralac.org/scripts/content.php?id=3114>.

POSITIVE TRADE AGENDA FOR SOUTH ASIAN LDCS. By Ratnakar Adhikari and Navin Dahal. South Asia Watch on Trade, Economics & Environment

(SAWTEE), 2004. In their attempt to integrate themselves into the international trading system Nepal and Bangladesh have gone through rigorous liberalisation efforts, evident from the reduction in tariff rates in these countries. Bhutan and the Maldives have also initiated reform programmes and are gradually opening up to the world economy. Despite a growth rate of 5.5 percent in South Asian countries over the last decade, the vulnerability of least-developed countries (LDCs) in the region to external shocks is high because of export concentration. In addition, the lack of skilled human resources, inadequate infrastructure, implementation problems, and highly protective developed country markets restrict the potential of South Asian LDCs to benefit from exports. To access the report, visit [www.sawtee.org](http://www.sawtee.org).

IMPLICATIONS OF THE REMOVAL OF QUOTAS IN TEXTILES AND CLOTHING TRADE. By Eckart Naumann. Trade Law Centre for Southern Africa (TRALAC), December 2004. This trade brief comments on the impending demise of the clothing and textile quota system. Conclusions include that while India, China and Pakistan stand to benefit, it is ultimately consumers who will benefit the most; those countries that have a high degree of market distortion are likely to suffer more; and countries that export more of their clothing and textile production are more exposed and likely to suffer more than countries where there is a larger domestic market. To access the brief, visit <http://www.tralac.org/scripts/content.php?id=3268>.

"Facilitating Development in the World Trading System -- A Proposal for Development Facilitation Tariff and Development Facilitating Subsidy." By Yong-Shik Lee in JOURNAL OF WORLD TRADE 38 (6), December 2004, pp. 935-954. This article examines the inconsistencies between the current WTO rules and the development interests of developing countries. It also proposes possible ways to reform relevant WTO provisions in order to better facilitate the development of developing countries.

"The interplay of international trade, economic growth and income convergence: a brief intellectual history of recent developments." By Farad Rassekh in JOURNAL OF INTERNATIONAL TRADE AND ECONOMIC DEVELOPMENT 13 (4), 2004, pp. 371-395. The literature on the interplay of international trade, economic growth, and income convergence across economies has proliferated in the past few decades. This piece reviews the theoretical advancements and empirical findings in this literature, focusing on recent developments with a few glances at the past. The essay also describes new findings and insights into the role of international trade in global income distribution.

"The dispute over the treatment of products exported to the European Union from the Golan Heights, East Jerusalem, the West Bank and the Gaza Strip - the limits of power and the limits of the law." By Guy Harpaz in JOURNAL OF WORLD TRADE 38 (6), December 2004, pp. 1049-1059. On 5 August 2004 the EU and Israel reached a technical solution designed to bring an end to their long-lasting dispute over the legal treatment of products exported to the EU from the Golan Heights, East Jerusalem, the West Bank and the Gaza Strip, which are under the control of the Israeli state (the Territories). The purpose of this article is to describe the dispute between the EU and Israel over the legal treatment of products exported from the Territories to the EU, to place it in its wider context, that of EU-Israel relations, and to appraise the solution to the dispute and its implications for Israel and other countries dealing with economic superpowers.

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