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### LEAD STORIES

#### WTO FISHERIES SUBSIDIES TALKS MOVE FORWARD

Fisheries subsidies discussions in the WTO Negotiating Group on Rules on 21-23 February focused on a new submission by Japan -- this time officially supported by Korea and Chinese Taipei -- that further described its approach to developing disciplines on such subsidies. Many observers expressed cautious optimism regarding the progress of the talks, but stressed that much work remained to be done to hammer out the details of possible disciplines, in particular how they will deal with special and differential treatment (S&D) for developing countries.

In their submission ([TN/RL/W/172](#)), Japan, Korea and Chinese Taipei criticised the November 2004 submission by the "Friends of Fish" (Argentina, Chile, Ecuador, New Zealand, the Philippines and Peru; see [BRIDGES Trade BioRes](#), 19 November 2004). Specifically, they argued that the "Friends of Fish" proposal's 'negative list' approach -- i.e. a blanket ban on subsidies with specific exceptions to be subsequently negotiated -- was inconsistent with the Agreement on Subsidies and Countervailing Measures (SCM). The Japanese-led proposal said that the SCM Agreement provides only for a 'positive list' approach that explicitly prohibits only certain subsidies that have been identified as trade-distorting. They also contended that the November submission would by eliminating an effect test, differentiate fisheries from other sectors which are disciplined based on their trade impacts, as well as limit flexibility in the use of policy tools in a changing environment.

The submission went on to further elaborate on Japan's previous proposal (see [BRIDGES Trade BioRes](#), 11 June 2004). The countries note that all fisheries subsidies deemed to directly cause serious harm to fisheries resources should be prohibited ("red box" subsidies), including subsidies for enhancing the capacity of fishing vessels and those related to illegal, unreported and unregulated fishing. Notably, the new proposal does not include Japan's previous caveat that capacity-related subsidies would only be prohibited for vessels operating in poorly managed fisheries. Instead,

it simply states that resource management issues should be considered in the negotiations.

Regarding "green box" (non-actionable) subsidies, the submission would permit grants that have positive effects on fish stock recovery, research and development, social security, and welfare. It also called for some flexibility for all countries to protect their small-scale subsistence fisheries and supported granting developing countries some space to apply subsidies that would normally be prohibited.

Despite the Japan-led submission's critical stance on the "Friends of Fish" approach, even those on the other side of the debate saw the new proposal as a "fairly big step forward" and a significant improvement upon the previous one, with fewer qualifications on "red box" subsidies. However, they said that the "green box", though less expansive than before, still required further clarification. Several observers also welcomed Korea and Chinese Taipei's support for the proposal, as it constituted their official recognition of the need to discipline fisheries subsidies. New Zealand, however, wondered how the countries planned to address the "grey area," i.e. subsidies that did not fall clearly in either of the two categories. Members also questioned how the Japan-led proposal's approach would improve transparency with regard to subsidies programmes.

Many felt that the proposal marked sufficient progress to allow countries to put aside continued differences over the broad approach (i.e., bottom-up, as proposed by Japan, Korea and Chinese Taipei, versus top-down, as proposed by the "Friends of Fish") and instead get down to discussions on the actual details and substance of the subsidies programmes. Members generally recognised the need to address the special concerns of developing countries, in particular small and vulnerable states, as highlighted in an earlier submission by the small island developing states. However, some developed countries expressed concerns that S&D provisions could be used by some of the larger developing countries to create major fleets, thereby undermining the objectives of the disciplines. In this context, Brazil noted that any disciplines should not prohibit countries from building their own fleets to exploit their national waters within sustainable limits. Brazil and India said they would submit proposals on S&D shortly.

The next meeting of the Negotiating Group on Rules is currently scheduled for 11-13 April.

ICTSD reporting.

## ENVIRONMENTAL GOODS DOMINATE CTE AGENDA

Delegates at the Special Session of the Committee on Trade and Environment (CTE) on 24-25 February focused their discussions almost entirely on environmental goods, with new submissions by Korea, New Zealand and the EU. Several developed countries urged Members to pick up the pace of the negotiations with the aim of agreeing on a list of environmental goods by the Hong Kong Ministerial Conference in December. This raised some resistance among developing countries, which argued that they had not yet seen anything of interest to them coming out of the negotiations.

The short regular session of the CTE on 22 February followed informal consultations, and focused on how to structure discussions under Paragraph 32(i) of the Doha Declaration ([WT/MIN\(01\)/DEC/1](#)) regarding the effects of environmental measures on market access. Members also agreed to hold a workshop on Paragraph 51 in October 2005.

### EU submission proves controversial

The EU submission on environmental goods (TN/TE/W/47) met with the greatest resistance, in particular its suggestion to not only include goods used in pollution control and resources management, but also "goods that have a high environmental performance or low environmental impacts." The EU acknowledged that some of these products might need to be defined through standards, which require certification, and proposed using schemes included in the existing international Global Ecolabelling Network. The proposal was widely rejected by many developing countries, which resisted the inclusion of process and production method (PPM) based environmental goods as well as eco-labels. The EU expressed disappointment with the unfavourable reception, noting that at this point few alternatives had been put forward. They also stressed that not all environmentally preferable products would necessarily be distinguished on the basis of the process through which they had been produced.

Among the three new proposals, Korea's submission (TN/TE/W/48) attracted the most support as a practical way forward. Korea stressed the need for "practical and simple" criteria for the identification of environmental goods, suggesting a number of criteria they had used to draw up their proposed list. These include that the end use of the products should be primarily for an environmental purpose; that products should be classifiable under existing (HS) codes for goods; and that environmentally preferable products and goods that

are defined by PPMs or superior environmental performance should be excluded "for practical reasons." The submissions also includes a proposed list of 89 products primarily related to "pollution management".

In its generally well-received submission (TN/TE/W/47), New Zealand proposed using certain "reference points" to initiate "a discussion about the environmental credentials of a specific good," such as the OECD definition of environmental industries, APEC's conceptualisation of environmental goods, or approaches to environmental goods agreed through "high quality and comprehensive regional or bilateral Free Trade Agreements (FTAs)." Several delegations remained sceptical about the use of FTAs, questioning in particular what entailed a "high quality" FTA. New Zealand also supported the US' proposal to identify a 'core list' and a complementary list of goods (see [BRIDGES Trade BioRes](#), 30 April 2004). Such lists should be "living lists," New Zealand suggested, which could be updated at a later stage to respond to the dynamic nature of environmental goods. Several Members requested further clarification on how a living list would work and how long it would continue to "live."

The committee discussed the possibility of holding intersessional meetings in addition to the two sessions of CTE meetings scheduled (in July and October) before the Hong Kong Ministerial meeting in December. Developed countries in particular would like to see the list finalised by Hong Kong. Many of the developing countries, however, resisted pressure to speed up the discussion and set concrete deadlines, expressing concerns that the negotiations so far did not contain anything of interest to them. Canada urged these countries to come forward with their proposed lists, including goods of interest to them.

On Paragraph 31(i) regarding the relationship between the WTO and multilateral environmental agreements (MEAs), the Secretariat presented its revised matrix of trade measures in MEAs: ([http://www.wto.org/english/tratop\\_e/envir\\_e/mea\\_data\\_base\\_e.htm](http://www.wto.org/english/tratop_e/envir_e/mea_data_base_e.htm)). Little discussion took place on this negotiating item.

### Regular CTE session

At the regular session of the CTE, the Chair presented a proposal for how to structure the discussions under Paragraph 32(i), suggesting four elements which included: the effect of environmental measures on market access; process issues (transparency, notification and consultations); technical assistance; and issues concerning the preparation of environmental measures.

Members also agreed to hold a workshop on Paragraph 51 (which mandates the CTE and the Committee on Trade and Development to ensure that sustainable development is adequately reflected in the negotiations) on 10-11 October, but failed to adopt the proposed agenda for the meeting. Qatar, supported by Venezuela, suggested that energy-related issues should be discussed in this context.

For a collection of trade and environment-related submissions, see <http://www.trade-environment.org/page/theme/tewto/wtosubmissions.htm>.

ICTSD reporting.

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## SERVICES CLUSTER INCONCLUSIVE, NEGOTIATIONS IN TROUBLE

The increased activity in the ongoing WTO services negotiations has not been matched by actual progress, said Abdel-Hamid Mamdouh, chief of the WTO Secretariat's Services Division, following the end of the three-week 'cluster' of services talks (see [BRIDGES Weekly](#), 23 February 2005).

The period of intense multilateral, plurilateral, and bilateral meetings concluded with a 25 February gathering of the Special Session of the Council for Trade in Services (CTS). At the meeting, Members reviewed the progress of the negotiations thus far, and discussed how to structure negotiating work in preparation for the Hong Kong Ministerial Conference in December.

### Members call for increased emphasis on services

Representatives from several delegations -- including the unusually high number of ambassadors in attendance -- said that Members need to highlight the importance of the services talks to the Doha Round negotiations in capitals as well as at 'mini-ministerial' and other meetings in the run-up to Hong Kong. They urged Members that had not done so to make their initial offers in the bilateral request-offer process through which market access in services trade is negotiated. Although the cluster saw three new initial offers -- Barbados and Uganda announced that they would soon make their initial offers, following Indonesia's 21 February market access offer -- the extent of liberalisation offered has been highly limited and the process as a whole is proceeding well behind schedule, points which were reiterated by both Mamdouh and CTS Chair Ambassador Alejandro Jara of Chile.

At the meeting, a number of countries said that progress by the May date for revised offers set out by the July Package ([WT/L/579](#)) would help determine the shape of the 'first approximations' of a final Hong Kong agreement that are supposed to emerge by the end of July (see [BRIDGES Weekly](#), 16 February 2005). Over 40 Members are yet to make their initial offers, including relatively larger developing economies such as the Philippines, South Africa, and Morocco.

### **US to make revised offer by May, not expanding its Mode 4 offer**

Delegates report that the US has indicated in bilateral meetings that it is unwilling to expand upon its initial offer under 'Mode 4,' which provides for the temporary cross-border movement of service-providing professionals. It is also standing firm about meeting the May deadline for revised offers. This may affect the request-offer process, as some developing countries had initially wanted to see the US' final offer before making offers of their own. Developing countries such as Brazil, China, and India have been urging the industrialised economies to improve their offers under Mode 4, which was described at the 25 February meeting as a central part of the negotiations.

### **Jara to organise intersessional work**

Members spoke of the need for the 'intersessional' work that is to take place until the next services cluster in June to work on a 'two-track' basis. One track would focus on the substance of the negotiations, while the other would seek to outline elements of a potential package to be adopted at Hong Kong. There was widespread support for Jara to continue to channel the direction of intersessional work in rules and domestic regulation as well as market access, in cooperation with Members and the chairs of the subsidiary bodies of the CTS.

Countries lauded the 'Friends' groups -- groups of Members that support particular areas of the negotiations, such as telecommunications liberalisation -- for their transparency in communicating the substance of their discussions to the rest of the WTO Membership, and urged them to make concrete proposals (see related story, this issue).

Mamdouh described services as "the crisis item" on the agenda of the mini-ministerial meeting in Kenya, suggesting that a failure to reach agreement on services liberalisation could sabotage agreements on trade in agriculture and industrial goods. The next intersessional services meetings are supposed to take place at the end of April.

ICTSD reporting. "WTO Services Chair Voices Hope for Momentum in Doha Round Negotiations," WTO REPORTER, 28 February 2005; "WTO talks on services markets face 'crisis,'" FINANCIAL TIMES, 1 March 2005.

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## **OTHER STORIES**

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### **CIVIL SOCIETY MEETS TO PLAN ACTIVITIES FOR HONG KONG**

At a 26-27 February meeting in Hong Kong to coordinate their activities in the run-up to the WTO Ministerial Conference to be held there December, representatives from over one hundred civil society organisations discussed the progress of the ongoing round of trade negotiations and addressed organisational questions about activities surrounding the meeting (see [BRIDGES Weekly](#), 2 February 2005). They also reiterated their commitment to peaceful demonstrations.

The two-day conference, organised by the Hong Kong People's Alliance on WTO (HKPA), brought together 250 participants representing 110 organisations from 23 countries. The HKPA is an umbrella group of Hong Kong-based social movements, non-governmental organisations (NGOs) and labour union groups that is coordinating the Ministerial Conference-related work of international civil society organisations with that of their local counterparts. It is in close contact with the Hong Kong government officials in charge of organising the December summit in order to facilitate this work. Participants at the meeting decided not to set up an International Coordinating Network for civil society organisations as had originally been planned, so the HKPA will continue to play the role of logistical coordinator.

### **Meeting discusses ongoing round, course of action for Hong Kong**

The meeting opened with presentations on progress in the Doha round negotiations since the Cancun Ministerial Conference in September 2003; the WTO accession process; trade union concerns about the effects of the WTO negotiations on public services and employment; bilateral and regional free trade agreements (FTAs); and the consequences of unfair trade rules. The conference split up into 'thematic' working groups, largely for the purpose of information sharing. Four focused on specific areas of the WTO talks, i.e., non-agricultural market access (NAMA), agriculture, trade-related intellectual property rights (TRIPS), and services. Other groups focused on FTAs and the links between trade, development, and security.

Sectoral workshops also discussed the effects of WTO rules on groups such as labour, peasants, children, students, indigenous people, fisherfolk, and environmental organisations. The first day's proceedings were open to the press, in part to serve as indication that participants were not planning violent protests.

On the second day, participants established working groups on programmes, mobilisation/actions, documentation, media relations, outreach, logistics, and funding. They discussed procedural issues such as how to run the working groups between now and the December Ministerial Conference. They also discussed activities that could be organised during the meeting as well as in the run-up to it. The latter may potentially be clustered around mini-ministerial meetings and the end-July meeting where WTO Members are supposed to produce 'first approximations' of a final deal to be adopted in Hong Kong.

Also on the agenda was planning for the so-called 'action week' -- demonstrations, people's gatherings, and cultural evenings to take place during the Ministerial Conference itself. HKPA spokesperson Apo Leong told that press that he expects 5000 people to take part in the peaceful protest.

### **Participants commit to peaceful protest; anxious of police overreaction**

The Hong Kong police's recent statement that they were stocking up on rubber bullets and tear gas in preparation for protests during the WTO meeting was a source of significant concern. "We have made clear to all overseas activists who want to work with us that we are peaceful and non-violent," HKPA chair Elizabeth Tang told a press conference following the meeting, "we want to communicate effectively with the police and we hope they won't overreact."

The Hong Kong government assured civil society that peaceful demonstrations would be allowed -- and facilitated, by diverting traffic from a designated protest route.

Another concern at the weekend meeting was that would-be protesters would be denied entry to the former British colony during the Ministerial Conference. The HKPA is discussing visa issues with Hong Kong's immigration authorities.

The HKPA will make the proceedings of the conference publicly available; these will serve as the basis for a programme of activities that is being articulated by each of the working groups from the meeting. The working groups are open, and will solicit input from other

interested organisations while developing the programmes.

ICTSD reporting; "Activists to converge on HK to protest at WTO meet," REUTERS, 28 February 2005; "5000 anti-globalisation protestors expected for Hong Kong WTO meet," AGENCE FRANCE PRESSE, 27 February 2005; "WTO protesters fail to allay violence fear," THE STANDARD (Hong Kong), 1 March 2005.

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### **'FRIENDS OF ANTI-DUMPING' CALL FOR ACTION TO MATCH PROGRESS IN OTHER AREAS**

Members disagreed on how best to progress in negotiations on anti-dumping, subsidies and countervailing measures at the 23 February formal meeting of WTO Negotiating Group on Rules.

At the meeting, Korea presented a Senior Officials' statement ([TN/RL/W/171](#)) calling for accelerated WTO negotiations on anti-dumping rules. The statement was originally issued 11 February following a meeting of the 'Friends of Anti-dumping Negotiations,' a group of countries seeking to tighten rules on the application of anti-dumping measures (see [BRIDGES Weekly](#), 16 February 2005). The Korean ambassador called for progress in rules negotiations on par with that in other areas -- such as agriculture and non-agricultural market access -- by the time of the Hong Kong Ministerial Conference in December, given that anti-dumping is an "indispensable pillar of the negotiations that sustains the whole Doha Development Agenda package." To be able to make progress, he said, Members would need to prepare "a stepping-stone, that is, a textual basis... that can pave the way for the final stage of negotiations."

The statement also outlined six negotiating objectives: mitigating the 'excessive effects' of antidumping measures; preventing such measures from becoming permanent; strengthening the due process and transparency of dumping proceedings; reducing the cost of anti-dumping cases (often prohibitive to small firms); ensuring a quick end to unjustifiable investigations; and improving and clarifying rules on what constitutes 'dumping' and 'injury.'

Reacting to the statement, the US was not wholly enthusiastic about the idea of moving towards a text at this stage, although it said it was willing to engage in deeper discussions of key issues. India, supported by Egypt, said it was unprepared to discuss a text, and emphasised the need for more attention to developing country issues such as special and differential treatment. The EU said it sought to find a middle

ground between the 'Friends' and others, and called for pragmatic compromises.

The 'Friends of Anti-dumping Negotiations' include Brazil, Canada, Japan, Korea, Taiwan, Thailand, Singapore, Hong Kong, Mexico, Chile, Costa Rica, Israel, Norway, Switzerland, India and Colombia, though not all of the 'Friends' signed the 11 February statement. Countries such as the US, Egypt and India are heavy users of anti-dumping and countervailing measures. The US has been defending the right to use such measures, and advocates changing disciplines to make it harder for potential 'dumpers' to circumvent them.

Rules discussions also progressed on fisheries subsidies (see related story, this issue). The next meeting of the Negotiating Group on Rules is scheduled for 11-13 April.

ICTSD reporting.

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## DSU REVIEW: MEMBERS DISCUSS TWO NEW CONTRIBUTIONS

At the Dispute Settlement Body (DSB) Special (negotiating) Session meeting on 28 February, discussions focused on two new informal contributions circulated during the previous week. The first contribution by a group of seven delegations -- Argentina, Brazil, Canada, India, Mexico, New Zealand and Norway -- addressed the issue of enhanced third-party rights at all stages of the dispute settlement process. The second contribution, presented by the US, related to the provision of additional guidance to WTO panels and the Appellate Body concerning the nature and scope of their work, as well as rules for interpreting WTO agreements.

Similar to previous proposals on third-party rights, the first contribution sought to find the right balance between the enhancement of such rights and the preservation of the interests of main parties in a dispute. Some of these earlier submissions on third-party rights can be found in a May 2003 consolidated text prepared prior to the Cancun Ministerial Conference by former DSB Special Session Chair Ambassador Peter Balas of Hungary. The proposal was generally well received by Members; further discussions on it are expected.

The issues in the US proposal, i.e., guidance to WTO dispute settlement panels and the Appellate Body, had been previously identified, though without details, in a joint US and Chile proposal (TN/DS/W/28) (see [BRIDGES Weekly](#), 20 December 2002). The new contribution, presented in the form of questions, invited

discussions on some conceptual issues relating to the function, scope and limits of the WTO judicial decision-making process. The questions focused in particular on the exercise of 'judicial economy' -- the prerogative of WTO adjudicators to decline to rule on a particular claim if they deem it unnecessary to do so due to other findings in the same ruling, for instance. The contribution also touched on the role of public international law in the WTO, the potential for 'gap-filling' by panels and the Appellate Body in cases where the text of an agreement is unclear, and the definition of "measures" under review in a dispute. Although most Members were hesitant to respond to the proposed questions, the contribution was well received.

Several Members invited the US to explain its rationale for formulating the questions, and to share its own responses to some of the questions. They also asked it to provide concrete examples of certain situations that it described in the submission. The US, however, pointed out that it had not intended to reflect any particular position on the issues raised but rather to stimulate a discussion among Members and generate some clarification on these issues.

## Future work programme

DSB Special Session Chair Ambassador David Spencer of Australia noted that akin to expectations for all the negotiations on "rules"-based issues (such as trade remedies and the negotiations on regional trade agreements), Members expected significant progress in the review of the Dispute Settlement Understanding this year. He urged delegations to continue to consult amongst themselves outside the review process to garner support for issues on which they wanted to see further progress.

To further inject momentum into the review process the Chair indicated his intention to hold informal meetings on 4-5 April. Some delegations reminded the session that these negotiations were outside the "Single Undertaking" (in which all negotiations were expected to end by 1 January 2005). Another delegation requested clarification regarding the manner in which the issues would be selected for informal discussion, as well as the exact procedures and format of expected discussions. The Chair confirmed that he would select the issues based on contributions and input from Members. The Chair indicated that these informal meetings would aim to be focused, and that he would like the work of the special session to be based on drafts texts as soon as this was possible.

ICTSD reporting.

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**IN BRIEF**

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**SUPACHAI TO BECOME UNCTAD  
SECRETARY-GENERAL**

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UN Secretary-General Kofi Annan has nominated WTO Director-General Supachai Panitchpakdi of Thailand to succeed Brazilian Rubens Ricupero as head of the UN Conference on Trade and Development (UNCTAD). The nomination must be confirmed by the UN General Assembly, but this is thought to be a formality, as no objections are anticipated. Supachai would start a four-year term as UNCTAD secretary-general on 1 September, after his three years at the helm of the WTO come to an end in August. However, a former UNCTAD chief economist cautioned that Supachai's appointment would not in and of itself lead to an increase in the organisation's effectiveness.

UNCTAD's mission is to promote "the development-friendly integration of developing countries into the world economy" through helping to ensure that "domestic policies and international action are mutually supportive in bringing about sustainable development." When announcing the nomination, Annan praised Supachai for his work at the WTO, "particularly in pushing forward the very difficult process of the Doha round, on which rest many of the hopes for economic progress in developing countries."

In a personal comment to BRIDGES, Yilmaz Akyuz, former Director of UNCTAD's Division on Globalisation and Development Strategies, said that Supachai was "an experienced man... whose heart is in the right place, with developing countries." However, he contended that UNCTAD's increased focus on WTO-centred trade and investment issues over the past eight years had led the institution to neglect "other aspects of the global economy and their effects on development," such as debt, aid, financing for development, the international financial architecture, and the millennium development goals. Moreover, he argued that UNCTAD's tendency towards WTO-centrism has not increased its relatively limited degree of "intellectual and political influence" in WTO debates.

"Trade's positive and negative effects have been greatly exaggerated," he continued, contending that UNCTAD had been effectively "putting all its eggs in one basket," leaving its influence diminished across a broader range of development issues. He said that Supachai was eminently qualified to address these other issues -- but noted that even his nomination focused on his role as a developing-country voice in WTO negotiations. This left him worried that "Supachai's appointment could further lock UNCTAD

into WTO issues," which would risk "diminishing its influence even more."

ICTSD reporting; "WTO director-general to become new head of U.N. trade body," REUTERS, 28 February 2005.

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**INDIA, PAKISTAN DISCUSS BILATERAL  
TRADE**

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India and Pakistan have decided to explore options to facilitate increased bilateral trade and economic cooperation, following a 22-23 February meeting in New Delhi of senior trade officials from both countries.

The 'joint study group' of representatives from the oft-feuding South Asian neighbours focused on how to increase cooperation between their customs departments, facilitate trade, and address non-tariff barriers.

Direct trade between India and Pakistan amounts to USD 300 million per year, though trade via third countries is estimated to amount to ten times as much. By comparison, their combined trade with the rest of the world amounts to over USD 200 billion. Analysts suggest that there is vast potential for expanded bilateral trade.

However, an initial sticking point in the fledgling dialogue became apparent only two days after the conference, when Pakistani Prime Minister Shaukat Aziz said that Pakistan would not accord Indian goods most-favoured nation (MFN) tariff treatment until India opened up its markets more to Pakistani exports. India has already granted MFN status to Pakistan, and has been demanding that it reciprocate.

Trade relations between the two countries have long been hostage to political disputes; tension between New Delhi and Islamabad has been a major impediment to broader economic integration in South Asia.

"Level playing field a must for MFN to India: Pakistan," UNITED NEWS OF INDIA (UNI), 25 February, 2005; "India, Pakistan to ease barriers, boost trade," REUTERS, 23 February 2005; "Pakistan, India, discuss road-map to enhance trade," PAKISTAN TIMES, 24 February 2005.

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**WTO IN BRIEF**

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**SERVICES, NAMA, DEVELOPMENT  
PRIORITIES AT KENYA MINI-  
MINISTERIAL**

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The second WTO mini-ministerial meeting of 2005 is underway in Mombasa, Kenya this week as 30 trade ministers have gathered for informal talks from 3-6 February to move forward the Doha Round negotiations in the run-up to the December Ministerial Conference in Hong Kong.

Host Mukhisa Kituyi, Kenya's trade minister, urged the countries attending the meeting to "build more human considerations in the rules of world trade". Along with Rwandan Trade Minister Nshuti Paul Manesser and Jamaican foreign Minister Keith Knight, he called for fair trade and the consideration of development issues at the meeting. Although EU Trade Commissioner Peter Mandelson, said he wanted "serious inroads to a major policy package on development," the EU joined the chairs of the Doha Round negotiating groups and several Members in urging the meeting's organisers to put strong emphasis on services and non-agricultural market access (NAMA) negotiations. A senior WTO official has described services as the "crisis item" on the agenda of the mini-ministerial.

The meeting, which includes a strong contingent of African participants, will consider these issues along with other negotiating topics such as agriculture, WTO rules and trade facilitation. Ministers are also likely to have informal discussions on the race to succeed Supachai Panitchpakdi as WTO Director-General.

WTO Members are aiming to arrive at 'first approximations' of a final package to be adopted in Hong Kong by the end of July. The next mini-ministerial is scheduled to take place on the sidelines of the Organisation for Economic Cooperation and Development (OECD) ministerial summit in Paris from 3-4 May. Another is planned for July in China. Japan is reportedly considering hosting an Asian mini-ministerial in April that would focus mainly on NAMA issues.

ICTSD reporting; "Developing nations prepared for battle at WTO talks in Kenya," AFP, 2 March 2005; "EU demands 'greater ambition' at Kenya trade talks," REUTERS, 1 March 2005; "Japan may host Asian ministerial on WTO," JIJI PRESS, 1 March 2005; "EU Commissioners Mandelson and Fischer Boel travel to Kenya for multilateral trade talks," EC MEDIA RELEASE, 1 March 2005; "WTO talks on services markets face 'crisis'", FINANCIAL TIMES, 1 March 2005; "Kenyan Plans for WTO Mini-Ministerial to

Highlight African, Development Issues", WTO REPORTER, 1 March 2005; "WTO 'Mini-Ministerial' to Be Held in China This July to Help Set Stage for Hong Kong", 25 February 2005.

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**MEMBERS OPTIMISTIC FOLLOWING  
INFORMAL AG TALKS**

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Delegates focusing on agriculture at the WTO met in informal consultations on 25 February to continue hashing out ways to convert tariffs based on quantities into 'ad valorem' equivalents (AVEs), i.e., tariffs based on the price of the product -- a problematic issue left pending after the last 'agriculture week' (see [BRIDGES Weekly](#), 16 February 2005). AVEs must be established in order for Members to agree on an overall formula for tariff reductions.

Members discussed AVE conversion in both straightforward cases -- in which the conversion would be based on three years of notified import values in the WTO Integrated Database (IDB) and import volumes -- and more complicated conversions. They offered examples of what these complicated cases could be, such as instances where preferences or tariff quotas are involved. In complicated cases, the IDB might not be sufficient for determining the unit value of products, and Members began discussing alternative methods of determination. This issue, however, still needs more work, as do the parameters for the verification process once the conversions are done.

While delegates did not reach a final agreement, they characterised the mood of the meeting as rather positive. Informal negotiations will continue; the next 'agriculture week' is scheduled for 14-18 March.

ICTSD reporting.

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**DIFFERENCES OVER SCOPE OF WORK  
PROGRAMME LINGER IN WTO COTTON  
SUB-COMMITTEE**

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The WTO sub-committee on cotton reconvened on 28 February to continue discussions on its work programme. The consultations that had followed its first meeting on 16 February failed to yield consensus on the scope of the sub-committee's work (see [BRIDGES Weekly](#), 23 February 2005). At the meeting, some Members indicated their willingness to be flexible on the work programme. This led Chair Ambassador Tim Groser of New Zealand to indicate he would restart consultations after his return from a 2-4 March WTO mini-ministerial conference in Kenya.

The 16 February meeting and the consultations that followed had been marked by differences on the scope of the sub-committee's work programme. The group of African WTO Members and other least-developed countries had wanted the work programme to specify more clearly that negotiations would take place in the sub-committee. This was reflected in their 25 February proposal that referred to establishing "modalities" in all three pillars (market access, domestic support and export subsidies) among other issues. The US, on the other hand, opposed this specific work programme. Taking the middle ground, the EU urged members not to delay the work of the sub-committee but rather to start work on substantive issues under the chair's guidance. The EU pointed out that as the sub-committee reported to the agriculture negotiations, cotton would be a negotiating item in any case.

In the meantime, the observership application of the International Cotton Advisory Committee (ICAC) remains blocked as the Chinese delegation is still in consultations with its capital on this matter. The next formal meeting of the sub-committee is scheduled for 22 March.

ICTSD reporting; "WTO Cotton Talks Stall as Africans Push for More Ambitious Work Program," WTO REPORTER, 1 March 2005.

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### 'FRIENDS OF ENVIRONMENTAL SERVICES' COMMUNICATION DISCUSSED

Environmental services were discussed during the recently-concluded services cluster (see related story, same issue), when the 'Friends of Environmental Services,' a group including Japan, the EU, Australia, Chinese Taipei, the US and Hong Kong, submitted a joint communication (TN/S/W/28, still restricted) on three key issues related to environmental services. Colombia, the Philippines and Mexico supported the submission. The issues were the feasibility of cross-border provision of environmental services (through Mode 1) and the ability of Members to thus schedule liberalisation commitments in these areas; the classification of 'environmental services'; and the scheduling of commitments in environmental infrastructure services, particularly with regard to public-private partnerships.

One delegate said that the submission raised more questions rather than it answered, but clearly highlighted the kind of issues that would need to be resolved during the course of the negotiations. The negotiator added that the submission, since it was based on the outcome of earlier informal discussions

among the 'Friends' group, was also an exercise in transparency. The group, initially suggested by the EU, is an informal one comprising Members who have made submissions on environmental services at the WTO. It includes developing countries such as Colombia, China, the Philippines and Mexico.

ICTSD reporting.

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## EVENTS & RESOURCES

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### EVENTS

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

#### Coming Up: 3 - 9 March

8-10 March, Hong Kong, China: PRACTICAL SOLUTIONS TO COMBAT ILLEGAL LOGGING: INTERNATIONAL DIALOGUE ON BEST PRACTICE FOR BUSINESS AND CIVIL SOCIETY. This initiative is being organized by the Forest Dialogue of Yale University, in collaboration with various other organisations and agencies such as the Nature Conservancy and the World Wildlife Fund. The dialogue has three objectives: to raise awareness among business leaders of the problems posed by illegal logging, identify solutions, and agree on how participants can work together for widespread adoption of these resolutions. For further information contact Gary Dunning, tel: +1 203 432 5966; fax: +1 203 432 3809; email: [info@theforestdialogue.org](mailto:info@theforestdialogue.org) ; Internet: <http://research.yale.edu/gisf/tfd/logging.html>.

9-10 March, Colombo, Sri Lanka: WTO DOHA ROUND & SOUTH ASIA: LINKING CIVIL SOCIETY WITH TRADE NEGOTIATIONS. Organised by the Consumer Unity and Trust Society Centre for International Trade, Economics and Environment (CUTS-CITEE) with the support of Novib, this meeting will launch a project to address the need for South Asian countries to arrive at better negotiating positions during the Doha Round of negotiations. The project will focus on agriculture, non-agricultural market access, development dimensions, services and trade facilitation. For further information contact Ms. Purnima Purohit, tel: +91 141 228 2821; fax: +91 141 228 2485; email: [citee@cuts-international.org](mailto:citee@cuts-international.org) ; Internet: <http://www.cuts-international.org/forthcoming-events.htm#wtofeb10>.

9 - 11 March, Brasilia, Brazil: LATIN AMERICAN AND CARIBBEAN REGIONAL WORKSHOP ON THE CBD CLEARING-HOUSE MECHANISM. This conference, organised by the Convention on Biological Diversity, focuses on the "Clearing-House Mechanism" which ensures that all governments have access to the information and technologies they need for their work on biodiversity. It is expected that the meeting will facilitate a better definition of the role of the clearing-house mechanism with regard to the Cartagena Protocol on Biosafety, transfer of technology and traditional knowledge, innovations and practices, and other programme areas and cross-cutting issues, particularly invasive alien species, the Global Taxonomy Initiative (GTI), marine and coastal biodiversity and the ecosystem approach, among others. For further information contact the Secretariat of the Convention on Biological Diversity, tel: +1 514 288 2220; fax: +1 514 288 6588; email: [secretariat@biodiv.org](mailto:secretariat@biodiv.org) ; Internet: <http://www.biodiv.org/doc/meeting.aspx?mtg=CHMLAC-02>.

### WTO Events

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

3 March: WTO INTRODUCTION DAY.

4 March: COMMITTEE ON TRADE-RELATED INVESTMENT MEASURES.

7 March: NEGOTIATING GROUP ON RULES - REGIONAL TRADE AGREEMENTS

8 March: SUB-COMMITTEE ON LEAST-DEVELOPED COUNTRIES.

8 - 10 March: COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS.

9 - 10 March: COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES.

### Other Upcoming Events

14-15 April, Aalborg, Denmark: 4TH INTERNATIONAL CONFERENCE ON BUSINESS AND SUSTAINABLE PERFORMANCE. The EURO Sustainability 2005

conference, organised by a broad range of representatives from international business, government, and non-governmental organisations, is focused on partnerships between business and all its stakeholders as a valid strategy for responsible behaviour, as well as achieving sustainable solutions and concrete results. The two-day conference features workshops on building solutions and opportunities, creating business commitment, financing business partnerships, and partnership models that work. For further information, contact the EURO Sustainability secretariat, tel: +45 9935 5555; fax: +45 9935 5533; email: [ehe@akkc.dk](mailto:ehe@akkc.dk) ; Internet: <http://www.euro-environment.dk>.

1-5 May, St. John's, Newfoundland, Canada: CONFERENCE ON THE GOVERNANCE OF HIGH SEAS FISHERIES AND THE UN FISH AGREEMENT - MOVING FROM WORDS TO ACTION. "Moving From Words to Action" is the theme of this conference, hosted by the government of Canada. The meeting provides the international community with an opportunity to join Canada in determining how management of high seas fisheries can be improved and identifying what steps need to be taken to ensure the immediate protection and the rebuilding of fish stocks in the years to come. For further information contact the organisers, email: [fgccgp@dfo-mpo.gc.ca](mailto:fgccgp@dfo-mpo.gc.ca) ; Internet: [http://www.dfo-mpo.gc.ca/fgc-cgp/program\\_e.htm](http://www.dfo-mpo.gc.ca/fgc-cgp/program_e.htm).

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## RESOURCES

THE WTO SERVICES NEGOTIATIONS: AN ANALYSIS OF THE GATS AND ISSUES OF INTEREST FOR LEAST DEVELOPED COUNTRIES. Trade-Related Agenda, Development and Equity (T.R.A.D.E.) Working Paper 23. South Centre, December 2004. This paper is intended to serve as an introductory guide to the General Agreement on Trade in Services (GATS) for least-developed countries (LDCs). It discusses issues of interest to policy-makers and negotiators from LDCs in the on-going WTO services negotiations, and strives to present these issues in a non-technical format. Rather than attempting to provide all the answers to issues affecting LDCs in the services negotiations, the modest aim of this paper is to highlight some key areas of importance to LDCs and address their implications from an LDC perspective. For access to the paper, visit [http://www.southcentre.org/tadp\\_webpage/research\\_papers/services\\_project/trade\\_wp23\\_dec04.pdf](http://www.southcentre.org/tadp_webpage/research_papers/services_project/trade_wp23_dec04.pdf).

BOLIVIA: IMPACT OF SHOCKS AND POVERTY POLICY ON HOUSEHOLD WELFARE. By Gover Barja Daza, Javier Monterrey Arce, and Sergio Villarroel Böhr. Global Development Network, December, 2004.

This paper evaluates the short-term impacts of pro-poor expenditure and total social expenditure on poverty during the 1999-2002 period of Bolivian economic recession. Negative terms of trade shock, reduction in foreign saving flows and low output growth all combine to stimulate characteristics of a recession. The paper concludes that under macroeconomic disequilibrium poverty reduction efforts become policies of poverty containment or safety net programs. The writers of the paper state that a long term commitment for an environment on macroeconomic stability is required to reduce poverty. For access to this paper visit [http://siteresources.worldbank.org/INTMEPCHANGE/Resources/Barja\\_final.pdf](http://siteresources.worldbank.org/INTMEPCHANGE/Resources/Barja_final.pdf).

**IMPACT OF ELIMINATION OF TRADE TAXES ON POVERTY AND INCOME DISTRIBUTION IN GHANA.** By Dr. Vijay K. Bhasin and Mr. Samuel Kobina Annim. World Bank Conference Paper. January 2005. Ghana has adopted a poverty reduction strategy, which emphasises the importance of an increased focus on poverty reduction in the design and implementation of policies such as trade liberalisation. The study analyzes the impact of two shocks on poverty and income distributions: elimination of trade related import taxes accompanied by an increase in VAT by 100% and the elimination of export taxes accompanied by an increase in VAT by 100%. The study has shown that the first shock could be used to reduce poverty and improve the income distributions of households in low-income countries. However, the second type of shock increases poverty, and worsens the income distributions of households in low-income countries. For access to this paper visit [http://siteresources.worldbank.org/INTMEPCHANGE/Resources/Bhasin\\_final.pdf](http://siteresources.worldbank.org/INTMEPCHANGE/Resources/Bhasin_final.pdf).

**RISKS AND REWARDS OF REGIONAL TRADING ARRANGEMENTS IN AFRICA: ECONOMIC PARTNERSHIP AGREEMENTS (EPAS) BETWEEN THE EUROPEAN UNION (EU) AND SSA (Sub-Saharan Africa).** By Lawrence E. Hinkle and Richard S. Newfarmer. World Bank Conference Paper. January 7, 2005. To replace the Cotonou trade preferences, which are scheduled to be phased out in 2008, the European Union (EU) and the African, Caribbean and Pacific (ACP) countries are negotiating Economic Partnership Agreements. There are certain faults in the design of EPAs which impedes maximising the development potential of EPAs. This paper analyses those associated with expanding merchandise trade, including: creating incentives for trade reform, offsetting revenue losses resulting from lowering tariffs on imports from the EU to avoid undermining public finance in the Sub-Saharan Africa countries, and reducing intra-regional barriers to trade in existing customs unions and free trade areas. For access to this paper visit

<http://siteresources.worldbank.org/INTABCDEWASHINGTON2005/Resources/LawrenceHinklepaper.pdf>.

"Government Procurement: Market Access, Transparency, and Multilateral Trade Rules." By Simon J. Evenett and Bernard M. Hoekman in EUROPEAN JOURNAL OF POLITICAL ECONOMY, March 2005. This paper examines the effects on national welfare and market access of two public procurement practices: discrimination and nontransparency. It is shown that fostering either domestic competition or transparency in state contracting tends to improve welfare. In contrast, there is no clear-cut effect on market access of ending discrimination or improving transparency. This mismatch between market access and welfare effects may account for the slower progress in negotiating procurement disciplines in trade agreements than for traditional border measures such as tariffs. For access to this article visit [http://www.sciencedirect.com/science?\\_ob=MIimg&imagekey=B6V97-4C76F2J-1-1&cdi=5891&user=10&orig=browse&coverDate=03%2F31%2F2005&sk=999789998&view=c&wchp=dGLbVlbzSkWz&md5=e52b77d4334475b7e6a512337eeee2ea&ie=/sdarticle.pdf](http://www.sciencedirect.com/science?_ob=MIimg&imagekey=B6V97-4C76F2J-1-1&cdi=5891&user=10&orig=browse&coverDate=03%2F31%2F2005&sk=999789998&view=c&wchp=dGLbVlbzSkWz&md5=e52b77d4334475b7e6a512337eeee2ea&ie=/sdarticle.pdf).

**TRADE INSIGHT: SOUTH ASIAN PRIORITIES FOR THE HONG KONG MINISTERIAL.** Edited by Kamalesh Adhikari. South Asia Watch on Trade, Economics and Environment (SAWTEE), February 2005. This publication replaces SAWTEE's earlier magazine, the Trade and Development Monitor, and presents a series of articles including the future of Singapore Issues, South Asia in 2004, the Millenium Development Goals, conflict and economic growth, the Doha Development Agenda and South Asian Priorities for the Hong Kong Ministerial, Vietnamese Accession to the WTO and trade and textiles. To access the report, visit <http://www.sawtee.org>.

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