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LEAD STORIES

BRAZIL: WTO COTTON VICTORY AGAINST US REAFFIRMED; PRESSURES EU ON SUGAR

The WTO Appellate Body has upheld all major findings of an earlier WTO panel that ruled that US cotton subsidies were in violation of WTO rules on agriculture and subsidies (see [BRIDGES Weekly](#), 15 September 2004).

In its 3 March report, the Appellate Body confirmed that certain US payments to farmers, such as 'product flexibility contracts' (PFC) and 'direct payments' (DP) amounted to trade-distorting domestic support. Furthermore, it said that since they were related to the type of production undertaken, they could therefore not be categorised as permissible 'decoupled payments.'

The Appellate Body further agreed with the panel that the 'export credit guarantees' and 'step 2 marketing payments' offered to US cotton producers were prohibited export subsidies. The 'step 2' programme pays US cotton producers the difference between the domestic cotton price and the world market price to ensure that their cotton can be sold profitably in foreign markets.

Moreover, the Appellate Body upheld the panel's finding that the US export and domestic subsidies challenged by Brazil did not qualify for exemption from WTO challenges under the so-called 'peace clause' under which countries had agreed to refrain from challenging each other's agricultural subsidies. The US had appealed virtually all of the panel's findings including the crucial ones described above.

Brazil, Africa, civil society groups urge US to comply immediately

Responding to the ruling, US Trade Representative spokesman Richard Mills said the US would "study the report carefully and work closely with Congress and our farm community on our next steps." Mr. Mills also reiterated the US' longstanding position that the Bush administration was considering all options, and that

negotiation, not litigation, was the most effective way to address the issue of subsidies in the WTO. Following the release of the panel report in September 2004, Brazilian officials had noted that neither the cotton case nor Brazil's challenge against the EC sugar regime had been initiated with the aim of impacting the WTO negotiations. However, Brazilian WTO Ambassador Luiz Felipe de Seixas Correa was reported to have commented that without these cases, the EC and US "would never change their policies" (see *BRIDGES Weekly*, 15 September 2004, referred to above).

In a 6 March statement, West African cotton producing countries Benin, Burkina Faso, Chad and Mali welcomed the ruling and urged the US to implement the decision in time for the WTO's Hong Kong Ministerial Conference in December 2005. Speaking to the press, Samuel Amehou, Benin's ambassador to the WTO, pointed out that the ruling "confirms that these subsidies are not fair and must be phased out in a very, very short time." The four countries reiterated their position that the ruling "confirmed the validity" of their repeated calls for the total elimination of cotton subsidies within the context of the Doha Round negotiations. On this point, Amehou emphasised that "two years after the submission of our sectoral initiative on cotton, it is now time to move from the stage of declarations and clarifications and finally move to concrete actions."

International charity Oxfam, which has repeatedly called for the US to abolish its subsidies because of their injurious effects on poor farmers in Africa, has expressed concern over statements by US government officials that say that no reforms may be needed to comply with the cotton ruling. Gawain Kripke, spokesperson for Oxfam's 'Make Trade Fair' campaign in Washington cautioned that "if the US stalls reform, it will cost poor Africans farmers the chance to trade their way out of poverty and perpetuate an unfair system of rules rigged for the rich." Oxfam also expressed concern that failure by the US to implement this decision could stall the WTO Doha Round agriculture negotiations. Within the WTO agriculture talks, a special sub-committee has been established to deal with the issue of cotton (see *BRIDGES Weekly*, 23 February 2005).

The WTO panel had ordered the US to immediately withdraw the subsidies it had found to be prohibited export subsidises -- i.e., export credit guarantees and 'step 2' marketing payments -- at the latest within six months of the date of adoption of the panel report or by 1 July 2005. Under WTO rules, the cotton ruling must formally be adopted by the WTO's Dispute Settlement Body (DSB) by the beginning of April. The US will subsequently have 30 days to announce its intentions to comply with the ruling, although it need not reveal the

timeframe for doing so. The implementation deadline will be fixed through negotiations between Brazil and the US or, failing that, through WTO arbitration. The arbitration proceedings must normally be completed within 90 days of the DSB's adoption of the ruling.

Sugar appeal: Brazil requests Appellate Body to give EU 3 months to comply

In a related development, in a 7-8 March statement conveyed to the WTO Appellate Body hearing on the EU's appeal in the sugar case, Brazil requested the Appellate Body to give the EU no more than three months to eliminate its export subsidies for sugar should it uphold an 8 September panel ruling which found EU sugar subsidies to be above allowed limits.

Brazil has asked the Appellate Body to find that the EU's sugar subsidies are prohibited under the Agreement on Subsidies and Countervailing Measures (SCM Agreement), in which case the offending subsidies will have to be withdrawn "without delay," as in the cotton dispute (see *BRIDGES Weekly*, 2 February 2005).

ICTSD reporting; "Brazil Seeks 3-Month Deadline For EU Compliance With Sugar Ruling," WTO REPORTER, 9 March 2005; "African Nations Urge U.S. to Implement WTO Cotton Ruling by December Ministerial," WTO REPORTER, 8 March 2005; "US must act 'quickly' on cotton," BBC, 4 March 2005; "Oxfam Concerned U.S. Delaying Cotton Reform; U.S. Response to WTO Ruling Indicates Stalling, Poor Farmers Suffer Consequences," US NEWS WIRE, 4 March 2005.

MINISTERS REPORT PROGRESS AT KENYA MINI-MINISTERIAL

Ministers and senior trade officials from about 30 influential WTO Member countries are saying that the 2-4 March 'mini-ministerial' meeting in Kenya has helped speed up the ongoing Doha Round trade negotiations. Although the three days of talks saw continuing differences among Members, particularly over the priority of agricultural subsidy reform within the overall discussions, the attendees set out time frames and technical processes for moving forward in the industrial goods and agriculture talks.

Representatives from several African countries joined their counterparts from the US, EU, Brazil, China, India, Canada, Japan, and Australia for the meeting, which started in the Masai Mara nature reserve before moving to the coastal city of Mombasa for the final two days. The Kenyan government had sought the participation of a larger-than-usual African contingent -- counting among them countries such as Benin, Lesotho, and

Rwanda, none of them regular attendees at mini-ministerials -- to ensure that African and development concerns would receive attention at the meeting.

Tensions arose during the meeting over the relative importance of agricultural liberalisation to the Doha Round, when Brazil and other developing countries complained that farm subsidy reform was being neglected in favour of rich-country priorities such as services. Australia joined Brazil in saying that subsidy reduction should lead the way to liberalisation in services and industrial goods. The US and the EU, however, said that progress on agriculture would have to be matched by movement on non-agricultural market access (NAMA) and services, their priority issues. Nonetheless, Members managed to overcome these differences enough to agree on steps forward in all three of these negotiating areas, according to acting US Trade Representative Peter Allgeier.

Meanwhile, some 40-odd demonstrators carrying signs denouncing rich-country agricultural subsidies were arrested on 3 March while protesting outside the venue. They were held for taking part in an unauthorised demonstration, and could face up to three years in prison if found guilty during their 18 March trial.

Agriculture: Members to come up with a rough plan

In line with the end-July 2005 target for articulating 'first approximations' of a deal to be adopted at the WTO's December Ministerial Conference in Hong Kong (see [BRIDGES Weekly](http://www.ictsd.org/weekly/05-02-16/story2.htm), 16 February 2005, <http://www.ictsd.org/weekly/05-02-16/story2.htm>), ministers pledged to develop the outlines of an agreement on agricultural subsidies by July, so as to establish "comprehensive and balanced" modalities by the end of the year.

Government representatives at the meeting agreed to focus on the technical aspects of how to go about converting specific tariffs into 'ad valorem equivalents' for use in the final agricultural tariff-reduction formula (see related story, this issue).

According to a 5 March statement by Australian Trade Minister Mark Vaile, delegations that had been reluctant to release "critical data for deciding on a tariff cutting formula have now agreed to do so by the April meeting" of the Committee on Agriculture.

Members also discussed the WTO Appellate Body's recent ruling that US cotton subsidies defied global trade rules; Brazilian Foreign Minister Celso Amorim expressed the hope that it would boost farm reforms in rich countries (see related story, this issue).

NAMA: Members to try to agree formula by June

Vaile's statement also said that ministers agreed that a tariff-reduction formula for industrial goods should be decided by June. In his personal capacity, Kenyan Commerce Minister Mukhisa Kituyi, who chaired the meeting, had suggested that Members aim to come up with a formula by early May.

Countries remain divided, however, on exactly what this formula would look like. India and some other developing countries rejected the EU's 'Swiss harmonisation formula' approach to reducing tariffs, which would require higher tariffs to be reduced more sharply. Indian Commerce and Industry Minister Kamal Nath told the meeting that India, Brazil, China, and some other countries would soon table a formula that would be based on Members' existing tariff structures; he argued that this would better reflect the concerns and interests of developing countries.

A number of ways to address tariff reduction while affording developing countries a measure of special and differential treatment have been proposed since January. The EU recently suggested rewarding developing countries with "credits" in the shape of smaller tariff reduction obligations if they bind more of their tariff lines or lower the level of their bound tariffs. The US, for its part, has suggested that the 'Swiss formula' approach that it favours could be used with different coefficients for developed and developing countries -- this would allow the latter to maintain some flexibility to maintain higher tariffs.

In addition to these ideas, ministers also discussed a 24 February submission (TN/MA/W/50) from Mexico, Chile, and Colombia that attempts "to reconcile ambition and flexibility" by giving developing country Members a "menu of options" for a "given level of ambition" in the NAMA talks. It would allow them to choose a balance among four options: binding their tariffs, the depth of tariff cuts, the ability to exclude some products from the tariff reduction formula, and the implementation period for tariff cuts. This would allow developing country Members to opt for, say, lower tariff cuts, so long as they bound all of their tariff lines and subjected them to the formula without exception. Alternately, they could receive a longer implementation period if they agreed to make deeper tariff cuts.

Mini-ministerial participants largely agreed that new or revised proposals for the formula should be submitted before the mid-March meeting of the Negotiating Group on NAMA.

Services: offers still needed

Echoing recent talks in Geneva (see [BRIDGES Weekly](#), 2 March 2005), Members reiterated the need to meet the May deadline for revised offers set out by the July Package ([WT/L/579](#)). The EU, US, and Australia asked countries that have not yet tabled initial offers to open their services sectors to competition from foreign service providers to do so as soon as possible. After the meeting, Allgeier told the press that there had been a "very clear affirmation" that services talks were "on a par" with NAMA and agriculture.

Looking forward

EU Trade Commissioner Peter Mandelson urged ministers not to look at developmental concerns in the WTO merely in terms of special and differential treatment, arguing that its impacts would be far exceeded by a "pro-development outcome" in goods and services liberalisation talks. He also called on other rich countries to join the EU in offering quota- and tariff-free market access to least-developed countries (LDCs) by the end of the Doha Round. Notably, he declared the EU's support for granting temporary exemptions from new WTO disciplines to poor states that are simply unable to implement them in the required timeframe.

The July 'first approximations' aim to serve as a basis for an agreement among Members in Hong Kong that would in turn set the stage to finish the Doha Round in 2006. The next mini-ministerial is to be held on the margins of an Organisation of Economic Cooperation and Development (OECD) summit to be held in Paris from 3-4 May.

ICTSD reporting; "Kenya's Guest List for WTO Mini-Ministerial Reflects African, Developing Nation Concerns," INTERNATIONAL TRADE REPORTER, 3 March 2005; "Gaps between rich, poor surface at Kenya trade meet," 3 March 2005; "India not for EU farm tariff plan," BUSINESS STANDARD, 5 March 2005; "La reunion de l'OMC au Kenya se penche sur la question de l'agriculture," LE MONDE, 4 March 2005; "Rich countries pledge new push on free trade talks," MOROCCO TIMES, 4 March 2005; "Trade ministers claim trade talk success," FINANCIAL TIMES, 4 March 2005; "Big powers pledge new push on free trade talks," REUTERS, 4 March 2005; "Trade ministers agree to craft a rough plan by July on how rich countries will cut farm subsidies," ASSOCIATED PRESS, 5 March 2005; "AVE Progress Cited at WTO Mini-Ministerial, Deadline Set for NAMA Tariff-Cutting Formula," WTO REPORTER, 7 March 2005.

OTHER STORIES

SOUTHERN AFRICAN COUNTRIES REJECT 'TRIPS-PLUS' DEMANDS IN FTA NEGOTIATION

Southern African countries have rejected the European Free Trade Association's (EFTA; comprised of Switzerland, Norway, Iceland, and Lichtenstein) proposal on intellectual property rights (IPRs) in the free-trade agreement (FTA) negotiations between the two trading blocs.

In an 18 February letter to the Treatment Action Campaign, a South Africa-based grassroots public health group, South African Trade Minister Mandisi Mphahlele said that the Southern African Customs Union (SACU; South Africa, Botswana, Namibia, Lesotho, and Swaziland) had refused to accept EFTA's proposed IPR provisions that went beyond the requirements of the WTO Agreement on Trade-related Intellectual Property Rights (TRIPS).

Civil society organisations raised alarm about EFTA's demands

Mphahlele's statement responded to a 4 November 2004 open letter from 57 civil society organisations to EFTA and SACU trade ministers, in which they criticised the European bloc's proposed 'TRIPS-plus' provisions on public health and agriculture. The organisations contended that EFTA's pressure on SACU states to introduce a five- to ten-year data protection period for clinical test data, as well as a provision to potentially allow five-year patent extensions to brand-name drugs, would "block and delay generic competition," thus hindering access to medicine. They also criticised EFTA for asking SACU states to grant patents to "biotechnological inventions" and accede to the 1991 version of the UPOV convention (International Convention for the Protection of New Varieties of Plants), arguing that these measures would threaten the rights of Southern African farmers to use farm-saved seeds, thus threatening both biodiversity and food security.

Mphahlele told the Treatment Action Campaign, one of the open letter's signatories, that "South Africa's approach to trade negotiations is to always seek the best possible benefits for the country and SACU in all areas under negotiation... As SACU and EFTA have not been able to arrive at mutually beneficial outcomes in our IPR discussions, we have agreed to suspend negotiating any substantive commitments in this area... As a result, the final agreement will contain none of the IPR obligations referred to in your letter."

"TRIPS should be a ceiling, not a floor"

Jonathan Berger, a lawyer at the AIDS Law Project based at the law school of the University of the Witwatersrand in Johannesburg, welcomed the development, saying that "it's great, and it's certainly what we hope would be the case in the US-SACU negotiations. We believe that TRIPS should be a ceiling, not a floor."

The US-SACU FTA negotiations have been stalled since late September 2004 over differences on IPRs and investment rules. South African officials have said that high-level US IPR standards "may not be appropriate" for developing countries.

Swiss non-governmental organisation Berne Declaration released a report in November 2004 criticising EFTA for including TRIPS-plus provisions in its FTAs with countries such as Chile, Jordan, and Morocco. It is not yet clear whether EFTA will conclude an agreement with SACU that includes no substantive provisions on IPRs.

The open letter to EFTA and SACU ministers is available [here](#).

The Berne Declaration report on EFTA FTAs is available at http://www.evb.ch/cm_data/EFTA_Trips-plus_2.pdf

ICTSD reporting; "Southern African countries have taken a firm stand against EFTA demands On Intellectual Property Rights in Free Trade Agreement," BERNE DECLARATION (press release), 4 March 2005; "SACU countries reject trade agreement," SUNDAY TIMES (online, South Africa), 8 March 2005; "US-SACU trade talks grind to a halt," BUSINESS DAY, 22 September 2004.

**BRAZIL, US PURSUE FTAA
RAPPROCHEMENT; MERCOSUR COSIES
UP TO CENTRAL AMERICA**

Senior trade officials from Brazil and the US met on 22-23 February in an attempt to set out common ground to put negotiations for the Free Trade Area of the Americas (FTAA) back on track. While sources described the meeting as "constructive" and "showing positive movement," differences persisted over agriculture and intellectual property rights issues. Brazil and the US are co-chairs for the FTAA negotiations, which have effectively been on hold since February 2004. Elsewhere, representatives from the countries of the Southern Cone met with their counterparts from five

Central American countries on 21-22 February to explore interregional trade relations.

Brazil, US: progress on ag, but not on IPRs

Acting US Trade Representative (USTR) Peter Allgeier and his Brazilian counterpart Adhemar Bahadian met in Washington to try to reach agreement on a common set of obligations applicable to all 34 FTAA countries. The two were attempting to bridge differences in areas such as farm trade that stalled last year's talks. Bahadian noted some "positive movement," particularly on the issue of agriculture. Specifically, he said the US withdrew its insistence on a new category of farm products to be called 'other' that would not have a date for elimination of tariffs. That language will be replaced by text that will be more "acceptable in terms of normal trade negotiations," he said.

Less progress was evident on intellectual property rights (IPRs), where Brazil disagrees with a US proposal to allow for cross-retaliation against legitimate businesses for IPR violations. Brazil argues that this is stronger than what is required under the WTO Agreement on Trade-related Intellectual Property Rights (TRIPS).

According to a press release issued after the meeting, the next session between the two FTAA co-chairs will be on 29-30 March, in order to enable Brazil and the US to consult with delegations from other FTAA countries. The two countries are hoping to re-convene the FTAA Trade Negotiations Committee (composed of all FTAA vice-ministers of trade) by late April or early May. A USTR spokesperson said "Our hope would be at that meeting that the 34 countries would be able to agree on the basis for restarting the work of the negotiating groups."

MERCOSUR, Central American countries explore "flexible arrangement"

In other trade developments in the hemisphere, a mission from MERCOSUR (Argentina, Brazil, Paraguay, and Uruguay) led by Paraguayan Foreign Minister and acting MERCOSUR Chair Leila Rachid met with the Central American Integration System (SICA - Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica) to analyse the best route towards integration between the two regions. Rachid's visit to Central America forms part of MERCOSUR's strategy to maintain forward momentum in regional trade negotiations by inking trade arrangements with other countries in the hemisphere as long as the FTAA process remains stalled.

A MERCOSUR spokesman said that the intention was not to reach a free trade agreement with Central

America, but rather a "flexible arrangement" that took account of the asymmetries between the two parties. The MERCOSUR economies are generally at a higher level of development than those of their Central American counterparts, which are highly dependent on exports of primary commodities and imports of industrial goods.

"Co-presidentes conversan sobre relanzamiento de ALCA," PUENTES, 3 March 2005; "Brazil and US narrow differences on common set of FTAA obligations," WTO REPORTER, 3 March 2005; "El Mercosur y Centroamericana analizan un acuerdo comercial," PUENTES, 3 March 2005.

informal meetings cannot legitimately involve substantive discussions that go beyond the current state of negotiations in the General Assembly.

The next official meeting to discuss the WIPO Development Agenda will take place on 11-13 April 2005 at the Intersessional Intergovernmental Meeting at WIPO.

The Group of Friends of Development includes Argentina, Brazil, Bolivia, Cuba, Dominican Republic, Ecuador, Egypt, Iran, Kenya, Peru, Sierra Leone, South Africa, Tanzania and Venezuela.

ICTSD reporting.

IN BRIEF

DEVELOPING COUNTRY GROUP OFFICIALLY REJECTS INFORMAL WIPO MEETING OUTCOME

A group of developing countries has rejected the outcome of a recent meeting during which selected members of the World Intellectual Property Organisation (WIPO) discussed the continuation of the global patent harmonisation process. The meeting, held in Casablanca, Morocco, had been put together at the invitation of WIPO Director-General Kamal Idris, and came up with an "action plan" on how to move forward on global patent harmonisation. Several developing countries and civil society organisations had criticised the 15-16 February gathering for its exclusionary nature (see BRIDGES Weekly 23 February 2005 <http://www.ictsd.org/weekly/05-02-23/story5.htm>).

Brazil, the only supporter of the WIPO Development Agenda invited to attend the Casablanca meeting, was also the only country that refused to endorse the statement that was adopted there.

In direct response to the Casablanca meeting, the 'Group of Friends of Development' sent an official statement to the WIPO Secretariat on 7 March, formally challenging the legitimacy of the action plan that had been adopted there. Countries including Argentina, Egypt, Iran, and South Africa joined Brazil in signing the statement, which emphasised that decisions taken by WIPO's General Assembly must be taken transparently and multilaterally. The group's statement stressed that according to the General Assembly's mandate, informal consultations by the Director General should focus on establishing a date for convening the Standing Committee on Law of Patents. They argued that

UK TO DE-LINK TRADE CONDITIONALITY FROM FOREIGN AID

A new policy paper on foreign aid by the UK government has signalled that it will no longer attach policy conditions to overseas assistance, but will rather link aid flows to mutually agreed benchmarks on poverty reduction. The 2 March report, entitled "Partnerships for poverty reduction: rethinking conditionality," reviews the effectiveness of the terms and conditions that donors and recipients typically set out as part of aid agreements. It concludes that donor-imposed trade liberalisation requirements do not necessarily benefit poor people in recipient countries, and outlines the changes necessary to establish effective aid partnerships.

The paper points to concerns that aid-linked policy conditions requiring recipients to undertake unilateral trade liberalisation have affected their ability to effectively engage in multilateral trade negotiations. It also suggests that trade liberalisation conditions have often failed to take into account whether a recipient country is actually in a position to benefit from more open trade. The report also says that policy conditions have in the past neglected to take into account the ability of poor people in developing countries to access health and education, financial services, and infrastructure -- preconditions for them to benefit from trade liberalisation. Furthermore, trade conditions might prevent developing countries from using the sort of policy sequencing that has contributed to the successful economic performance of the East Asian economies over the last few decades.

The UK government states that it will switch to using benchmarks agreed by donors and recipient countries rather than policy conditions. It believes that this will ensure that aid supports developing countries' own poverty reduction policies. The report emphasises transparency on the part of donor and recipient states,

as well as the need for donors to make aid flows more predictable. Finally, in an effort to promote coherence in international aid policymaking, the paper urges the World Bank, the International Monetary Fund (IMF) and other donor groups to review their policy with regards to conditionality and aid.

For the full report see <http://www.dfid.gov.uk/pubs/files/conditionality.pdf>.

WTO IN BRIEF

AGRICULTURE: PROGRESS MADE ON AVEs AT MOMBASA 'MINI-MINISTERIAL'

Participants at a mini-ministerial meeting in Mombasa, Kenya from 2-4 March (see related story, this issue) reported some headway on the tricky issue of how to convert 'specific' agricultural tariffs based on quantities into 'ad valorem' equivalents (AVEs), i.e., tariffs based upon the price of the product. Participants effectively agreed that in order for the technical work to proceed, they would postpone the decision of whether Members would be able to retain specific tariffs following a conversion. The ministerial-level talks followed informal technical discussions in Geneva on 25 February (see [BRIDGES Weekly](#), 2 March 2005).

In order for Members to progress in their negotiations on agricultural tariff reductions, they need to clear the hurdle of how to convert non ad valorem duties into AVEs -- a transparency exercise that will allow the tariffs to be classified into different brackets set for different reduction requirements. Without going into the technical details of the different options for conversion and verification, the ministers agreed that negotiations should continue on this process in Geneva -- and that the more controversial issue of whether the converted AVEs can be converted back into specific tariffs following tariff reduction would be left for later in the negotiations.

The timetable ministers set for the work involves agreeing on the methodology for AVE conversion at the next set of agriculture negotiations at the WTO in mid-March. Members would then submit relevant data for the conversions at the following set of negotiations, scheduled for April. The EU, US, Switzerland, and Norway all have large numbers of specific tariffs that need to be converted into AVEs. The EU and G-10 (food importing) countries such as Switzerland would like to retain the right to continue using specific tariffs. In a press statement, the EU also stressed that tariff

reductions should be made from bound levels set in Members' schedules.

The next 'agriculture week' at the WTO will be held from 14-18 March.

ICTSD reporting; "Statement on Progress in WTO talks," EU RELEASE, 4 March 2005; "AVE Progress Cited at WTO Mini-Ministerial, Deadline Set for NAMA Tariff-Cutting Formula," WTO REPORTER, 7 March 2005.

RULES GROUP LOOKS AT CRITERIA FOR FTAs

The 8 March meeting of the WTO Negotiating Group on Rules (on Regional Trade Agreements, RTAs) focused on systemic issues related to the place of such agreements within the multilateral trading system. This came in contrast to earlier discussions in this forum, which tended to focus mainly on transparency with regard to Members' RTAs. The shift may reflect the increased scrutiny in recent months on bilateral and regional trade arrangements and their potentially damaging effects on the multilateral trading system (see [BRIDGES Weekly](#), 19 January 2005).

Paragraph 8(b) of Article XXIV of the General Agreement of Tariffs and Trade (GATT) defines "free trade areas" for the purposes of what is permissible in the multilateral trading system. It specifies that tariffs and "other restrictive regulations of commerce" on "substantially all the trade" between constituent parties must be eliminated. The precise meaning of these stipulations, however, remains unclear.

At the Rules group meeting, Members focused on an Australian paper that said that a free-trade agreement (FTA) could be considered to cover "substantially all" trade if it covered 95 percent of the tariff lines for trade between the parties, with 70 percent of tariff lines eliminated the moment the FTA enters into force. Furthermore, highly-traded sectors must come under the remit of the FTA.

Chile and New Zealand expressed support for Australia's ideas, praising them for promoting ambitious FTAs. Other Members including Hong Kong suggested that the evaluation of FTAs should not be limited to tariff lines, but should also consider agreements' effects on trade flows. Norway and Switzerland suggested that other issues such as rules of origin and trade remedies should also be taken into account. The meaning of "other restrictive regulations of commerce" remains undefined.

Members also discussed the WTO Secretariat's report on services provisions in the Chile-Canada FTA. This is part of a process led by Chair Guillermo Valle of Uruguay to improve transparency with regard to Members' FTAs; the ultimate aim is to have a Trade Policy Review-type evaluation of FTAs.

ICTSD reporting.

EVENTS & RESOURCES

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.

Coming Up: 10 - 16 March

11-13 March 2005, Stresa, Italy: THE WTO AT 10: THE ROLE OF THE DISPUTE SETTLEMENT SYSTEM. Organised by the Research Centre on International Economic Organisations of the Universities of Piemonte Orientale, Torino, Genova, Milano, and Bocconi. The conference will address various issues relating to the role of the WTO's dispute settlement system, special focus will be given to the role played within the system by the Appellate Body. The three main topics discussed at the conference are the challenges to the WTO from within and without; the dispute settlement system in action; and the dispute settlement system in perspective. For further information contact Dr. Isabel Recavarren, tel: (+39 02) 5836 5212; fax (+39 02) 5836 5202; email: isabel.recavarren@unibocconi.it ; Internet: http://www.wto.org/english/tratop_e/dispu_e/anniversary_conferences_e.htm.

14-16 March, Washington, DC, US: ENERGY WEEK 2005. Energy Week 2005, organised by the World Bank, features presentations and discussions with leading energy development practitioners and offers networking activities to participants from Governments, NGOs, consultants and World Bank Group staff. The theme of Energy Week 2005 is "Our Energy Future," which aims to ensure affordable and reliable supplies of energy in developing countries as a prerequisite for economic development and poverty reduction. The program will feature sessions addressing the key developments that are shaping the future of energy supply and the kinds of energy services, which will be available in developing countries in the future. Topics that will be covered include sustainability in extractive

industry development; environmental policies and management; and energy planning and technology choice. For further information contact the World Bank, tel: (+1 202) 473 1000; fax: (+1 202) 477 6391; Internet: <http://www.worldbank.org/energy/energyweek2005/>.

14-18 March, Geneva, Switzerland: UNCTAD COMMISSION ON TRADE IN GOODS AND SERVICES AND COMMODITIES, 9TH SESSION. The main agenda includes discussions on market access, market entry and competitiveness; trade in services and development implications; trade, environment and development; and a progress report on the implementation of agreed conclusions and recommendations of the Commission, including the post-Doha follow-up. For further information contact Mr. Mehmet Arda, tel: +41(0)22 917 5790; fax: +41(0)22 917 0509; email: mehmet.arda@unctad.org ; Internet: <http://www.unctad.org/Templates/Meeting.asp?intItemD=1942&lang=1&m=9478&year=2005&month=3>.

WTO Events

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

11 March: WTO COUNCIL FOR TRADE IN GOODS.

11 March: WTO COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS - SPECIAL SESSION.

11 March: WTO WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY.

14 - 15 March: WTO NEGOTIATING GROUP ON MARKET ACCESS.

14 March: WTO COMMITTEE ON GOVERNMENT PROCUREMENT.

15 March: WTO TRADE POLICY REVIEW BODY - MONGOLIA.

16 March: WTO COMMITTEE ON AGRICULTURE.

Other Upcoming Events

22 - 23 March, Entebbe, Uganda: PROJECT LAUNCH MEETING FOR CAPACITY BUILDING ON

COMPETITION POLICY IN SELECT COUNTRIES OF EASTERN AND SOUTHERN AFRICA. Organised by Consumer Unity & Trust Society (CUTS). One of the main objectives of the project is to develop the capacity of national stakeholders in project countries to understand and appreciate prevailing competition concerns from the national, regional and international perspectives and enable them to respond appropriately. The project is being executed in Botswana, Ethiopia, Malawi, Mauritius, Mozambique, Namibia and Uganda. This project is to run through December 2006. For further information contact Rijit Sengupta, tel: (+91 141) 228 2821; fax: (+91 141) 228 2733; email: 7up3@cuts.org ; Internet: www.cuts-international.org.

11-12 April, New York, US: COMMISSION ON SUSTAINABLE DEVELOPMENT (CSD). The task of the thirteenth CSD will be to map out a framework of policy options and actions to tackle constraints and obstacles toward meeting the Millennium Development Goals. For further information contact the Department of Economic and Social Affairs, tel: (+1 212) 963 2803; Fax: (+1 212) 963 4260; Internet: <http://www.un.org/esa/sustdev/csd/csd13/csd13.htm>.

20-22 April, Geneva, Switzerland: WTO ANNUAL PUBLIC SYMPOSIUM 2005. The theme of the symposium is "The WTO After 10 Years: Global Problems and Multilateral Solution." Participants are expected to reflect on the WTO's first ten years and discuss the challenges the organization faces looking forward. The WTO's annual symposia are intended to stimulate public debate on the WTO. A new report, The Future of the WTO: Addressing Institutional Challenges in the New Millennium, is expected to help inform and guide the discussions. For more information contact: Bernard Kuiten; tel: (+41 22) 739 5676; email: PublicSymposium2005@wto.org ; Internet: http://www.wto.org/english/news_e/events_e/symposium_2005_e.htm.

RESOURCES

DEVELOPING COUNTRY PROPOSALS FOR THE LIBERALIZATION OF MOVEMENTS OF NATURAL SERVICE SUPPLIERS. By L. Alan Winters. Development Research Centre on Migration, Globalisation and Poverty, January 2005. This paper is about developing countries' proposals on the liberalisation of the movement of natural persons to provide services in the GATS negotiations (Mode 4). The paper considers the offers that have been made on Mode 4 by developing countries during the WTO's Doha Round to date to gauge the seriousness of their intent on Mode 4 and to gauge the generalised demands that they have made of developed countries. For access to this paper visit

http://www.migrationdrc.org/publications/working_papers/WP-T8.pdf.

TRADE AND ENERGY - INVESTMENT IN THE GAS AND ELECTRICITY SECTORS. By Lars Albath. Cameron May, 2005. Regulators acting in the field of energy are faced with three objectives: security of supply, efficient use of market forces, and environmental concerns. This work examines the legal framework for such balancing exercises by describing and analysing the international rules applicable to trade in electricity and gas. These questions are important due to the extremely high economic significance of electricity and gas and the consequentially high potential for conflicts. The book offers a critical analysis of the international rules applicable to trade and investment in electricity and gas. While focusing on the agreements administered by the WTO, other agreements such as the Energy Charter Treaty and the North American Free Trade Agreement are also taken into account. Examples modelled on real cases illustrate the application of the international rules. For further information visit <http://www.jus.uio.no/lm/cm.books/1905017022>.

OUTGROWING THE EARTH: THE FOOD SECURITY CHALLENGE IN AN AGE OF FALLING WATER TABLES AND RISING TEMPERATURES. By Lester R. Brown. Earthscan, March 2005. This book pushes the reader to think about food security issues that the world will be facing for years to come. Future food security depends not only on efforts within agriculture but also on energy policies that stabilise climate, a worldwide effort to raise water productivity, the evolution of land-efficient transport systems, and population policies that seek a humane balance between population and food. Issues that are touched upon in this book include pushing beyond the Earth's limits, moving up the food chain efficiently, raising the Earth's productivity, and redefining security. For further information visit <http://shop.earthscan.co.uk/productdetails/mcs/productid/324/groupid/7/categoryid/16>.

FINANCE, INEQUALITY, AND POVERTY: CROSS-COUNTRY EVIDENCE. By Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. World Bank, February 2005. This paper studies whether financial development disproportionately raises the incomes of the poor and alleviates poverty. Using a broad cross-country sample, the authors found that financial development reduces income inequality by disproportionately boosting the incomes of the poor. Countries with better-developed financial intermediaries experience faster declines in measures of both poverty and income inequality. For access to this report visit http://econ.worldbank.org/files/41457_bdl_dec04.pdf.

LEGAL ASPECTS OF IMPLEMENTING THE KYOTO PROTOCOL MECHANISMS: MAKING KYOTO WORK.

Edited by David Freestone and Charlotte Streck. Oxford University Press, February 2005. The first protocol to the UN Framework Convention on Climate Change (UNFCCC) was adopted in Kyoto in 1997 and entered into force in February 2005. It is a unique international law instrument, which sets legally binding targets for the reduction of emissions of greenhouse gases. The targets are unprecedented in an environmental agreement and will involve substantial financial commitment in virtually all industrialized country parties to the protocol. This book aims to contribute to the development of the market for carbon emission reductions - one of the objectives of the Kyoto mechanisms. It conveys knowledge of what is becoming known as 'Carbon Finance,' the emerging body of expertise in this area. For further information visit <http://www.oup.co.uk/isbn/0-19-927961-6>.

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