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Facts and Figures

- Although the balance between supply and demand of agricultural commodities has improved since the sharp decline of the 1990s, prices generally remain close to historically depressed levels, and their longer-term decline relative to the prices of manufactured goods continues.
- Between 1961 and 2001, the average prices of agricultural goods sold by least-developed countries (LDCs) fell by almost 70 percent relative to the price of manufactured goods purchased from developed countries.
- Over the past 40 years, prices have been most volatile for tropical beverages and raw materials. These commodity groups have also suffered some of the steepest long-term declines.
- While non-LDC developing countries reduced their reliance on tropical beverages and raw materials, LDCs' dependence on these products increased from 59 percent to 72 percent between the early 1960s and 2001.

Source: *The State of Agricultural Commodity Markets 2004*. FAO, 2004.

Ministers Agree on Two Market Access Issues

The 'mini-ministerial' hosted by Kenya in early March gave a political push to two market access issues, where progress was already perceptible in Geneva, but failed to make a significant contribution to the services negotiations that remain seriously behind schedule.

Invitation-only gatherings of trade ministers have become standard in the run-up to WTO Ministerial Conferences. While many defend them as necessary for injecting political momentum into negotiations in Geneva, others are critical of deals made in settings that exclude most WTO Members. In practice, 'mini-ministerials' rarely do more than pick up on the dynamics in Geneva, and agreements reached in these meetings are in no way binding.

The 29 ministers and senior officials invited to Mombasa agreed that WTO Members should determine an approach to tariff reductions for non-agricultural products by May and finalise work on ad valorem equivalents (AVEs)¹ during the April negotiating session on agriculture. Both areas had seen movement in Geneva in February (see pages 9 and 11). Similarly, a 'mini-ministerial' held during the World Economic Summit in January agreed that that 'first approximations' of full modalities for agriculture and industrial market access should be presented by July – a date that was already widely cited by negotiators in Geneva.

Balancing Interests

Originally, the meeting was to focus mainly on services, non-agricultural market access, anti-dumping and other rules-related issues, as well as development. Brazil's Foreign Relations Minister Celso Amorim was critical of this agenda, stating at the outset that "leadership must be by agriculture because that is why the round exists." Trade Minister Mark Vaile of Australia also said that progress in agriculture should continue to "lead the round." In contrast, EU Commissioners Peter Mandelson and Mariann Fischer-Boel, as well as acting US Trade Representative Peter Allgeier, stressed the importance of a balanced deal that would include real cuts in tariffs for non-agricultural products, as well as more open services markets. Rwanda's Minister of Commerce Manasse Nshuti summed up the African position when he called for 'tangible political commitment' to addressing issues of importance to developing countries.

Agriculture

The most concrete outcome was agreement that Members would focus on finalising the methodology for converting specific, volume-based duties to percentage-based ad valorem equivalents (AVEs). Ministers agreed to leave aside differences regarding whether the converted tariffs should be irreversible, capped and bound. The ministerial agreement also seemed to sidestep division among WTO Members on the sequencing of negotiations on the overall agricultural tariff reduction formula and the technical discussions on the AVE methodology.

According to some sources, this agreement was reached in a meeting between Australia, Brazil, the EU, India and the US on the sidelines of the larger gathering. These countries, called the 'five interested parties' (FIPs), were much criticised for stitching up the agriculture annex of the July Package between them without taking on board the concerns of other Members and coalitions. Many Members are now uneasy about a potential re-emergence of the FIPs as a deal-making forum. For instance, the G-10 group of net food-importing countries, which has a large interest in the AVE negotiations (three of its members are among those with the most specific duties), was among the FIPs' sternest critics prior to the July Package.

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Bridges

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Cotton Ruling May Affect Subsidy Talks

Several participants said the Appellate Body's 3 March confirmation that most US cotton subsidies were illegal (see page 15) would induce them to take a more forceful stand in negotiations on agricultural subsidy reductions. Minister Amorim stated that the ruling was "a victory for developing countries generally" and called on the US to comply promptly. Minister Nshuti said that the ruling would make African countries "much more demanding" with regard to specific commitments and timeframes for subsidy removal by industrialised countries.

Benin, Burkina Faso, Chad and Mali have also called for US compliance before the Hong Kong Ministerial. In 2003, the four countries launched the Cotton Initiative, which demanded a rapid phase-out of all cotton subsidies and compensation for affected LDCs until the phase-out was complete. The Initiative was the direct cause for the creation of the Subcommittee on Cotton in the July Package (see page 10). However, Peter Allgeier made it clear that the US intended to deal with the issue through the agriculture negotiations and had no immediate plans to start dismantling its cotton support regime.

Non-agricultural Market Access

Ministers agreed in Mombasa that Members should submit concrete proposals for a tariff cut formula in March, with a view to finalising the outline by May. Three recent submissions tabled in the Geneva negotiations have paved the way for progress, including one from three Latin American countries that proposed four options on flexibilities for developing countries in order to secure an ambitious overall outcome (see page 11). Comments from participants seemed to indicate that the Latin American approach could serve as a basis for further progress. EU officials stated that the formula should reflect "the need for real tariff cuts combined with a recognition of development needs," while Peter Allgeier said there was 'convergence' that the next negotiating session would explore "the various concepts of the formula. It's a formula that combines ambition and flexibility for developing countries."

Services

The talks were to give a boost to the lagging services negotiations, but – reflecting sluggish progress in Geneva (see page 10) – boiled down to far less decisive results. EU and US representatives professed to be pleased with the 'clear affirmation' that services negotiations were on par with the agricultural and non-agricultural market access talks, and a 'critical part' of the final package. Nevertheless, services discussions mostly revolved around ways to raise the profile and level of ambition of the negotiations. Members were again urged to submit their market opening offers before the end of May. Mr Allgeier said in a press interview that he had suggested that Members agree on "pro-development core sectors that everybody would make a commitment on to some degree," citing telecommunications, distribution services and "perhaps construction" as examples. The proposal did not command consensus.

Development

While ministers did not formally agree on any specific development actions, such concerns permeated the meeting. For instance, in his closing statement EU Trade Commissioner Mandelson focused on "a much-needed pro-development outcome on special and differential treatment (S&D); the provision of adequate levels of effective development assistance; the delivery of better market access for developing countries, and a development-friendly reform of origin rules." On S&D, he called for the prompt establishment of an "informal negotiating group with key Members [...] to start the work on proposals with a clear target of producing results by end of May." He also suggested that Members adopt in Hong Kong the package of agreement-specific proposals that was prepared for Cancun, and said he would push European countries "very hard" on "better and more aid for trade adjustment." This issue is of particular importance to those WTO Members that face an erosion of preferential tariff margins (see page 9). The speech is available at http://europa.eu.int/comm/commission_barroso/mandelson/speeches_index_en.cfm. For extracts, see page 18.

ENDNOTE

¹See 'Information: A Cripling Factor for the Doha Negotiations' in Bridges Year 8 No.6, page 5.

Development and the WTO: Beyond Business as Usual

Bernard Hoekman and Susan Prowse

Realising the promise inherent in the Doha Ministerial Declaration to pursue development as an objective requires well-known actions: a transformation of agricultural trade policy in OECD countries, liberalisation of trade and investment in services in both North and South, and further liberalisation of trade in manufactures, especially by developing countries where such trade barriers are the highest.

Research suggests that the potential global gains from an ambitious Round are large – in the US\$100 to US\$250 billion range for merchandise trade alone. If gains from greater competition in services, better rules and reductions in the incidence of non-tariff barriers are considered, the potential gains are much higher still.

Whether negotiators will deliver an ambitious outcome depends on the mobilisation of strong support in each WTO member for taking difficult political decisions. Reform of agriculture in the EU, Japan and US is a precondition for actions by the major developing countries to further open their markets and vice versa. The required reciprocity is something that the WTO is designed to generate. However, ‘business as usual’ will not maximise the development benefits for the smaller and poorer WTO Members. To do that, it is necessary to complement WTO negotiations with more development assistance to these countries for improving trade capacity, productivity and competitiveness, and to take concrete actions to make special and differential treatment (S&D) provisions more meaningful.

S&D in the WTO spans promises by high-income countries to provide preferential access to their markets, the right to limit reciprocity in trade negotiating rounds to levels “consistent with development needs,” and greater freedom to use trade policies. The premise underlying S&D is that industries in developing countries need assistance for some time in both their home market (through protection) and in export markets (through preferences). Many of the poorest countries today have not benefited from existing S&D provisions. In part this is because tariff preferences have been subject to restrictive rules of origin and conditions. More important are the lack of competitive supply capacity and the absence of a policy environment that supports investment and growth. Trade policies are just one element of this environment, but an important one. In many countries the types of policies permitted by existing S&D provisions have arguably not been helpful in fostering development.

The Doha S&D agenda offers considerable scope to improve rules and their enforcement, link aid more effectively to the national trade agenda, and expand such aid in instances where developing country governments have determined that this is a priority. Moving forward on this agenda could do much to foster greater integration of developing countries into the WTO. The goal should not be to make the WTO a development organisation, but to complement the ‘business as usual’ emphasis on the exchange of commitments between large(r) countries with (i) better agreement-specific development provisions (‘vertical S&D’); (ii) more effective mechanisms allowing for policy flexibility (‘horizontal S&D’); and (iii) expanded development assistance for small and poor countries to benefit from trade opportunities by enhancing competitiveness of firms and farmers. The need for the latter extends far beyond S&D and should not be embedded in the WTO. The WTO is not a development agency and should not become one. However, the potential gains associated with an ambitious Doha round offer an opportunity for high-income countries to commit to transferring an increment of the resulting benefits to low-income countries.

WTO Rules

The 88 proposals put forward by developing countries to make existing S&D provisions more precise and effective reveal dissatisfaction with many of the WTO rules (see box on page 5). There are many agreement-specific S&D provisions, often in form of exemptions and transition periods for LDCs or all developing countries. Agreement-specific opt-outs or specific *sui generis* rules for developing countries can be an effective way of ensuring that rules in a given area

support development. But this requires clarity regarding both what is ‘wrong’ with current rules and the benefits associated with a (proposed) S&D provision. Sometimes this is straightforward to identify.

The rules concerning regional agreements provide an example. The agreements that the US and the EU negotiate with developing countries can do much good if designed in a way that puts development first. Important issues include identification of the most appropriate form of, and membership in, counterpart developing country regional arrangements, addressing trade barriers between neighbouring countries and identifying actions to reduce trade costs, something that is of particular concern to landlocked countries. However, global development prospects are best served by nondiscrimination. It is well known that there may be trade diversion costs and/or tariff revenue losses associated with a move to preferential, reciprocal free trade. To take the case of Economic Partnership Agreements (EPAs), research has shown that if ACP partner countries maintain current levels of protection against the rest of the world, the effect of moving to free trade with the EU could be to transfer much of what is now collected in revenue on imports to EU producers in the form of higher prices. From a development perspective, an outcome that involves the EU guaranteeing duty- and quota free access to its markets with *nondiscriminatory* tariff liberalisation by ACP countries as the *quid pro quo* would be better than full preferential liberalisation vis-à-vis the EU only.

Promoting this form of open regionalism is beyond the European Commission’s negotiating mandate for EPAs, and is more a matter for ACP trade policy makers to decide within their own regional integration processes. If such nondiscriminatory reforms were bound in the WTO, it would increase

Continued on page 4

the benefits of North-South regional integration for all WTO Members and reduce the potential costs for both ACP and non-ACP countries. Currently WTO rules require that free trade agreements result in the reciprocal removal of trade barriers on ‘substantially all trade’ between the partner countries. Revisiting the provisions of the relevant articles on regional integration in the WTO as they apply to North-South agreements along the lines proposed above would be an example of pursuing the call in the Doha WTO Ministerial Declaration for more effective S&D provisions.

S&D provisions are an important way of recognising and incorporating development concerns into the WTO. However, a necessary condition is to identify provisions that would be beneficial. A problem with the current agreement-specific approach to S&D in the Doha Round, and many of the proposals that have been put forward, is that it is not necessarily clear this condition is satisfied. Given the difficulty of identifying and defining *ex ante* beneficial specific S&D exemptions, allowing for greater policy flexibility for an agreed subset of WTO rules could help achieve governments’ development objectives.

Policy Space and Transparency

Greater horizontal policy flexibility could be pursued through a mechanism that permits the use of policies that are otherwise constrained or prohibited. The goal would be to shift away from a confrontational, dispute settlement-centred interaction and towards a more co-operative ‘enabling’ mechanism that generates information on the effectiveness and incidence of the policies, as well as identifies and assists in the adoption of less trade-distorting instruments.

More regular multilateral interactions on trade policies would provide a framework for assisting governments to assess whether instruments are achieving stated objectives. Such assessments would also need to consider the negative international spillovers of the policies. If published and disseminated in the countries concerned, the results and findings of reports and discussions could also help increase the public profile of trade-related policies. The assessments could build on the WTO’s Trade Policy Review Mechanism, but would be

quite different from the *status quo*: there would be a presumption that policies would not be formally challenged through the dispute settlement system, explicit judgments would be made regarding the impacts of policies, and the process would extend beyond trade officials to include representatives of the donor/development community. The emphasis would be on assistance and accountability as opposed to enforcement.

An enabling-cum-consultation-cum-transparency mechanism of this type could extend beyond a narrow focus on policies that potentially violate WTO rules. A more regular co-operative interaction on trade policies and constraints to trade integration could help improve communication between the development and trade communities. The background analysis and discussions would identify areas where development organisations might assist governments in attaining the preconditions for benefiting from implementation of a specific set of WTO disciplines. Especially in small low-income countries that already have relatively free access to major markets, but where domestic trade and related ‘behind the border’ policies lower competitiveness, aid that is targeted at bolstering trade capacity can have high pay-offs.

A co-operative approach that allows for policy flexibility accompanied with formal consultations on results and identification of the preconditions for benefiting from WTO membership could help mobilise and sustain engagement of national policy-makers on trade policy. Such an approach could also be pursued in the regional context. Indeed, it may be easier to put in place, as the number of countries concerned is much smaller. Regional agreements with developing countries, such as those negotiated by the EU, already put much emphasis on consultative mechanisms and provision of technical and financial assistance (see related article on page 16).

Aid for Trade

An ambitious Doha reform package is expected to generate sizeable net gains for most countries. However, the consequent trade liberalisation will require complementary reforms to address economic and social costs. Gains from trade liberalisation are conditional on an environment that allows the associated movements of labour and capital across sectors to occur, and that encourages investment and assists vulnerable households subjected to serious adjustment costs. Complementary actions prior to, and in conjunction with, the trade reforms may be needed to satisfy these conditions.

An expanded allocation of aid to support trade on a multilateral basis can help those countries that are unlikely to benefit much from a global set of trade reforms in the short term—such as countries that will experience an erosion in preferential access to markets – as well as attenuate concerns regarding the costs of implementation of new (and old) rules. The latter has become an issue in the WTO because the ‘adjustment burden’ of any new rules will mostly fall on developing countries, as they will reflect the *status quo* in industrialised countries.

Strengthened grant-based financing mechanisms targeted predominantly to the poorest countries to improve trade competitiveness could do much to enhance the development relevance of the Doha Round by enhancing their capacity to exploit trade opportunities. There is an important link here between the global public good derived from the WTO rules-based system and the development needs of countries, as the WTO has and can further have a strong impact on development, poverty reduction, and arguably global stability. From a global equity perspective, what matters is not just the capacity of developing country governments to engage in internal redistribution and improve the livelihoods of poor households, but to increase the share of the gains from global reforms that accrue to the poorest developing countries.

Providing meaningful international transfers has historically been of considerable importance in helping persuade countries to adopt more open, market-oriented policies. Liberalisation measures in the EEC significantly helped to create a favourable economic environment that contributed to growth and welfare, but this was combined with economic assistance to weaker countries and regions (through Structural and Cohesion Funds, accounting for one-third of the total budget). The post-war Marshall Plan, instigated in part to support a multilateral integration strategy, involved a transfer of several percentage points of US GDP during 1948–52, or more than US\$200 billion in current dollars.

Multilateral trade integration will bring substantive net aggregate benefits to rich countries, some of which can be transferred to those economies that stand to gain the least. Doing so could greatly enhance the development relevance of the WTO. There are a number of ways donor countries could draw on a small increment of the total gain associated with a successful Doha outcome to help meet trade integration needs in developing countries. These include direct, additional contributions from ODA budgets; leveraging future aid commitments through an International Finance Facility¹ type mechanism; a partial transfer of import duties levied on products that are liberalised; or reallocating some of the subsidies and income support now going to agriculture for development assistance. These options do not imply direct earmarking of revenues – they are examples of ways through which countries can link the aid and trade agendas by committing additional aid on the basis of expected trade reform-related net gains.

Assuming agreement to provide additional support to developing countries that is linked to a Doha Round outcome, the operational framework for the allocation of aid for trade must place assistance for trade reform, adjustment and competitiveness within the broad context of a country's development programme. As the attention given to the trade and investment agenda in a country's national development strategy depends on many factors, it should be government's decisions whether to give greater attention to trade capacity and trade policy reforms. To determine this requires trade to be considered when designing national development strategies.

The institutional mechanism to assist in identifying priorities and allocate additional aid for trade could build on the Integrated Framework for Trade Related Technical Assistance. The Integrated Framework (IF) – a collaborative effort involving six multilateral agencies (the IMF, the International Trade Centre, UNCTAD, UNDP, the WTO and the World Bank), seventeen bilateral donors and LDC governments – seeks to help integrate trade into a country's development programme and provides a programmatic approach to trade-related assistance.

To date, dedicated resources to support implementation of the framework have been limited to small-scale technical assistance. Funding for trade priorities is considered in the context of the Poverty Reduction Strategy resource allocation and prioritisation process, with donor assistance complemented by loans and other support from international financial institutions and regional development banks. While this should continue to be the case, the Integrated Framework could be strengthened and used more extensively to raise the profile of trade issues in national development strategies and at Consultative Group and Roundtable pledging sessions.

Providing increased support would allow increased disbursements to be made for budget support or identified trade-related projects. The former may be most appropriate for countries that have articulated a strong trade agenda. While consideration of trade and investment activities in Poverty Reduction Strategies must compete with other sectors, without additional assistance the efficacy of the programme to provide a more enabling process of integration into the global trading system can be questioned.

Building on the existing Integrated Framework to expand aid for trade – which implies going beyond the LDCs, to which the IF is currently limited – makes considerable sense. The IF mechanism is already in place, has been subjected to external evaluation, has established eligibility criteria, has broad based donor and recipient support, benefits from strong partnerships and has the potential to bring in other key stakeholders such as the private sector. Proposals for new mechanisms and institutions would take considerable time to gain multilateral support (if at all), would need to be undertaken in a phased approach and evaluated.

Action along the lines proposed here has the potential to generate systemic as well as specific payoffs for poor countries. None of the suggestions made involve large costs for rich countries, especially in the light of the potential gains that are on the table for them from an ambitious Doha Round that includes liberalisation by developing countries as well as by themselves. Conversely, pursuit of action along the proposed lines would help the poorest countries

benefit from membership in the trading system by assisting them to enhance their productivity and trade capacity.

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ENDNOTE

¹ The International Finance Facility (IFF) has been proposed by the UK Government to raise funds in order to help meet the Millennium Development Goals (MDGs) of the United Nations. At the 2002 Monterrey Conference on Financing for Development, a number of countries committed to reaching the long-established goal of devoting 0.7 percent of their GDP to official development assistance (Bridges Year 6 No.3, page 15), but many have faced constraints in increasing aid levels in the short or medium term. The IFF would fill the gap until the year 2015 (the target year for achieving the MDGs) by borrowing in international capital markets through bonds issued against long-term pledges of donor governments.

S&D at the WTO

The WTO's Committee on Trade Development agreed on 8 February 2005 to move towards concrete negotiations on the 88 agreement-specific S&D proposals proposed by Members, starting with those put forth by least-developed countries.

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

The next negotiating session will take place on 7 April 2005.

The Special Agricultural Safeguard Mechanism and US FTAs

The July Package agreement to establish a special safeguard mechanism (SSM) for the use of poorer countries is a major achievement of developing countries, but some fear that provisions in recent US free trade agreements may limit its availability.

The decision to establish the SSM responds to developing countries' concerns that lowering bound tariffs would reduce their ability to protect themselves against agricultural market instability and make them increasingly vulnerable to import surges and cheap imports. These concerns are particularly salient for low-income countries where agriculture employs nearly three-quarters of the labour force and generates around 30 percent of GDP. In addition, developing countries lack fiscal resources to manage extended periods of low prices and aid their farmers through domestic support. They also have few alternative instruments to compensate for the higher probability of periods of low domestic prices that might result from further trade liberalisation.

Article 5 of the Agreement on Agriculture already provides for a special safeguard

(SSG), which can be used to protect domestic producers against periods of extremely low prices. However, this mechanism can only be used by those WTO Members that converted their non-tariff measures (such as import quotas and other border restrictions) into tariffs through a formula established at the end of the Uruguay Round. During the negotiations, most developing countries didn't apply the tariffication formula, but instead opted for bound tariff ceilings. As a result, only 23 developing countries currently have access to the SSG. The concept of a new SSM emerged against this backdrop.

Paragraph 42 of the 2004 July Package states simply that a Special Safeguard Mechanism "will be established for use by developing country Members".

While WTO Members have yet to devise parameters for the use of the SSM, or agree on modalities for its operationalisation – which in itself will be a difficult process – concern has already arisen over safeguard provisions in recent bilateral free trade agreements (FTAs). As shown in the table below, some of them forbid the FTA parties to apply safeguard measures simultaneously under the WTO and the FTA. Potentially more significant are the Final Provisions, which do not provide for the automatic incorporation of amendments to WTO rules into the FTA, as opposed to current General Provisions in most FTAs which explicitly recognise that the parties retain their rights and obligations under the WTO Agreement. Some fear that such provisions might affect the ability of several developing countries to use new development-friendly provisions agreed during the Doha Round and particularly the new SSM.

Main Safeguard Provisions in Bilateral US Free Trade Agreements

Chapter	Chile	CAFTA	Australia	Morocco
General Provisions with regard to the WTO	Article 1.3: Relation to Other Agreements 1. The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and other agreements to which such Parties are party.	Article 1.3: Relation to Other Agreements 1. The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and other agreements to which such Parties are party. 2. For greater certainty, nothing in this Agreement shall prevent the Central American Parties from maintaining their existing legal instruments of Central American integration, adopting new legal instruments of integration, or adopting measures to strengthen and deepen these instruments, provided such instruments are not incompatible with this Agreement.	Article 1.1 : General 1. The Parties to this Agreement, consistent with Article XXIV of GATT 1994 and Article V of GATS, hereby establish a free trade area in accordance with the provisions of this Agreement. 2. The Parties affirm their existing rights and obligations with respect to each other under existing bilateral and multilateral agreements to which both Parties are party, including the WTO Agreement. 3. This Agreement shall not be construed to derogate from any international legal obligation between the Parties that entitles goods or services, or suppliers of goods or services, to treatment more favourable than that accorded by this Agreement.	Article 1.2: Relation to Other Agreements 1. Except as provided in paragraphs three through five, each Party reaffirms its existing rights and obligations with respect to each other under existing bilateral and multilateral agreements to which the Parties are party, including the WTO Agreement.
Agricultural Safeguard Measures	Art. 3.18: Agricultural Safeguard Measures 5. Neither Party may impose a safeguard measure on a good that is subject to a measure that the Party has imposed pursuant to Article XIX of GATT 1994 and the Safeguards Agreement, and neither Party may continue maintaining a safeguard measure on a good that becomes subject to a measure that the Party imposes pursuant to Article XIX of GATT 1994 and the Safeguards Agreement.	Art. 3.15: Agricultural Safeguard Measures 4. No Party may apply an agricultural safeguard measure and at the same time apply or maintain: (a) a safeguard measure under Chapter Eight (Trade Remedies); or (b) a measure under Article XIX of the GATT 1994 and the Safeguards Agreement; with respect to the same good.	Art. 3.4: Agricultural Safeguard Measures 3. Neither Party may apply or maintain an agricultural safeguard measure and at the same time apply or maintain, with respect to the same good: (a) a safeguard measure under Chapter Nine (Safeguards); or (b) a measure under Article XIX of GATT 1994 and the Safeguards Agreement.	Art. 3.5: Agricultural Safeguard Measures 3. Neither Party may apply or maintain an agricultural safeguard measure and at the same time apply or maintain, with respect to the same good: (a) a safeguard measure under Chapter Eight (Safeguards); or (b) a measure under Article XIX of GATT 1994 and the Safeguards Agreement.
Final Provisions	Art. 24.3: Amendment of the WTO Agreement If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties shall consult with a view to amending this Agreement.	Art. 22.3: Amendment of the WTO Agreement If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties shall consult with a view to amending the relevant provision of this Agreement, as appropriate, in accordance with Article 22.2.	Article 23.3 : Amendments 2. If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties will consult on whether to amend this Agreement.	Article 22.3: Amendment of the WTO Agreement If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties shall consult with a view to amending the relevant provision of this Agreement, as appropriate, in accordance with Article 22.2.

Strategies for Developing Countries in the WTO Negotiations on Agriculture

Anwarul Hoda

Agriculture lies at the heart of the Doha Round agenda. As during the Uruguay Round, success of the broader negotiations will hinge on the results obtained in this area. There are some critical issues for developing countries that need to be addressed.

Developing countries want better market access and higher prices for their farm exports, while at the same time ensuring that their own agriculture is not exposed to undue risks, and the livelihood of farmers is not endangered. This paper attempts to formulate the position that would be in the best interests of these countries to adopt in the negotiations.

It must be recognised at the outset that there is wide variation in the food and agricultural situation of individual developing countries, and there could be differences in their goals in the negotiations. Given the limitation of space we address the issues only from the perspective of countries in the Group of Twenty (G-20), which are low-cost producers of farm products and earn substantial amounts of foreign exchange from their export.

G-20 members have large populations dependent on agriculture for their livelihoods but at the same time have substantial sections of low-income consumers. They use domestic support and export subsidies on a far lower scale than industrialised countries. The perspectives of these countries have a good deal in common with those of other developing countries. However, certain groups, such as net food-importing developing countries (NFIDCs), least-developed countries and the African, Caribbean and Pacific (ACP) Group of States, would need to address the specificities of their situation by supplementing the negotiating objectives that are set out here for G-20 with additional proposals.

Given the agricultural situation of the G-20, it would be in the members' interest to strive for deep reform of world agriculture as continued flexibility in the use of domestic and export subsidies would harm rather than benefit them. Although some of the G-20 members have bound their agricultural tariffs at a high level, they can ill afford to set their applied tariffs high if they are to look after the interests of low-income consumers. While the July Framework tilts towards less than fundamental changes (export competition excepted), there still is scope for seeking such changes. If deep reform were indeed accomplished, the G-20 would need special and differential (S&D) treatment only to a modest extent.

This paper proposes the 'best position' for these countries to adopt. It does not mean that the G-20 should allow the best to be the enemy of the good, and not agree to a result that seeks to settle the issues midway in an overall Doha Round package that is acceptable as a whole.

Domestic Support

The July Framework calls for an overall reduction of trade-distorting domestic support through the application of a tiered approach and speaks of reductions with a harmonising effect. The whole idea behind a tiered approach and harmonising effect is a reduction in the disparity in the levels of domestic support among WTO Members. The best measure of the subsidy is not its absolute level but the proportion that the subsidy bears to the value of agricultural production in the country. In making their proposals the G-20 must bear in mind the possibility that has existed in the past for Members to switch from one box to another. Keeping these aspects in view, it would be appropriate for the G-20 to propose that the reduction through a tiered formula must be substantial enough to achieve the objective that the sum of all trade-distorting support of each Member converges towards five percent of the total value of its agricultural production. Thus if the sum of all trade-distorting support of a Member at the end of the implementation period of the Uruguay Round commitments is 20 percent of the total value of agricultural production, it must be required to reduce this by 75 percent. On the other hand, a Member of which the sum of all trade-distorting support is 10 percent may be

required to effect reduction by only 50 percent. In this scheme of things, it would be much less important to obtain separate commitments for the reduction of the Final Bound Total AMS, the Blue Box and the *de minimis* limits. Members could be given the flexibility to effect reductions in each component to the extent necessary to achieve the overall reduction commitment. However, separate commitments must be obtained to ensure that product-specific support does not exceed more than 15 percent (three times the overall limit) of the value of production of the basic product concerned.

It is now generally recognised that many of the measures listed in the Green Box have much more than minimal trade- and production-distorting effects. Pursuant to the mandate in the July Framework for reviewing the Green Box criteria, the G-20 should propose that decoupled income support should qualify as minimally distorting only if eligibility to it is limited to resource-poor farmers.

Success in obtaining a commitment on the elimination of export subsidies was no doubt an achievement for pro-reform WTO Members, but it must be borne in mind that domestic support, and direct payments in particular, can substitute for export subsidies. In order to consolidate the gains in the July Framework it is imperative that the G-20 seek deep reductions in domestic support. Without reductions in both domestic support and export subsidies, it would be difficult for these countries to accept substantial reduction in their agricultural tariffs as proposed below.

S&D Provisions for Domestic Support

As far as developing countries are concerned, we have to take into account the fact that only 15 Members undertook reduction commitments on domestic support and in most cases their current AMS is less than

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five percent of the total value of production. In light of this, the S&D provision allowing developing countries to reduce by a lower percentage and over a longer period is not of great consequence. Twelve countries benefited from the *de minimis* provision but the average of the sum of all support notified during the period 1995-98

as a percentage of the total value of agricultural production was less than five percent for all. The S&D provision on domestic support in Article 6.2 is widely used and 25 developing countries reported recourse to it during the period 1995-98. It follows that this is the only S&D provision on domestic support that developing countries should seek to maintain. In fact, they should propose its consolidation by suggesting an interpretation that when all farmers are eligible for generally available input or investment subsidies, the proportion of the subsidies that are given to low-income or resource poor farmers must be deducted from the computation of non-product-specific support.

Key Terms

- **AMS:** Aggregate Measure of Support, familiarly called the Amber Box; refers to the most trade-distorting subsidies. According to the July Framework, these must be 'reduced substantially', with higher levels of developed countries' subsidies subject to deeper cuts. Product-specific spending caps must be set.
- **Total Bound Support:** Includes the Amber Box, the Blue Box and *de minimis* support. According to the July Framework, total bound support must be reduced substantially.
- **Blue Box:** Support aimed at limiting production, and – since the July Framework – support not linked to production; to be capped at five percent of the value of a Members' total agricultural production.
- **De Minimis:** Developed countries may currently grant Amber Box-type subsidies to up to five percent of the value of their total agricultural production. For developing countries the *de minimis* limit is ten percent. All Members must reduce these levels, but developing countries that allocate most of their *de minimis* programmes to subsistence and resource-poor farmers will be exempt.
- **Article 6.2** of the Agreement on Agriculture allows developing countries to grant input and investment support for diversification from growing illicit crops.
- **Article 9.4** of the Agreement on Agriculture allows developing countries to grant subsidies to reduce the cost of marketing exports, including transport costs.
- **Ad Valorem Tariffs** are expressed as a percentage of the good's value rather than a fixed monetary amount per volume.

Market Access

In order to ensure that a 'single approach' for all developing and developed country Members meets all the objectives of the Doha mandate, the July Framework envisages tariff reductions made through a tiered formula that takes into account Members' different tariff structures. The first objective of the G-20 should be to seek very steep reductions in tariff lines that have high levels of duty, and much less so in the lower bands. As a matter of fact, the objective should be to establish a common ceiling on tariffs at the end of the implementation period.

This can be done by proposing that the reduction in the uppermost tier should bring it down to the designated level of 'x' percent *ad valorem* for all tariff lines in which the bound level is above that level. For sensitive products the ceiling could be higher. The specific bands below the ceiling and the percentage reduction to be made in each band could follow the pattern suggested by the former Chairman of the Committee on Agriculture in his proposals of March 18, 2003. If there is agreement on setting tariff ceilings at reasonable levels and on tariff reductions of the order suggested by the former Chairperson, the G-20 could agree on recourse to special agricultural safeguard mechanism being available to all Members.

SED Provisions for Market Access

The July Framework allows developing countries to designate an 'appropriate number' of products as Special Products, which would be eligible for more flexible treatment. In order to be credible, G-20 should propose a tariff ceiling for Special Products at the same level that for Sensitive Products (this category is open to all Members). The flexible treatment that they should seek for products in this category must be by way of lower cuts for all bands falling below the ceiling. Another element of flexibility that they could seek is an exemption from reduction for all tariff lines under the Special Product category where the bound level is less than 'y' percent *ad valorem*. Such a proposal could be justified on the basis of food security, livelihood security and rural development needs of developing countries.

For the special agricultural safeguard, simplicity of the mechanism and automaticity in its use, subject to price or volume triggers, should be the G-20's main goal.

Export Competition

Agreement in the July Framework to eliminate all direct export subsidies would enable the G-20 to direct their attention to the elimination of practices that substitute for such subsidies. On export credit and related practices with repayment periods below 180 days, the objective should be to limit the subsidy component to a minimum. The G-20 should aim at eliminating export monopolies and ensuring that food aid – other than that intended to meet or relieve emergency situations – is provided only in the form of untied financial grants to be used to purchase food for or by the recipient country concerned.

SED Treatment for Export Competition

A longer implementation period and the ability to retain the benefit of Article 9.4 for a reasonable period have already been agreed in the July Framework. If the suggestions for deep reform in world agriculture as outlined here are accepted, the G-20 could agree to the period being comparatively short.

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Preferences, Tariff Calculations Dog Progress on Agriculture

Two issues dominated the February negotiations on agriculture. One was the method to be used for converting specific duties into percentage-based *ad valorem* tariffs, and the other the more systemic problem of how to mitigate preference erosion in a more liberalised framework for agricultural trade.

The ‘first reading’ on preference erosion during the February agriculture week was characterised by a pronounced split between those developing countries that benefit from non-reciprocal trade concessions and those that do not. The first group consists essentially of African, Caribbean and Pacific states and least-developed countries (LDCs) keen to prevent or at least mitigate the negative impacts of most-favoured-nation tariff reductions on their preferential market access. They called for a timetable for helping countries suffering from erosion, including allowing them to expand their range of exports and development assistance. LDCs renewed their long-standing call for duty- and quota-free access to richer markets, including more advanced developing countries. Jamaica said that the negotiations should aim to maintain the economic and social stability of small and vulnerable countries, to preserve some preferences, and to provide some flexibility to help affected countries adjust.

In the other camp, Bolivia, Colombia, Costa Rica, Ecuador, Panama and Peru countered that the issue under negotiation was not the preservation of preferences but problems related to erosion. These countries argued strongly that preferences undermined the WTO’s key principle of non-discrimination (most-favoured nation treatment) and should not hold back liberalisation. They also maintained that the benefits of preferences were over-rated. Sri Lanka later supported this group.

The EU and the G-10 group of net-importers of agricultural products expressed sympathy with the countries losing preferences and promised to look at the issue carefully. The US noted that since preferences would inevitably be eroded through free trade agreements and unilateral liberalisation, the key was to find an appropriate transitional mechanism. On behalf of the G-20, Pakistan recognised that preferences had been important for some countries’ development, and pledged to address the adverse effects of preference erosion. Brazil agreed with the US that preference erosion was inevitable and suggested addressing the issue through appropriate transition periods (perhaps including more time for some regular tariffs to be reduced) and help with adjustment. Malaysia supported Brazil, and Mauritius – a key player in the pro-preference camp – called the G-20’s approach ‘very positive’. Ambassador Tim Groser, who chairs the negotiations, said he was confident that a suitable ‘toolbox’ for dealing with the issue could be found.

Tariff Conversion Hits a Snag

Members ran into serious disagreement regarding the July framework mandate to convert specific duties – based on the volume rather than the value of imports – into more transparent, price-based *ad valorem* equivalents (AVEs). Specific duties are particularly prevalent on ‘sensitive’ products in countries that protect their domestic producers the most. The conversion of these duties is necessary to determine where the specific tariffs will fall in the tiered formula agreed by Members as the basis for tariff reductions on agricultural imports.

Several Members stressed the need for converting specific duties into AVEs before agreeing on a tariff-reduction formula. In contrast, the G-10 said an overall tariff reduction formula should be agreed before the conversion. Ambassador Groser noted that in view of the complexity of the conversion process a ‘fair approximation’ of AVEs should be the current aim, allowing Members to distinguish what tier a product would fall into. A number of developing countries called for strict criteria for the conversion process, while countries with specific duties generally preferred a flexible approach without cumbersome verification requirements. Chair Groser noted the need for a common formula that would decrease the risk of “evasion, trickery, misunderstanding, call it what you like.” In the future, Members would also have to agree on how to deal with so-called ‘sensitive products’ that will be subject to less stringent tariff-reduction requirements (many of these are currently shielded behind specific tariff barriers).

An additional meeting on the issue produced some progress on the methodology, but no final agreement was reached. The US, the EU, Australia, Brazil, Switzerland (for the G-10) and India reported possible convergence on several technical issues. These included AVE conversion in straight-forward cases where the conversion would be based on three years of notified import values from the WTO Integrated Database (IDB) and import volumes, as well as ways to ‘filter out’ anomalies in the conversions when tariff quotas, tariff preferences or other distortions were involved. Differences continue, however, over what to do with tariffs ‘caught’ in the filters, where the IDB might not be sufficient for determining the unit value of products.

Domestic Subsidy Cuts

Members conducted a ‘first reading’ of the formula for cutting trade-distorting domestic subsidies. Delegates noted that the 20 percent cut in trade-distorting support during the first year of implementation agreed in the July framework would not have a significant effect due to the gaps between countries’ bound and applied support levels. The G-10 stressed that these gaps existed because countries had taken unilateral liberalisation measures, and argued that they should not be penalised for having done so. New Zealand countered that the original support allowances had been inflated.

In discussions on classifying countries for the purpose of determining the level of subsidy cuts they would be required to make, Canada singled out the EU as the most significant subsidiser, and said it should be placed in the highest tier. The US and Japan would fall into the next tier, meaning they would have to slash their distorting subsidies almost as sharply. Other developed countries would be in the third tier, and developing countries in the fourth. While the EU, the US and Japan provide the greatest levels of support in absolute terms, Australia and New Zealand – opposed by Switzerland – said that the amount of support should be considered in relation to a country’s size.

Other Issues

Members considered what flexibilities should be granted to developing countries using export credits. Senegal (speaking for the LDC group), Kenya and some other Members proposed that longer repayment periods and lower interest rates for credits should be permissible for developing countries. Others cautioned, however, that such flexibilities might create loopholes and undermine the effectiveness of the commitment to end export subsidies. Malaysia suggested that subsidised credit should be allowed in order to promote South-South trade.

The next agriculture week is scheduled for 14-18 March.

Sub-committee on Cotton

The initial meetings of the WTO Sub-committee on Cotton focused on issues relating to its future work programme. Key Members indicated their willingness to be flexible over the scope of the programme after initial consultations failed to produce a consensus. Chair Groser said he would consult with Members again on before the next Sub-committee meeting so that substantive work can start as soon as possible.

Members agreed that the Sub-committee's work should focus on assessing progress in the agriculture negotiations and providing regular updates on the cotton-related developmental implications of the talks. There was disagreement, however, over whether the Sub-committee's work should address 'other' subjects, including broader textile-related issues such as industrial market access and trade facilitation.

The African Group and LDCs wanted the work programme to specify more clearly what the Sub-committee would negotiate. They proposed establishing 'modalities' in all three pillars (market access, domestic support and export subsidies). The US, however, 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.

Argentina, Brazil, China, Japan, Pakistan and Paraguay opposed dealing with such a broad range of subjects, arguing that the Sub-committee was part of the agriculture negotiations, and should therefore remain focused on its mandate. These countries 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.

Pointing out that the Sub-committee would in any case report to the overall agriculture negotiations, the EU urged Members not to waste time on debate over the work programme and to start work on the substantive discussions. All speakers supported this line, including the US and the four West African proponents of the Cotton Initiative. China suggested that the work programme's wording should simply echo the Sub-committee's mandate.

China blocked a request from the International Cotton Advisory Committee (ICAC) to be an *ad hoc* observer in meetings on the grounds of needing to consult with Beijing first.

The next meeting of the Sub-committee on Cotton is on 22 March 2005.

Services Talks Still Way Behind Schedule

Following a three-week 'cluster' of talks in February, services negotiations remain well behind schedule as renewed activity has yet to produce significant progress in terms of country offers to open up market access.

Despite the submission of initial services offers by Indonesia, Barbados and Uganda during this latest cluster of talks, the request-offer process is moving slower than expected. Almost two years after the original deadline of March 2003, more than 40 (mainly developing) countries have yet to put forward their initial services offers, including developing countries with important services markets such as South Africa, the Philippines, Pakistan and Morocco. LDCs need not make services offers, although several have made submissions. In his presentation to WTO Members on the status of offers already tabled, Services Chair Ambassador Alejandro Jara of Chile indicated that the quality of offers was poor both in terms of the levels of liberalisation and the sectors covered. Most WTO Members that have tabled offers have in fact just reflected their current level of market openness rather than offered new business opportunities. According to the July Package, Members have until May 2005 to submit revised offers.

The Financial Leaders Group (an association of more than 40 of the largest financial sector corporations from developed countries) met at the WTO ahead of the services cluster to lobby developing country Members to open up their financial services markets. Expressing different concerns, however, developing countries such as Brazil, India and China continue to press the US and other developed countries to open up their markets to temporary movement of service-providing professionals under GATS mode 4. Nevertheless, the US indicated in bilateral meetings that its forthcoming revised offer will not improve upon its initial offer on mode 4, which opened the market to just three new categories of service providers: nurses, landscape and biodiversity protection personnel, and circus workers.

Intersessional Work Planned

Chair Jara will organise, most likely in late April, 'two-track' intersessional meetings ahead of the next official services cluster in June. One track is to focus on the substance of the negotiations, while the other will seek to outline elements of a potential package to be adopted at Hong Kong. Members broadly supported Ambassador Jara's continuing to channel the direction of intersessional work in rules and domestic regulation, as well as market access, in co-operation with Members and the Chairs of the subsidiary bodies of the Council for Trade in Services.

The next clusters of services talks will take place in late June and September.

Market Access Negotiations See Movement at Last

While anything resembling a common approach to WTO negotiations on industrial market access is yet to emerge, some Members have finally offered concrete suggestions for a way out of the impasse that has plagued the talks since Cancun.

Three different approaches to tariff cuts have recently been proposed. The US has floated a possibility of accepting a formula with different coefficients for developed and developing countries. This would respond to developing country concerns that a single harmonising formula for all countries would affect them (and their tariff revenue) disproportionately as their average bound tariffs tend to be much higher than those of industrialised countries. However, the US has indicated that a lower rate of tariff cuts for developing countries would inevitably entail giving up at least some of the special and differential (S&D) treatment flexibilities contained in the July Package. In addition to longer implementation periods, these include:

- applying less than formula cuts to up to [10] percent of the tariff lines provided that the cuts are no less than half the formula cuts and that these tariff lines do not exceed [10] percent of the total value of a Member's imports; or
- keeping, as an exception, tariff lines unbound, or not applying formula cuts for up to [5] percent of tariff lines provided they do not exceed [5] percent of the total value of a Member's imports. This flexibility could not, however, be used to exclude entire HS Chapters (i.e. broad categories such as 'footwear' or 'clothing').

The EU has suggested that developing countries could make lower tariff cuts in exchange of binding more of their tariff lines or reducing the gap between (often very high) bound tariffs and (generally much lower) applied rates. Although neither the US nor the EU has submitted a formal proposal on its approach, some of the ideas were discussed at the February meeting of the Negotiating Group on Non-agricultural Market Access (NAMA).

Latin Americans: Squaring the Circle of Ambition plus Flexibility

Based on discussions at the early February NAMA session (see opposite), Chile, Colombia and Mexico tabled a compromise proposal on 24 February on options for developing countries, aimed at articulating "the key negotiating elements in the framework agreement with a view to reconciling ambition and flexibility" (TN/MA/W/50). The proponents argued that if developing countries were not provided with alternatives to address their sensitivities, the level of ambition of the final deal would be reduced to a 'lowest common denominator outcome'. The proposal will be discussed at the 14-18 March NAMA session.

The paper suggests four different options or combinations of the following elements outlined in the July Package: the percentage of tariff lines to be bound at the end of the exercise; the coefficient for a non-linear tariff formula; the possibility of leaving a number of tariff lines outside the linear formula; and the implementation period for the tariff cuts. The guiding principle of the approach is that all four options should attain the same overall level of ambition, as "greater flexibility in one of the elements would have to be offset by an equivalent tightening of one or more of the other elements". Thus, a country accepting to bind all its industrial tariffs would be able to apply lower tariff cuts over the medium term, but could not benefit from deviations or exemptions from the formula (Option 1). Another country might opt for keeping five percent of its tariff lines unbound, but commit to a steeper reduction over a shorter period (Option 4). The options could not be combined. According to the proponents, the approach would open the door to a higher level of ambition than would otherwise be the case, as well as reflect the 'less than full reciprocity' principle mandated in Doha for the NAMA negotiations.

The proposed flexibility options for developing countries

Element	Option 1	Option 2	Option 3	Option 4
Final binding coverage (%)	Lower [95%]	Medium	Full binding	Full binding
β = coefficient in the non-linear formula	β_1	β_2	β_2	β_4
Exceptions/deviations from the formula	No	No	Yes	No
Implementation period	Shorter	Medium	Longer	Medium

The February NAMA Session

A number of developing countries continued to maintain that negotiations on the tariff reduction formula should take precedence over the sector-specific tariff reduction/elimination initiatives pushed by the US in particular. While most developing countries want to ensure that participation in any sectoral initiative remains voluntary, some delegates said informal meetings had contributed to a better understanding of the 'critical mass' approach proposed by the US (Bridges Year 9 No.1, page 11). Developed countries also argued that eliminating low tariffs would be beneficial, while many developing countries said that these tariffs were important.

Views differ on flexibilities

Members disagreed on whether all industrial tariffs should be bound. Several Latin American countries, which have generally bound most, if not all of their tariffs, asked other developing countries to do so as well. A number of Asian and African developing country Members wanted tariffs on some sensitive products to remain unbound and thus outside the tariff reduction formula as this would allow them to impose high protective tariffs if necessary. Countries also inconclusively debated the fairness of setting the base rate for reducing unbound tariffs at twice the applied rate.

Some developing countries proposed differentiated coefficients for rich and poor countries in the final tariff reduction formula to reflect the principle of 'less than full reciprocity' in commitments.

Although the possibility of leaving certain tariffs unbound was specifically mentioned in the July Package, the US, Norway, Switzerland and New Zealand strongly emphasised that they could agree to either differentiated coefficients under a Swiss formula approach or to allowing countries to retain unbound tariffs, but not both.

Certain countries called for an implementation period twice as long for developing countries as for developed ones. Costa Rica

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opposed long implementation periods, citing data indicating that 70 percent of all tariffs are paid in the course of South-South trade. On their part, developed countries are willing to demand little of the poorest countries, but want access to the markets of the larger developing economies. Members also seemed generally lukewarm about appeals for special treatment from newly acceded countries in light of the extensive liberalisation commitments they undertook as part of their accession agreements.

Preference erosion

Divisions among developing countries were the most pronounced over the issue of trade preferences. While the African, Caribbean, and Pacific (ACP) countries most reliant on non-reciprocal market access argued that preferences were invaluable, some Latin American countries considered such regimes discriminatory. The ACP Group promised to put forward papers in time for the next meeting on how to mitigate the erosion of preferences that will result from lowering tariffs on a most-favoured-nation basis.

Non-tariff barriers

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

New negotiating structure approved

Ambassador Stefan Johannesson, who chairs the NAMA talks, announced that future negotiations would follow the pattern adopted for agriculture, with separate meetings to discuss specific issue areas such as the tariff-reduction formula or the effects of the erosion of trade preferences. A number of Members noted a new ‘sense of urgency’ motivated by the desire to achieve a ‘first approximation’ of modalities for negotiations by August 2005.

Trade Facilitation Negotiations Start

At the third meeting of the Negotiating Group on Trade Facilitation in February, Members had preliminary discussions on the first crop of substantive submissions on the issue.

According to Annex D of the July Package, negotiations on trade facilitation (TF) aim to “expedit[e] the movement, release and clearance of goods, including goods in transit.” Members are mandated to “clarify and improve relevant aspects” of GATT provisions dealing with freedom of transit for goods from other Member states (Article V), trade related fees and formalities (Article VIII), and transparency in the regulation and administration of trade regulations (Article X).

Proposals from the EU (TN/TF/W/6) and Korea (TN/TF/W/7) focused on greater transparency and improved administration of regulations affecting border-crossing trade. These included prior consultation with trading partners on new and amended rules, time periods before their entry into force and appeal procedures. Most of these topics also featured in a joint proposal by Japan, Mongolia and Taiwan, co-sponsored by Pakistan and Peru (TN/TF/W/8).

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

‘Advance rulings’ refer to written certifications that exporters or domestic importers can request before shipment from authorities in the importing country with regard to the good’s applicable tariff rate and classification, other taxes levied upon importation, as well as the good’s eligibility for preferential tariff treatment. In addition to the US, this issue was raised by Canada and Australia (TN/TF/W/9) and Taiwan (TN/TF/W/10). Echoing the US proposal, Canada suggested, *inter alia*, that advance rulings should be binding on customs authorities for a period of time specified in the ruling and, to the extent possible, be made publicly available. All Members who raised the issue emphasised that improving advance ruling provisions would contribute to greater transparency and predictability, which would give a boost to small- and medium-size enterprises as well as to foreign investment flows. Cost concerns and technical assistance were an integral part of all submissions, and Taiwan in particular stressed its commitment to provide the necessary technical assistance to other developing countries.

First Reactions: Cost Implications Highlighted

Although sources described the meeting as ‘interactive’, questions and responses regarding the proposals were not very detailed due to most delegates waiting for feedback from their capitals. The Philippines, on behalf of the ‘core group’ of 19 developing countries with similar positions on TF, insisted that Members should focus on the possible impact of the proposals, especially in order to provide technical and financial assistance to developing and least-developed countries (LDCs). Speaking on behalf of the latter, Zambia stressed that development and cost implications must be taken into account. China said that making advance rulings available might not always be appropriate, while Pakistan observed that requirements to provide them might not be easy to implement and could require assistance. One negotiator noted the need for more submissions on freedom of transit (Article V), as the issue was crucial for land-locked countries.

In preliminary comments, India and Brazil noted that some proposals, such as prior consultation between regulatory authorities and the trading community, went beyond the present requirements for transparency. One delegate criticised the Korean submission for containing no S&D measures apart from longer implementation periods, adding that developing countries and LDCs expected “more concrete and meaningful proposals”. The next meeting of the Negotiating Group on Trade Facilitation is scheduled for 22-24 March.

New Flexibility on Fisheries in Rules Negotiations

Meeting in February 2005, the WTO Negotiating Group on Rules disagreed on how best to proceed with the negotiations, but made perceptible progress on the controversial issue of fisheries subsidies.

On behalf of the 'Friends of Anti-dumping Negotiations'¹ Korea's Ambassador Choi Hyuk called for progress in the rules negotiations (these cover anti-dumping, subsidies and countervailing disciplines, as well as regional trade agreements) on par with that in other areas – such as agriculture or industrial market access – by the time of the Hong Kong Ministerial. There was a need, he said, to prepare "a stepping-stone, that is, a textual basis... that can pave the way for the final stage of negotiations." A Senior Officials' Statement issued by the 'Friends' group (TN/RL/W/171) outlined six negotiating objectives: mitigating the 'excessive effects' of anti-dumping measures; preventing such measures from becoming permanent; strengthening 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.'

The US – which would like focus on strengthening trade remedy disciplines rather than on curbing their use – was not wholly convinced about moving towards a text at this stage, but expressed willingness to engage in deeper discussion on key issues. India, supported by Egypt, said it was unprepared to start discussions on 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, and called for pragmatic compromises.

Japan Clarifies Fisheries Position

Japan and Korea, which heavily subsidise their fishing fleet, have gradually moved from their initial opposition to specific rules for the fisheries sector to advocating the prohibition of subsidies that contribute to over-capacity or illegal, unregulated and under-reported fishing.

In a February submission to the Rules Group (TN/RL/W/172), Japan, Korea and Taiwan argued that starting with a blanket prohibition of subsidies that benefit the fishing industry, as suggested by the 'Friends of Fish'² last November, would (i) be inconsistent with the basic principles of the Agreement on Subsidies and Countervailing Measures; (ii) limit flexibility in the use of policy tools in a changing environment; and (iii) by eliminating an 'effect test', would differentiate fisheries from other sectors, which are disciplined according to their trade impacts.

The submission elaborated further on Japan's previous proposal, which introduced the concept of first evaluating and then classifying each subsidy in either a 'red' or a 'green' box according to its effect (Bridges Year 8 No.9, page 12). Notably, the new proposal did not include Japan's previous caveat that capacity-related subsidies would only be prohibited for vessels engaged in poorly managed fisheries. Instead, it simply stated that resource management issues should be considered in the negotiations. The three Asian countries proposed including in the 'green box' of non-actionable subsidies government support that has positive effects on fish stock recovery, social security, welfare and research and development. The submission also called for some flexibility for all countries to protect their small-scale subsistence fisheries, as well as some leeway for developing countries in the application of prohibited subsidies.

Despite the submission's criticism of the Friends' approach, even those on the other side of the debate saw the new proposal as a "fairly big step forward" and a significant improvement over Japan's previous proposal, which was more restrictive on the scope of 'red box' subsidies. The 'green box', however, while appearing less permissive than before, was still seen as requiring further clarification. Several observers also welcomed Korea's and Taiwan's support for the proposal and thus their official recognition of the need for disciplining fisheries subsidies. New Zealand, however, wondered how the countries planned to address the 'grey area', i.e. subsidies that did not clearly fall in either of the two categories, and how this approach would help achieve greater transparency in subsidies programmes.

Many felt that the proposal marked sufficient progress to allow countries to put aside differences over the approach (i.e. bottom-up, as proposed by Japan, Korea and Taiwan, 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 small island developing countries. However, some developed countries expressed concern that special and differential (S&D) treatment provisions could be used by some of the bigger developing countries to create major fleets, thereby undermining the objectives of the disciplines. In this context, Brazil noted that the disciplines should not prohibit a Member from building its own fleet to exploit its national waters within sustainable limits. Brazil and India said they would submit proposals on S&D shortly.

The Rules Group's next meeting is currently scheduled for 11-13 April.

ENDNOTES

¹ The 'Friends of Anti-dumping Negotiations' include Brazil, Canada, Japan, South Korea, Taiwan, Thailand, Singapore, Hong Kong, Mexico, Chile, Costa Rica, Israel, Norway, Switzerland, India and Colombia.

² The 'Friends of Fish': Argentina, Chile, New Zealand, Ecuador, the Philippines and Peru.

The establishment of subsidy disciplines for the fisheries sector is one of the principal sustainable development stakes in the Doha Round negotiations. Fisheries subsidies not only distort trade, they also contribute to fleet over-capacity, which is a major cause of the alarming depletion of the world's oceans. A continued decline in catches would threaten the food security of nearly a billion people for whom fish is the primary source of protein.

A New Approach to WTO Work on Small Economies

After only minimal progress since the Doha Ministerial Conference, WTO Members agreed in February to a more systematic approach to considering 'small and vulnerable' economies, starting with the identification of the characteristics of such countries and the trade-related problems they face.

The Doha Declaration instructed the Committee on Trade and Development (CTD) 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."

In February 2005, the CTD agreed to tackle this mandate through a three-step process suggested by Chair Ambassador Trevor Clarke of Barbados. 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 focus on framing responses that countries corresponding to the characteristics agreed could apply to the trade-related identified. Unusually, but in line with the caveat about not creating a new sub-category, no countries are to be named during this process.

The reluctance to name a particular group of countries stems primarily from some Members' fears over creating a more privileged group within the large, self-designated category of developing countries. This concern has also hampered negotiations on special and differential (S&D) treatment for developing countries, where several developed countries have made it clear that existing provisions cannot be substantially strengthened unless the rules can differentiate between advanced and more vulnerable developing economies.

Although they eventually agreed to the approach suggested by Ambassador Clarke, Brazil, Colombia, Costa Rica, Ecuador, Egypt, Hong Kong, India, Mexico and Peru argued that the purpose of defining characteristics for small and vulnerable economies was unclear. They pointed out that some characteristics of small economies probably also applied to other developing countries. Once those characteristics were identified, they asked, how many must

apply to one country for it to be called a small and vulnerable economy? They contended 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. According to some sources, this group told Members with small economies (i.e. small and remote islands and land-locked countries) that it might not be in their interests to open up the issue of characteristics because the debate would be time-consuming and reopen the contentious differentiation issue, which might lead to problems at the Hong Kong Ministerial.

In contrast, Cuba, El Salvador, Canada and the Dominican Republic preferred to first deal with the characteristics of small economies. They said it would make sense to start with the underlying causes of the problems facing such countries. To this end, Antigua and Barbuda, Barbados, Bolivia, the Dominican Republic, El Salvador, Fiji, Guatemala, Honduras, Mongolia, Nicaragua and Trinidad and Tobago tabled a paper setting out key characteristics and problems of small economies (WT/COMTD/SE/W/12). Among the 17 elements proposed were, *inter alia*, physical isolation, geographical dispersal and distance from the main markets; insignificant participation in the multilateral trading system and a minimal share of total world trade; minimal or no export diversification; high dependence upon very few export markets; low competitiveness; and high transport and transit costs. Other factors referred to more domestic constraints, such as poor infrastructure, the inability to sustain diversified production, as well as difficulties in attracting foreign investment.

The proponents of the list pointed out the close relationship between the characteristics and the problems. 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.

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 meeting concluded with Members deciding to take up steps one (characteristics) and two (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.

Disagreement over Observers

The regular session of the CTD held after the meeting on small economies considered 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 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 later date.

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.

CTE Focuses on Environmental Goods

The February negotiating session of the Committee on Trade and Environment (CTE) dealt almost exclusively with environmental goods, with new submission by Korea, New Zealand and the EU.

According to the Doha Declaration, Members are to negotiate on “the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services”. While actual commitments in this area will be made in the Negotiating Group on Non-agricultural Market Access, the CTE has been tasked with defining what constitutes an environmental good or service. The Committee discussed the possibility of holding an additional meetings in order to finalise a list by the Hong Kong Ministerial meeting in December, but a number of developing countries were reluctant to set deadlines, arguing that so far they could see nothing of interest to them coming out of the negotiations. Canada urged those countries to come forward with lists of their own, including goods of interest to them.

EU Proposal Draws Fire, Korea and New Zealand Fare Better

The EU submission (TN/TE/W/47) met with greatest resistance, in particular because it suggested the inclusions of not only goods used in pollution control and resource management, but also “goods that have a high environmental performance or low environmental impacts”. Acknowledging that some of these products might need to be defined through standards that require certification, the EU proposed to use schemes included in the existing Global Ecolabelling Network. Many developing countries opposed the proposal due to its inclusion of environmental goods on the basis of their production and processing methods (PPMs), as well as eco-labels. The EU expressed disappointment with the negative reception, noting that at this point few alternatives had been put forward. It also stressed that not all environmentally-preferable products would necessarily be distinguished on the basis of PPMs.

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 it had used to draw up the proposed list. These included that the end use of the products should be primarily for an environmental purpose, that products should be classifiable under the HS code and that environmentally preferable products and goods that are defined by PPMs or their superior environmental performance should be excluded ‘for practical reasons’. The submissions also included a proposed list of 89 products primarily related to pollution management.

In its generally well-received submission (TN/TE/W/47), New Zealand suggested the use of certain ‘reference points’ that could be cited to initiate “a discussion about the environmental credential 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”. Several delegations remained sceptical with regard to the use of FTAs, questioning in particular what was meant by a ‘high quality’ FTA. New Zealand also supported the US proposal to identify a ‘core list’ and a complementary list of goods. 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 Secretariat presented a revised Matrix of trade measures in multilateral environmental agreements (MEAs), but little discussion took place on the WTO-MEA relationship.

Members 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.

Cotton Verdict Upheld

In an important win for Brazil, the Appellate Body confirmed on 3 March all the principal findings of the panel that condemned a host of US support measures for upland cotton producers and processors (Bridges Year 8 No.5, page 7).

Many of the support programmes were found to be prohibited subsidies under the Agreement on Subsidies and Countervailing Measures (SCM), and as such must be withdrawn ‘without delay’.

The Appellate Body upheld the panel’s finding that “the effect of the marketing loan program payments, Step 2 payments, market loss assistance payments, and counter-cyclical payments” had been significant price suppression within the meaning of Article 6.3(c) of the SCM Agreement. It further confirmed that, in violation of Articles 3.1(b) and 3.2 of the SCM Agreement, Step 2 payments to *domestic users* of US cotton were subsidies contingent on the use of domestic over imported goods; and that Step 2 payments to *exporters* of US cotton were subsidies contingent upon export performance and thus inconsistent with both the Agreement on Agriculture and the SCM Agreement.

The initial reaction of US authorities consisted of a few lines: “We’re interested in results, not litigation. Getting the results that our farmers want is best achieved through ambitious global agriculture reform, through ongoing multilateral trade negotiations which address market access, export competition and domestic support, including for cotton. We will study the report carefully and work closely with Congress and our farm community on our next step.”

Brazil, however, has argued that the six months given to the US by the original panel for terminating the SCM-inconsistent measures still stands as an implementation period. This would mean phasing out those subsidies by early August 2005 – much earlier than the conclusion of the Doha Round and years before Members will be required to implement their subsidy reduction commitments.

The Treatment of Asymmetries in the European Union

Manuela Tortora

How to address asymmetries between developed and developing countries has become a key issue in multilateral, regional and bilateral trade relations. The European Union offers interesting perspectives in this regard.

Asymmetries, and the issues related to special and differential (S&D) treatment stemming from them, are usually seen from a North/South perspective. Curiously little attention has been paid to how the most integrated group of countries, i.e. the EU, handles the economic and commercial asymmetries between its own members. Even less analysis has focused on intra-EU treatment of asymmetries in comparison to S&D applied in North/South relations.

The approaches used to tackle development issues at national and international levels would be different if they were framed within a mindset similar to the one used among EU members. The discussions would not be centred on preferences and exceptions, on pre-determined and discriminating categories, or graduation of beneficiaries. Rather, the focus would be on the nature of the asymmetry raised by the liberalisation process and on the long-term productive capacity required to overcome the difficulties. The intra-EU's mindset teaches us that asymmetries are successfully addressed when the targets are supply-side constraints and structural weaknesses. Should a mindset of this kind prevail, more efficient S&D for *all* developing countries could be envisaged; it would aim at moving from *ad hoc*, temporary and discriminatory preferences towards non-discriminatory assistance tailored to different development situations.

The idea of addressing asymmetries, embedded in the European process since the 1950s, has permeated EU policy regarding its developing country partners, particularly the African, Caribbean and Pacific (ACP) group of former colonies, and led to various preferential regimes and development aid. However, the measures devised to address asymmetries within the European process were never meant to be extended to non-members. The treatment applied to EU members is an integrated set of trade, financial and technology instruments encompassing several development

goals, adjustment needs and structural weaknesses; it goes far beyond the usual S&D that mainly targets product-specific market access, exemptions from rules and transition periods.

The Relevance of the EU's Conceptual Framework

The wide range of policies applied within the EU cannot be extended to non-Members for two principal reasons: first, because large financial resources are entailed by these policies; and second, because intra-EU support is provided as a trade-off for the incorporation of the *acquis communautaire* into the members' economies and legal regimes. Nevertheless, the EU's conceptual framework on asymmetries is a valuable source of inspiration for policy-makers and negotiators concerned about development results, because it identifies: (i) what are the imbalances that need to be addressed when launching trade liberalisation between unequal partner; and (ii) what are the ways to address these imbalances according to the nature of the problems they raise and the situations where they occur.

The EU's conceptual framework is based on the assumption that opening economies among countries, regions or sectors that face structural imbalances will lead to unequal benefits unless comprehensive support measures are put in place. The history of the European single market is, in general, a success story from the point of view of ensuring convergence between weak and strong sectors or regions. The impressive performance of Ireland, Spain, Portugal and Greece illustrate how effective a holistic approach can be in addressing development gaps.

Obviously, developing countries are not aiming at joining the *acquis communautaire*. Nevertheless, they are involved in the wide economic changes entailed by globalisation and negotiations with the EU. While liberalisation resulting from North/South negotiations is not as demanding as joining the commitments entailed by the EU, the asymmetries between developing countries and European economies are deeper than the asymmetries within the EU or between the Union's old and new members.

The EU's 'Concentric Circles'

The EU's categorisation of partners establishes layers of S&D and treatment of asymmetries, each layer having a different intensity of preferences, reciprocity and co-operation instruments. These layers resemble concentric circles ranging from the 'core' integration among the 25 members until the most distant layer where most-favoured-nation (MFN) treatment is applied according to the WTO.¹ Between these two extremes are the trade regimes applied to the European Economic Area (Norway, Iceland and Liechtenstein) and Switzerland; the Mediterranean partners (the Euro-Med agreements); the ACP regime; the Everything But Arms (EBA) preferences for least-developed countries (LDCs); the bilateral free trade areas with Mexico, South Africa and Chile, plus the ongoing negotiations with Mercosur; and the Generalised System of Preferences (GSP) for developing countries not included in the previous categories.

Main Features of the Intra-EU Regional Policies

The policies designed to address imbalances within the European scheme also aim to facilitate the adjustments required by new members upon adhering to the *acquis communautaire*. These policies encompass a wide range of concerns, including structural imbalances among regions; vulnerable sectors within national economies; physical infrastructure weaknesses; education, technology and research capacity; supply capacity and diversification; administrative and institutional capacity; support to small- and medium-sized enterprises (SMEs); human resources development and employment policies.² Specific asymmetries and structural deficits are identified and addressed in view of cohesion within the Union.

EU policies do not rely on instruments given to predetermined categories of countries. Instead, they identify problematic situations and zones ('rural', 'urban', 'frontier' and 'coastal' areas) independently of the size of the member country concerned (Poland, Malta, Portugal and Germany may have the same access to the support measures). The *Revised Cohesion Policy for 2006-2013*³ incorporates specific programmes for the "outermost regions, islands, mountain areas and thinly populated regions".

Particularly relevant is the interface between trade, technology and financial instruments to enhance EU members' productive capacity, as well as the identification of appropriate instruments according to the nature of the asymmetry. Structural and cohesion funds are complemented by European Investment Bank loans and other financial mechanisms, and by specific instruments for the pre- and post-accession phases of new members. In 2000-06, support to the ten new members represents EUR3 billion for the pre-accession and EUR1.6 billion per year for post-accession, plus EUR 21.8 billion from the EU's structural funds.

The new treaty establishing a European Constitution is based on the same 'unity, solidarity and diversity' principles that have inspired European support policies since the Treaty of Rome of 1957.⁴ The principles regarding asymmetries are spelled out in EU documents. Their implementation is effectively operationalised and financed, leading to programmes, analytical work, monitoring mechanisms and economic benchmarks. On 10 February 2004, a budget of EUR336.3 billion for 2007-2013 was adopted for the EU enlarged to 27 member states (i.e. including Bulgaria and Romania).

The Euro-Mediterranean Agreements

The relations between the EU and its Mediterranean neighbours were already given special attention in Article 238 of the 1957 EEC Treaty. This policy was deepened in the 1970s and 80s by bilateral co-operation agreements⁵ providing, *inter alia*, non-reciprocal trade concessions, particularly for agricultural products. These agreements were amended in 1987 so as to provide compensatory market access to the Mediterranean countries further to the accession of Spain, Greece and Portugal, whose agricultural production competes with them. In 1992, the Lisbon European Council explicitly referred to the EU's strategic interests in the Mediterranean region. The preferential market access applied to the Mediterranean agricultural exports was further improved by introducing new timetables for the phasing out of customs duties, and gradually increasing reference quantities and tariff quotas.

The current set of policies applied to the Mediterranean partners was agreed at the 1995 Barcelona Conference, which launched the Euro-Mediterranean partnership. The goal is to establish a Free Trade Area by 2010. The Bilateral Euro-Mediterranean Association Agreements are a first step in this direction. Some of these agreements provide for non-reciprocal free access for non-sensitive products into the EU market and progressive liberalisation for other products. The Agadir Free Trade Agreement (2003) between Egypt, Jordan, Morocco and Tunisia is supported by a fund of EUR4 million. These agreements are intended to evolve towards reciprocal trade concessions. They include clauses inspired by intra-EU social cohesion policies, as does the EU-Jordan Agreement of 1997.⁶ Additional co-operation is provided to support the transition towards free trade: the MEDA programme provides grants (EUR5.3 billion for 2000-2006) and soft loans from the European Investment Bank (EUR12.75 billion) similar to the PHARE programme designed for the pre-accession stages of Eastern European countries.

Asymmetries and S&D in the Cotonou Partnership

Like the Lomé Conventions of the past, the Cotonou Partnership Agreement includes preferences and linkages between trade and financial assistance to ACP countries. However, there are differences in the implementation of these linkages. Lomé not only provided for predictable financial aid, soft loans and preferences for *all* ACP countries, but also mechanisms to address the dependence on commodities' exports (Stabex and Sysmin); and trade Protocols providing duty-free fixed quotas at guaranteed prices for some commodities. The Cotonou Agreement differentiates between LDCs, 'vulnerable economies' and 'small, landlocked and island econo-

mies'. The Lomé preferences will last until 31 December 2007 (except for LDCs), after which reciprocity will be gradually introduced by new Economic Partnership Agreements (EPAs). The future of the commodity protocols is unclear. Cotonou establishes two main financial facilities (grants and investment instruments) for an amount of EUR25 billion for 2000-2007.

In the EPA negotiations, the main challenge for ACP countries will be to ensure the operationalisation of the pro-development principles of the Cotonou Agreement, such as "integrated strategies" and a "coherent enabling framework of support to the ACP's own development strategies" (Art. 20.1); "addressing supply and demand side constraints [...] enhancing ACP States competitiveness" (Art.35.1); "ensuring special and differential treatment for all ACP countries [...] taking into account the vulnerability of small, landlocked and island countries" (Art.35.3); "the socio-economic impact of trade measures on ACP countries, and their capacity to adapt and adjust their economies to the liberalisation process [including a] degree of asymmetry in terms of timetable and dismantlement" (Art.37.7). When operationalising these provisions in the EPAs, some of the intra-EU and Euro-Med co-operation instruments may be a useful reference.

The EU's Bilateral Agreements

Reciprocity is the main goal of the EU's trade policy regarding developing countries that do not belong to ACP and LDC categories. Bilateral free trade agreements with Mexico and Chile provide for progressive mutual liberalisation of goods and services, although free trade in agriculture and fisheries is not fully reciprocal and remains limited to lists of products. Both agreements also contain provisions on investment, competition, intellectual property rights (including geographical indications) and government procurement. In Mexico, the EU's access to the services and government procurement markets is equivalent to the provisions of NAFTA. The agreement with Mexico also provides for a EUR16 million fund equally financed by both parties.

The year 2000 free trade agreement between the EU and South Africa (SA) is of

Continued on page 16

particular interest to ACP countries as it contains more S&D than the deals with Mexico and Chile. For instance, regarding the liberalisation of trade in goods, SA is to liberalise 86 percent of its imports in a 12-year period, while the EU must give duty-free access to 95 percent of SA products over a 10-year period. For agricultural products, the unequal liberalisation is rather in favour of European producers: the EU will eliminate tariffs on 62 percent of SA products at the end of the 10-year period, while SA is to phase out tariffs on 81 percent of EU products within 12 years. The agreement includes an innovative ‘trade-off’ on geographical indications: SA accepted the EU’s requirements in exchange of financial assistance (EUR15 million) for its wines and spirits sector. The EU provides co-operation (grants and loans) to SA up to EUR112.5 million per year in 2000-2006. The rules of origin provide for cumulation among the 14 members states of the Southern African Development Community (SADC). There are no provisions on services.

The GSP Scheme

The EU’s revamped Generalised System of Preferences (GSP), set to enter into force on 1 April 2005, will include three categories of benefits:

- the General Scheme for all developing countries, with 40 percent of products receiving duty-free access but with ceilings and graduation criteria that eliminate the largest exporters;
- the existing EBA for LDCs, with duty- and quota-free market access provisions; and
- the ‘GSP plus’, which provides duty-free access for all products from ‘vulnerable countries with special development needs’ that implement 27 core international conventions on human and labour rights, the environment and ‘good governance’.⁷

Beyond the Usual Mindset

The European process illustrates how comprehensive policies addressing asymmetries and liberalisation are devised and implemented in a coherent fashion in view of cohesion, balanced competitiveness and equitable welfare. This does not mean that all European intra-regional policies were and are successful: their main success lies in the holistic vision they achieve, articulating trade, finance and other components of development. The effectiveness of these

policies is all the more impressive as they have been applied in the economic set-up of European economies, in which asymmetries are less wide than those prevailing between developed and developing countries.

The issue of asymmetries will continue to be sensitive in the international agenda, blocking multilateral, regional and bilateral negotiations. So far, more efforts have been devoted to graduation criteria and discriminating categories of countries than to identifying what assistance is really effective in overcoming the various development gaps faced by increasingly diverse developing economies. More research on experiences such as the treatment of asymmetries in the European process may bring new ideas, widening the scope of the usual S&D approaches confined to traditional preferences and categories of countries.

Two ideas deserve to be discussed in this framework: first, the proposal made by Jeffrey Sachs in his Millennium Project Report to replace preferences with development assistance in order to address adjustment costs and supply-side constraints.⁸ Second, financial and technical assistance tailored to specific situations, available to any developing country that would like to receive it in light of its needs.

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ENDNOTES

¹ MFN is only applied to the US, Canada, Australia, New Zealand and Japan.

² The Common Agriculture Policy is not included in this context.

³ Commission Communication, *Third Report on economic and social cohesion: proposals for regional policy after 2006*. COM(2004)107 final.

⁴ See the Constitution on Aid Granted by States; Economic, Social and Territorial Cohesion; the European Investment Bank; and the Protocol on Economic, Social and Territorial Cohesion: *Official Journal of the European Union*, C310, Vol. 47, 16/12/ 2004.

⁵ Originally Algeria, Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia; in 1995, Cyprus, Israel, Malta, Turkey and the Palestinian Authority were included.

⁶ Title IV, Ch.2, Art.4.

⁷ ICTSD, *Bridges*, Year 8 No.9 Oct.2004, p.17.

⁸ J.Sachs, *Millennium Project Report*, UN, New York 2005. Chapter 14, pp.217 and 220.

“Special and Differential Treatment (SDT) is an essential element of the Doha agenda. However, we have made lamentably little progress. How do we make progress against the July deadline for this area?”

“I think we should also be open to making it easier for other developing country Members [than LDCs] to obtain waivers or other forms of SDT where, objectively, they have a good case to make. Small, vulnerable economies, often with a particular set of challenges to overcome, as the WTO’s work programme recognises, are a good example of this. And while I am not willing to exempt permanently, or upfront, all developing countries from WTO rules – I believe that abiding by rules is good for development – I am ready to look positively at waiver requests if they are well motivated.”

“It is uncontested that the market opening results in NAMA, services and agriculture will, in and of themselves, have a strong developmental impact. In fact the growth and development impacts of these negotiations will far outweigh anything that can be achieved through the SDT work programme. A pro-development outcome in the market access negotiations for example, should first and foremost improve access conditions for developing countries, especially the poorest.”

Extracted from the closing remarks of EU Trade Commissioner Peter Mandelson at the Mombasa ‘mini-ministerial’ on 4 March 2005.

US-Andean FTA Delayed at Least Til May

Mid-March, negotiators from Colombia, Ecuador, Peru and the US will hold an eighth round of talks on a free trade agreement that they now hope to conclude by early summer. The meeting is expected to focus mainly on intellectual property rights, investment and services.

The two most controversial intellectual property issues – data protection for pharmaceuticals and disclosure requirements for the origin of genetic materials in patent applications – are unlikely to be on the agenda in March, as they were amply discussed during the February round in Cartagena (see related article on page 20). According to some sources, Colombia and Ecuador indicated at that meeting that they ‘could provide’ a three-year data exclusivity period to brandname pharmaceutical manufacturers and a five-year period for agricultural chemical producers (the US is still insisting on five years for pharmaceuticals and ten for agrochemicals). The two Andean countries also called for a 10-year transition period before implementing the data protection provisions. In March, the negotiators will attempt to finalise the other elements of the IP Chapter, such as copyrights.

With regard to investment and services, the March round will discuss ‘non-conforming measures’ (NCMs) that each country wants to schedule in the agreement. NCMs cover those sectors that are not subject to the market access and other liberalisation provisions contained in FTAs. Negotiators agreed in February that the agreement’s investor-state dispute settlement mechanism could only be applied to alleged investment violations that occur after the FTA takes effect.

A separate meeting will be held on textiles-related issues, where the Andean countries are pressing for more flexible rules of origin for certain products. US chief negotiator Regina Vargo has already ruled out the inclusion of tariff-preference level provisions (TPLs), which allow a country to incorporate fabric from any third country into apparel that it exports to the US quota- and duty-free. Nevertheless, some cumulation could be allowed for inputs from countries that have FTAs with both the US and the Andean partner in question.

A series of bilateral meetings is taking place on agriculture, where the Andean countries have tabled a long list of ‘sensitive products’, such as rice, poultry, dairy, corn and beef. However, the US and Colombia have already agreed to a zero-for-zero tariff agreement covering non-sensitive products, where there is little current bilateral trade, or one country does not produce a particular commodity.

FTAA Negotiators May Meet in April

The co-chairs of the stalled negotiations on a hemisphere-wide Free Trade Area of the Americas (FTAA) met for the first time in months in late February. Peter Allgeier of the US and Brazil’s Adhemar Bahadrian said some progress had been made, and held up hope that after a second meeting in late March, the FTAA Trade Negotiations Committee could finally resume the session it suspended in February 2004. The suspension was due to insurmountable differences between Mercosur members on the one hand, and Canada, the US and its existing or future FTA partners on the other.

At issue was the contents of the ‘common and balanced set of obligations applicable to all countries’. Mercosur wanted market access commitments to be same for all members, while the US argued that countries willing to take on higher obligations should also get better market access. Another source of tension was US insistence that violations of intellectual property provisions would lead to trade sanctions, when Brazil did not want any such provisions in the first place (Mr Bahadrian predicted after his February 2005 encounter with Mr Allgeier that IPRs would remain the most difficult issue in the talks). The two camps were also far apart on the use of trade remedies such as anti-dumping duties, which Brazil sought to limit as much as possible. Talks between the chief negotiators broke down entirely after the US signalled in May 2004 that tariff rate quotas might never be lifted on some agricultural products.

EU Moves on GSP

On 10 February, the European Commission announced that the EU’s expanded Generalised System of Preferences (GSP) would enter into force on 1 April instead of 1 July as originally planned. The acceleration is aimed at providing immediate benefits to the countries worst affected by last December’s Indian Ocean tsunami, in particular the Maldives, Sri Lanka, Thailand and Indonesia.

Close to 180 countries benefit from the preferential access to the EU market provided by the GSP. The changes to the preference scheme will add 300 products to the 7,200-odd products that it had previously covered (for further details, see Bridges Year 8 No. 9, page 17). In 2003, EU imports under the GSP amounted to over 52 billion euros.

The new GSP reduces tariffs for all fisheries products, causing import duties for Thai shrimp to fall from the most-favoured-nation (MFN) level of 12 percent to 4.2 percent. Tariffs for Indian textiles and clothing will decrease from the MFN 12 percent to 9.5 percent; those for shoes from Indonesia and Thailand from 17 percent to 13.5 percent. The EU claims that under the new regime, 90 percent of Sri Lankan exports will be eligible for duty-free access to the EU. The EU also promised to review the scheme’s rules of origin, which have been criticised for posing insurmountable barriers to trade.

EU importer representatives criticised the decision cut tariffs earlier than originally planned, saying that the move did not leave companies with enough time to adjust to the new import regulations.

Oxfam said that the new EU measures would help reduce poverty, but warned that without modified rules of origin the gains would be limited. For instance, duty-free market access for shirts made in countries like Bangladesh and Cambodia was often a mirage, since they would face heavy tariffs if they happened to be made from Chinese fabric. Oxfam also criticised the scheme for discriminating against larger-but-still-poor developing countries like India.

A Review of the IP Negotiations in the US – Andean FTA

Manuel Ruiz

To no one's surprise, the intellectual property chapter of the free trade agreement under negotiation between the US and three Andean countries – Colombia, Ecuador and Peru – remains probably the most difficult.

After seven rounds of discussions underway since early 2004, at best limited progress has been made on the intellectual property (IP) Chapter. The Cartagena Round, which ended on 11 February 2005, demonstrated that contentious issues remain to be resolved in the areas of:

- protection of undisclosed data related to pharmaceuticals and agro-chemicals – in practice extending the duration of patent rights and seriously affecting access to essential medicines;^{1 & 2}
- adherence to international IP agreements that have higher standards of protection than the WTO's Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) and to which Andean countries are not members;
- patent protection for plants and animals – contravening express provisions in TRIPS and regional legislation; and
- biodiversity and protection of traditional knowledge (TK).

Since the beginning of the negotiating process, biodiversity and protection of TK have been heralded as critical bargaining tools for the Andean countries. Their inclusion in the IP Chapter at the early stages of the process responds not only to their social, cultural, economic and political importance, but also to a tradition of consistency by these countries in various other fora where IP-related issues have been addressed, including the TRIPS Council, the World Intellectual Property Organisation (WIPO), the Convention on Biological Diversity (CBD) and the FAO.

In contrast to other US-sponsored free trade agreements (FTAs), where 'bio-diversity' has hardly been mentioned, the Andean countries have strongly advocated and publicly voiced their commitment to ensuring that the IP Chapter does not impact on national policies and laws related to biodiversity conservation (specifically in relation to access to genetic resources) and the protection of TK.

The Andean countries have proposed a text that recognises:

- a) the access and benefit-sharing principles of the Convention on Biological Diversity;
- b) the need to subject the granting of IPRs to respect of national legislation regarding access to genetic resources and the protection of traditional knowledge;
- c) the need to include new disclosure requirements in patent applications (indicating origin and legal provenance of genetic resources and TK);
- d) the need to improve patent search practices of IP offices in order to enhance novelty and prior art discovery processes;³ and
- e) the need to develop appropriate databases (which include genetic resources- and TK-related data and information) to support patent searches.

So far, US negotiators' reactions have been surprisingly mild, particularly as the US is not a Party to the CBD. Although they have expressed serious concern and basic opposition to modifying patent rules or adding new patenting requirements (whether formal or substantial), they seem open to accepting at least some of the general principles proposed by the Andean countries, especially with regard to points d) and e). It is of utmost importance to the Andeans that, as a minimum, patent searches are improved in order to prevent the granting of 'bad' patents – often associated with biopiracy – by the US Patent and Trademark Office.

At this stage of the process it is clear the pressure is up to accelerate the pace of the negotiations. Certain sectors seem frustrated at the almost imperceptible progress made with the IP Chapter. Only a few days ago, the Peru's lead IP negotiator (representing INDECOPI, the IP office) resigned unexpectedly. While the reasons are still unclear, the official was pressing to keep these critical issues – i.e. opposition to extending patents to plants and animals, as well as to undisclosed test data for pharmaceuticals – on the negotiating table. There is speculation that pressure by pharmaceutical multinationals (with subsidiaries in Peru) may have played an indirect role in this. Others see a clear fracture within the positions of the principal Peruvian agencies in this negotiation: INDECOPI may be seeking a more conservative approach, while the Ministry of Trade and Tourism is seeking to streamline the process.

Stuck over IP and agricultural issues, the negotiations are not expected to conclude before May 2005 at the earliest. Decisions (almost certainly based on politics rather than on technical grounds) will need to be made – and fast.

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ENDNOTES

¹ During a recent video conference sponsored by the Pan-American Organisation of Health, the Ministers of Health of Colombia, Ecuador and Peru agreed on a common strategy to confront the remaining rounds of the FTA negotiations in order to ensure timely access to medicines by the region's population. This may be affected by the direction IP negotiations are taking, especially with regard to proposals for the protection of undisclosed pharmaceutical data and information.

² It may simpler for Colombia to accept the US proposal given that the country already has in place national legislation in this regard.

³ Part of the arguments to support this provision relies on a Communication from the United States to the Council for TRIPS (IP/C/W/434 November 2004), where the US recognises the need for organised searchable databases of genetic resources and TK to assist in the examination of patent applications.

International Treaty on Plant Genetic Resources for Food and Agriculture: Implementation Challenges for Nepal

Ratnakar Adhikari

The first international treaty to specifically address access to genetic resources for food production entered into force in June 2004. However, due to its many ambiguities, poor countries will find it difficult to draw benefits from the Agreement or even to implement it.

The International Treaty on Plant Genetic Resources for Food and Agriculture was developed in response to alarm over the enormous difficulties associated with the access and benefit-sharing provisions espoused by the Convention on Biological Diversity (CBD). First, the CBD advocates bilateral benefit-sharing arrangements. Second, its provisions are weak on access to genetic resources for food and agriculture (PGRFA) held in *ex situ* collections such as genebanks. And third, it remains conspicuously silent on the modalities for sharing benefits arising from the commercialisation of products based those genetic resources.

The International Treaty is a first attempt to facilitate unrestricted access to PGRFA. Thirty-five food crops and twenty-nine forages are included in Annex I, which lists the genetic resources that countries agree to make available under an open-access multilateral system (MLS) established by the Treaty. The list seeks to capture those crops that are both crucial for food security and over which there is greatest interdependence amongst countries.¹

One of the Treaty's major concerns is protecting the rights of farmers and farming communities, whose contributions to maintaining global food security through the conservation, sustainable use and refinement of PGRFA are globally recognised. Further, its Article 13 provides a mechanism for sharing the benefit arising out of the use of the PGRFA through information exchange, access to and transfer of technology, and capacity-building taking into account the priority activity areas. In addition, an 'equitable' share of financial benefits arising from commercialisation must be paid to a trust fund.

On the face of it, this agreement should be a boon for a PGRFA-rich least-developed country (LDC) like Nepal. Unfortunately, the gains are likely to remain limited at best because of the flaws and difficulties contained in the Treaty itself, as well as the particular challenges faced by Nepal.

Challenges in the Treaty

For one, lack of clarity on intellectual property right (IPR) issues is a major challenge for the contracting parties to the Treaty. Its most controversial provision (Article 12.3.d) reads: "Recipients shall not claim any intellectual property or other rights that limit the facilitated access to the plant genetic resources for food and agriculture, or their genetic parts or components, *in the form received* from the Multilateral System" (emphasis added). This provision is subject to varied and often conflicting interpretations.

The wording of the provision makes it clear that in the process of reconciling the parties' conflicting interests, the Treaty privileges the concerns of developed countries by allowing IPR protection for genetic resources accessed under the multilateral system but consequently modified. Despite the Treaty's general prohibition of rights that could limit access to PGRFA, the italicised qualification above opens the door wide to providing intellectual property protection for genetically modified genes or their sequences, even if they are obtained from the MLS. Some even argue that the Treaty has been made subordinate to the WTO's Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS).²

Second, despite representing 80 percent of world's calorie intake, the list of PGRFA included in the MLS is not exhaustive. It does not include some of the major food crops such as soya, sugar cane, palm oil, groundnuts, etc., thus preventing countries that are rich in such resources (particularly in South America and Southeast Asia) from taking advantage of the

system. Countries wishing to add PGRFA to the list must go through an amendment procedure, which is bound to be acrimonious given the consensus clauses contained in Article 23.3 and Article 24.2 of the Treaty. This also means that even a single country can block an amendment.³

Third, the absence of any prescribed mechanism for sharing benefits arising from commercial use of genetic materials in terms of amount, form and conditions means that there is limited leverage for PGRFA-rich developing countries to negotiate such an arrangement. Although the Treaty mentions that the benefits should primarily flow to farmers – particularly in developing countries – who 'conserve and sustainably use plant genetic resources for food and agriculture', countries are at a loss to figure out what sort of mechanism they should follow in order to realise this objective.

These difficulties emanate from flaws inherent to the Treaty itself, and will be faced by almost all developing countries. The specific challenges that a country like Nepal is likely encounter are discussed below.

Challenges in Nepal

First, Nepal has not yet acceded to the Treaty. While accession documentation requirements were reportedly completed in early 2003, the government has not made its position clear on whether or when it is going to accede. This apathy not only shows a lack of political commitment but also a dilemma arising from the conviction that due to its limited stake in the MLS, Nepal may not be able to benefit much from the Treaty.

Second, developing plant variety protection law – which seems to be one of the prerequisites for facilitating benefit-sharing under the Treaty – has become a controversial issue in many developing countries. This

Continued on page 22

is because countries are required to strike a balance between breeders' rights and farmers' rights. Some of them inevitably fall prey to lobbying by biotechnology firms and seed giants to provide strong protection to breeders' rights. To make their case convincing, these key players threaten to withdraw their investment in agricultural research should such protection be denied.

Classic political economy theory suggests that through the consolidation of their global presence, driven by mergers and takeovers, biotechnology firms are becoming a stronger, more cohesive and organised force. Needless to say, they are in a position to exert much stronger pressure on governments (including legislators) for securing heightened protection to their 'inventions' compared to what poor, marginalised, vulnerable and unorganised farmers could do. Nepal is no exception.

Recognising the significance of the need to protect farmers' rights, the Nepalese government has opted for an effective *sui generis* system for the protection of plant varieties as mandated by the Article 27.3(b) of TRIPS Agreement. At the time of WTO accession, despite pressures from several members of the Working Party, Nepal refused to become a member of International Union for the Protection of New Varieties of Plants (UPOV). However, in the process preparing *sui generis* legislation, the government received a UPOV-style draft law prepared by a vested interest lobby. This shows that the government is often vulnerable to pressures from certain quarters. Since there is a lack of institutional memory in the government machinery, and policy-makers are in favour of non-UPOV *sui generis* legislation could be transferred elsewhere, there is a strong possibility of the government succumbing to such pressures in the future.

Third, Nepal does not have access and benefit-sharing legislation despite the fact that the country ratified the CBD in 1993 and prepared a Draft Access and Benefit-sharing Policy and Bill in 2002. While these documents leave a fair amount to be desired due to the loopholes they contain, delay in their implementation or enactment shows a lack of political will on the part of the government.

Fourth, concerned officials at the Ministry of Agriculture and Co-operatives feel that countries with limited technological capacity will not be able to utilise the resources, which are in the common pool (MLS) comprising crops or crop groups.

Despite these challenges, the Treaty can be considered a humble attempt to strike a balance between the donors and users of plant genetic resources for food and agriculture. It is more specific in some respects than the CBD, but its policies are still too broad and lack practicality. It does, however, provide a platform on which a detailed international policy framework regarding access and benefit-sharing related to PGRFA can be built. And, since the Treaty is still evolving, it offers developing countries, acting collectively, a chance to overcome some of its birth defects. At the same time, the domestic implementation challenges could be overcome by emphasising the needs for capacity-building for negotiators and government agencies, taking into account local community perspectives; data collection; accessibility and dissemination of information; and involvement of the private sector as well as civil society organisations.

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ENDNOTES

¹ Grain and Kalpavriksh (2002), *International Treaty on Plant Genetic Resources for Food and Agriculture: A Challenge for Asia*, Delhi: Kalpavriksh.

² See for example, Hasan, Rizwana (2004), *ITPGRFA and Protection of Farmers' Rights*, Policy Brief No. 9, Kathmandu: South Asia Watch on Trade, Economics & Environment (SAWTEE).

³ See Grain and Kalpavriksh (2003), *Supra* note 1.

Biodiversity Meet Squares off on Agricultural Subsidies

Meeting in Bangkok in February, scientific and technical advisors to the Convention on Biological Diversity (CBD) clashed on what constitutes a 'perverse incentive' that encourages biodiversity loss. At issue was a paper called *Proposals for the Application of Ways and Means to Remove or Mitigate Perverse Incentives*, based on a 2003 CBD Secretariat document originally intended to assist countries in removing perverse incentives on a voluntary basis, such as land-use policies that encourage the reclaiming of wetlands. The item has been taken over by a political agenda that equates the term 'perverse incentives' with 'agricultural subsidies'. Argentina and New Zealand, often supported by Australia, South Africa and/or Brazil, viewed this item as an opportunity to get other countries to change their agricultural subsidy programmes, to the dismay of the Europeans. A contact group was formed to discuss the definition of perverse incentives, but quickly got bogged down in differences over the meaning of the term 'practices which generate perverse incentives'. In the end, these terms remained undecided, and the heavily bracketed draft document was forwarded to the CBD's Conference of the Parties, which will decide on the next steps.

A heated discussion also took place between the proponents and opponents of repealing the CBD's 1998 moratorium on 'genetic use restriction technologies' (GURTS), more familiarly known as 'terminator technologies' because they render seeds sterile. Critics – including several African countries, Austria, Switzerland, Peru and the Philippines – warned that GURTS could compromise the ability of farmers and indigenous peoples to reuse their seeds, and raised concerns over impacts on agricultural biodiversity and the possibility of 'terminator genes' being transferred to wild plants. Advocates, led by Canada, argued that adverse environmental and social effects of the technology had not yet been confirmed and should be subject to strict risk assessments. They also pointed out that risks to non-modified crops and wild species were reduced given that the seed would not grow a second time. Unable to reach consensus, delegates retained the moratorium for the time being and sent the controversial report from the CBD's Ad-hoc Technical Expert Group on GURTS to the Conference of the Parties and to the Working Group on Article 8(j) (traditional knowledge).

A Strategy for 'Bridging' Three Continents

In an era of ever-increasing information flows, tools to help manage and synthesise knowledge have become of prime importance. Stemming from its mission to empower stakeholders in trade policy-making, ICTSD has continued to strengthen its alliances with regional institutions in Africa, Latin America and Asia to create and disseminate information and knowledge through a series of *Bridges*-like publications strategically targeted to the specific needs of the stakeholders in each of these regions.

Recognising the enormous challenges faced by francophone Africa and Latin America, ICTSD came together with Enda – Tiers Monde in Senegal, the Centro Internacional de Política Económica para el Desarrollo Sostenible (CINPE) in Costa Rica, and the Fundação Getulio Vargas and the Centro Brasileiro de Relações Internacionais (CEBRI) in Brazil, to provide a series of publications designed – in terms of language, focus and issue coverage – with specific constituencies in mind. In French, Spanish and Portuguese, *Passerelles*, *Puentes* and *Pontes* seek to highlight sustainable development concerns in trade policy formulation and negotiations, to generate innovative thinking, and to fill significant knowledge and information gaps for regional stakeholders. Although they share the principles and general objectives of *Bridges*, the contents and editorial focus are specifically directed at, and produced by, stakeholders in each region. As a complement to *Passerelles*, *Puentes* and *Pontes*, web portals on trade and sustainable development issues in the three the languages will be available in the near future.

Puentes

Produced with a Latin American audience in mind, *Puentes* focuses on the presentation of issues discussed at the multilateral and regional/bilateral trade arenas of special interest to the region, as well as providing a space for communication and the sharing of ideas among different stakeholders. Starting out as a quarterly, *Puentes* is moving toward publication of its analytical content every other month. Furthermore, a new electronic information service called *Puentes Quincenal* has been developed to provide news updates on a bi-weekly basis. Both *Puentes* publications are co-produced by ICTSD and CINPE.

Passerelles

Passerelles is specifically tailored to respond to the needs of French-speaking African stakeholders. It consists of three specific products: a bimonthly analytical publication, a bi-weekly electronic news and information service, and daily coverage of the WTO ministerial meetings. All of these products are co-published by ICTSD and Enda. In addition to analysis and information on developments relevant to Africa at the WTO, including those related to the Cotton Initiative and special and differential treatment, *Passerelles* provides regular coverage of regional developments related to trade and sustainable development including the AGOA and the ACP-EU EPA negotiations, among others. The publication series has become the first stop for trade and sustainable development news in French-speaking Africa.

Pontes

Recognising Brazil's growing importance as a driving force in regional and multilateral fora, and the responsibilities that come with this role, a similar series has been launched in Portuguese. The main objective of *Pontes* is to generate the necessary knowledge to constitute a firm basis for broad and informed stakeholder participation in Brazil. A pilot issue was published in August, and plans are afoot to develop a bi-weekly electronic information service shortly.

Bridges Asia

The latest addition to this series of information tools is the forthcoming pilot issue of *Bridges Asia*, published out of Bangkok in collaboration with Chulalongkorn University and the Stockholm Environment Institute-Asia. The plan is to move on to a monthly production schedule for a publication that looks at trade and sustainable development issues through an Asian prism, focusing on regional trade negotiations as well as those at the multilateral level. *Bridges Asia* will eventually be translated into Bahasa Indonesia, Chinese, Thai and Vietnamese, and will be distributed to key government officials and other actors in academia, the private sector and civil society. A bi-weekly electronic news service is also planned.

The International Centre for Trade and Sustainable Development (ICTSD) is an independent non-profit organisation that aims to contribute to a better understanding of development and environmental concerns in the context of international trade.

ICTSD upholds sustainable development as the goal of international trade and promotes participatory decision-making in the design of trade policy. ICTSD implements its information, dialogue and research programmes through partnerships with institutions around the globe.

BRIDGES regional editions:

PUENTES

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Co-publisher: Centro Internacional de Política Económica para el Desarrollo Sostenible, San José, Costa Rica
Web: <http://cinpe.una.ac.cr>

PONTES

entro o Comércio e o Desenvolvimento Sustentável
Co-publishers: Fundação Getulio Vargas, São Paulo
Web: <http://www.edesp.edu.br>
CEBRI, Rio de Janeiro, Brazil
Web: <http://www.cerbi.org.br>

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entre le commerce et le développement durable
Co-publisher: ENDA – Tiers Monde, Dakar, Senegal
Web: <http://www.enda.sn>

Other ICTSD periodicals:

BRIDGES Weekly Trade News Digest

A weekly electronic news service on trade, sustainable development and the WTO.
Editor: Trineesh Biswas, tbiswas@ictsd.ch

BRIDGES BioRes

Co-publisher: IUCN – The World Conservation Union
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Meetings of WTO Bodies*

Mar. 14-18	Negotiating Group on Market Access
Mar. 14-18	Committee on Agriculture, Special Session*
Mar. 16	Committee on Agriculture, Regular Session
Mar. 21	Trade Negotiations Committee
Mar. 21	Dispute Settlement Body
Mar. 22-23	Committee on Technical Barriers to Trade
Mar. 22-24	Negotiating Group on Trade Facilitation
Mar. 22	Sub-committee on Cotton
Apr. 4-5	Dispute Settlement Body, Special Session*
Apr. 7	Committee on Trade and Development, Special Session *
Apr. 11-13	Negotiating Group on Rules
Apr. 13-19	Committee on Agriculture, Special Session*
Apr. 19	Dispute Settlement Body
Apr. 20-22	Public Symposium 2005
Apr. 25-29	Negotiating Group on Market Access
Apr. 26	Trade Negotiations Committee
May 2-4	Negotiating Group on Trade Facilitation

* *Special Sessions denote negotiations mandated in the Doha Ministerial Declaration.*

Other Meetings

Mar. 14-18	Eighth US-Andean FTA Negotiating Round Washington
Mar. 18	G-20 Ministerial Meeting New Delhi Hosted by the Government of India
Mar. 31	WTO Dispute Settlement: An African View Cape Town Trade Law Centre for Southern Africa http://www.tralac.org/
Apr. 11-22	Thirteenth Session of the Commission on New York Sustainable Development www.un.org/esa/sustdev/csd/csd13/csd13.htm
May 3-4	OECD Ministerial Council Paris http://www.oecd.org

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