



Bridges Trade BioRes

News, events and resources at the intersection of trade and biodiversity

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Biodiversity

COP-8 FOCUSES ON PROCESS, CHARTS NEXT STEPS ON ABS AND INCENTIVES

The Eighth Conference of the Parties (COP-8) to the Convention on Biological Diversity (CBD) closed its two-week meeting in Curitiba, Brazil, on 31 March with a record number of participants and side-events. Much of the discussions on the more contentious issues, however, including those most immediately related to trade, focused more on process than substance. On access and benefit-sharing (ABS), Parties agreed to structure upcoming talks on an international ABS regime, setting 2010 as the deadline for the negotiations.

On incentive measures, Parties effectively put related discussions on the backburner until the next COP when the incentives work programme is up for an in-depth review.

Parties agree on 2010 deadline for ABS negotiations

Most developing countries came to Curitiba with the aim of securing greater commitment and impetus for negotiations on an international ABS regime. Several developed countries, such as Canada and Australia, however, remained reluctant to commit to specific outcomes or deadlines, preferring to focus on gathering more national experiences. Norway, diverging from its earlier ambiguity regarding an international regime, provided strong backing to developing countries, proposing to establish an intergovernmental negotiating body with its own Chair and Bureau. These divisions were clearly reflected in the proposals put on the table and the subsequent late-night negotiations.

The deadline for finalising talks on the international regime emerged as one of the most controversial issues. While developing countries -- for the first time in the ABS process speaking as the G-77/China -- would have liked to see COP-9 in 2008 to be included as the deadline, Canada and Australia would have preferred to delay the process further. The final decision calls on the Ad Hoc Open-Ended Working Group (AHWG) on ABS "to complete its work at the earliest possible time before COP-10". While later than hoped for by developing countries, the fact that a timetable has now been set for the open-ended negotiating mandate adopted at the World Summit on Sustainable Development (WSSD) was welcomed by some observers as an important step forward in the talks.



International Centre for Trade
and Sustainable Development



Many also have high hopes for the expert group established by the COP to explore and elaborate possible options for the form, intent and functioning of an "internationally recognised certificate of origin/source/legal provenance", and analyse its practicality, feasibility, costs and benefits (see Bridges Trade BioRes, 3 February 2006, <http://www.ictsd.org/biores/06-02-03/story2.htm>). The group, which will comprise 25 experts nominated by Parties and seven observers, can be expected to touch on many of the most contentious issues in the ABS negotiations, including how such a certificate could be used in patent applications. The meeting -- to be held at least six months before AHWG-5, thereby allowing the outcomes to contribute early on into the post-COP-8 talks -- will be co-organised by Peru and Spain in Lima, Peru.

The COP also agreed to appoint two Co-Chairs to head the ABS talks which is likely to help ensure greater continuity in the negotiations, including in the intersessional periods. Fernando Casas of Colombia and Timothy Hodges of Canada were elected as Co-Chairs. The AHWG is scheduled to meet twice before COP-9.

Incentives discussions on hold until COP-9

Much of the discussion on incentive measures revolved around establishing a "structured, transparent and inclusive preparatory process" for the schedule review of the work programme at COP-9. To date, the CBD's work on incentives has focused on developing proposals on removing or mitigating perverse incentives -- i.e. incentives that can induce unsustainable behaviour that destroys biodiversity, often as unanticipated side-effects of other policies -- and applying positive incentives, such as economic, legal or institutional measures designed to encourage beneficial activities. The Chair of the COP discussions, Matthew Jebb of Ireland, was keen to keep the debate to procedural issues, and was supported by Australia, Argentina, Brazil and New Zealand. These countries have repeatedly said that the CBD's work on incentives overlaps with and duplicates negotiations at the WTO, raising concerns that explicitly allowing measures to mitigate perverse incentives in the CBD context could provide an opening for countries, such as the EU, to provide agricultural subsidies "under the disguise" of biodiversity conservation (see Bridges Trade BioRes, 28 March 2006,

http://www.ictsd.org/biores/cbd_cop8_updates/update2.htm).

The EU made nominal efforts to push for finalising the proposals on perverse and positive incentives -- forwarded by the 10th and 11th meetings of the CBD's Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA) -- at COP-8, but in the end seemed ready to put substantive discussions on hold until COP-9. One observer speculated that Parties would generally prefer to avoid discussing subsidies-related issues in the CBD while trade negotiations are still underway. By 2008 -- the date of the next COP -- WTO negotiations are scheduled to have been finalised.

The final decision -- a compilation of proposals by Australia and the EU that were further refined in contact and 'Friends of the Chairs' groups -- establishes a preparatory process to identify further outcomes that would be required from a revised work programme on incentives (for adoption at COP-9) and possible elements of a future work programme. Inputs into the discussions will include input from Parties, other governments, international organisations and stakeholders on their experiences in the implementation of the incentives work programme.

GURTS moratorium maintained

At the COP, many developing countries and civil society groups geared up to fight language in the draft decision on genetic restriction use technologies (GURTS, i.e. technologies that can be used to genetically alter seeds to be sterile and thus prevent reuse) that they feared could undermine the current moratorium on GURTS adopted at COP-5. The controversy centred on text forwarded by the CBD Working Group on Article 8(j) which would allow for case-by-case risk assessments of GURTS (see Bridges Trade BioRes, 3 February 2006, <http://www.ictsd.org/biores/06-02-03/inbrief.htm>). While the text was supported by New Zealand, Australia, Switzerland and industry groups, the G-77/China strongly opposed the language which they warned could open the door to field trials, pointing to the threats GURTS pose for farmers, biodiversity, indigenous peoples and food security. After relatively short discussions in a 'Friends of the Chair' group, the reference to case-by-case risk assessments was dropped from the final decision.

Biotechnology-related issues also crept up in discussions on forest biodiversity where language related to genetically modified (GM) trees proved particularly controversial. Some countries, such as the EU, Ghana and Kenya advocated a precautionary approach to the use of GM trees. Liberia requested guidance from SBSTTA before allowing the use of GM trees while Iran and several civil society groups called for an outright moratorium. The final decision recommends Parties take a precautionary approach and requests the CBD Executive Secretary to gather existing information for consideration at the next SBSTTA meeting.

COP-9 will be held in Germany in 2008.

Additional Resources

COP-8 documents are available at
<http://www.biodiv.org/doc/meeting.aspx?mtg=COP-08>.

Daily coverage was provided by IISD Linkages,
<http://www.iisd.ca/biodiv/cop8/>.

ICTSD COP-8 Biodiversity and Trade Briefings on ABS, incentives measures and food and nutrition are available at
<http://www.trade-environment.org/page/ictsd/resource.htm#COP8>.

ICTSD reporting.

Biotechnology

COMMENTARY ON CARTAGENA PROTOCOL ON BIOSAFETY MOP-3

By Tomme Young, Senior Legal Officer, IUCN
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The third Meeting of the Parties (MOP-3) to the Cartagena Protocol on Biosafety was held in the week immediately prior to COP-8 to the Convention on Biological Diversity (CBD) in Curitiba, Brazil. From the opening speeches by the Governor of the state of Parana -- which has declared itself free of living modified organisms (LMOs) -- and the Deputy Minister of Brazil's federal environmental ministry, which recognises and supports the use of a number of LMO varieties in commercial agriculture, it was clear that this meeting was seen as an opportunity for many to express strongly held beliefs on all sides of the issue. Nonetheless, the tone of MOP-3 overall was one of collaboration and consensus development. While surprising many who had been at MOP-2, this tone and outcome provided hope to many who have

worried about the future of CBD processes. This commentary briefly reflects on four points that received primary attention throughout the meeting.

Article 18 implementation

One of the most important mandates coming into MOP-3 was the need to come to agreement on key elements of the implementation of Article 18's requirements regarding the various labelling requirements applied to LMOs being imported for purposes of food, feed and processing, for contained use and for introduction into the environment. After being completely deadlocked on this issue in MOP-2, Parties were able to come to decisions on the points of labelling, identification, packaging and transportation of LMOs, although only in the final minutes of the meeting (see Bridges Trade BioRes, 17 March 2006, <http://www.ictsd.org/biores/06-03-17/story1.htm>). In the end, the three decisions relating to Article 18 represented a clear compromise from both sides on several points, most especially Article 18.2(a) dealing with LMOs imported for food, feed and processing.

From a trade perspective, these developments appear to offer mixed impacts. From the industry perspective on the one hand, the labelling requirements may briefly create an additional cost for developers, who will have to develop labels for their existing products and intra-company protocols to address labelling requirements. Experience with other labelling requirements for products, wastes and other items has shown that in the longer term, however, the cost will be relatively limited, applying only when new products are created, or existing situations change. Similarly, from the perspective of the importing country, the primary impact will be the provision of information, possibly leading to end-product labelling for consumers. The impact of this decision is expected to promote the interests of those who wish to limit LMO use and trade. Again, however, based on experience with other situations, such labelling may have other impacts, including setting clearer procedural standards, thus making it easier to obtain permission to import LMO substances. Moreover, product labelling often has the effect of acclimatising local governments and consumers to the presence and consumption of LMOs -- conditioning the market for such products.

More importantly, these decisions appear to represent a movement to a more active negotiating

approach by the Protocol Parties, who continued to be deadlocked on many points throughout the contact group process, but were able once directly pressured by the imminent end of the talks to negotiate more flexibly and achieve a collectively acceptable solution. Many potential explanations are suggested to underlie this change. The simplest may be that, over the past few years (following COP-6, at which 'hardball' tactics led to a stalemate on the issue of invasive species that continues to haunt the CBD), national delegations have developed a stronger dependence on getting advice and approval from home governments, particularly from foreign affairs ministries. Another possibility, however, is that (again as a result of the problems in COP-6) countries have been trying to take harder-line positions, in the hopes that this approach will reap stronger results. After they failed to do so in MOP-2, however, national delegations may have arrived at Curitiba under relatively clear orders to resolve the Article 18 issues as completely as possible.

In the immediate term, the strongest pressure is on Parties to the Protocol whose national legislation and administrative systems will have to be redrafted or reviewed to conform to this decision. Given that the Protocol specifically allows countries to impose 'stricter' provisions, each country is under pressure to take two high-level actions: (1) to confirm that their national legislation is at least as strict as the various decisions; and (2) to come to a national policy and legal decision regarding whether stricter measures are needed, and if so what those measures may be. One critical need will be an analysis of what the term 'stricter' means in the context of a specific labelling provision; and how each country's national legislative provisions and judicial interpretations of labelling requirements and other controls can be ensured to conform to WTO requirements.

Capacity-building

Although a relatively divisive issue at MOP-1, capacity-building was generally approached in a co-operative way at MOP-3. One of the key reasons for this shift was completion of the Global Environment Facility's evaluation of its five-year multimillion-dollar project providing capacity-building to 142 countries for Protocol implementation. This critical input received particular attention in light of the recently adopted GEF Resource Allocation Framework, coupled with the current problems with GEF replenishment. As a consequence, the question of how countries will develop the technological and administrative

capability to implement the Protocol has taken on a heightened urgency, difficulty and importance. The GEF evaluation was well accepted, with many countries endorsing future capacity building work at the global level, so long as it fully reflects the recommendations of the GEF evaluation.

In addition to its substantive contribution to the MOP deliberations on this topic, this positive result demonstrated the value of professional monitoring & evaluation processes as tools for encouraging confidence of both donors and assisted countries. Given the breadth of the need for additional capacity at the national and regional levels, one key concern is the possibility of overlap as the number of donors involved increases. In addition, as funding sources tighten, a greater emphasis on regional cooperation (with or without formally harmonised regional standards) is developing.

Compliance

The work of the Compliance Committee embodied the most important, comprehensive and detailed analytical recommendations provided to the MOP. Chaired by Veit Koester, the Committee raised a wide range of concerns, including matters of procedure (some text remains bracketed in the Committee's Rules of Procedure) and Protocol administration (the five-year review of the operations and effectiveness of the Protocol is due to begin before the next MOP). The Committee's most important concerns, however, focused on the relative sluggishness of national development needed for full and formal implementation of the Protocol, with particular attention to national legal frameworks, administrative capacity, national reporting and the Biosafety Clearing House. These points were identified by both developed and developing country Parties to be the most critical issues facing the Protocol, and to bear an integral relationship to the problem of capacity development needs, as described above.

Financial Mechanism

Finally, concern about the changes in the financial mechanism (GEF) was a very strong theme running through this meeting. This point, too, is integrally related to the capacity building issue, and the resulting limitation on Parties' ability to develop and implement necessary national legislation and institutions. The omni-coverage of the GEF Biosafety Framework and Implementation Projects (currently in their final phases) has demonstrated to

most countries the important role that the GEF can serve in supporting the achievement of the Protocol's mandate. Consequently, the Resource Allocation Framework (RAF) and questions about the amount of the Fund's replenishment have raised serious concerns within the MOP about the prospects for implementation of the basic Protocol framework. Despite the RAF's conversion to national prioritisation and disposition of GEF funds, the MOP decisions on the GEF focused entirely on asking GEF to adopt funding priorities, commit more funds, etc. The MOP's recognition and adoption of the recommendations of the GEF evaluation report (mentioned above) regarding future project design and implementation, suggests a strong orientation to effectiveness and efficiency in the utilisation of GEF funds.

Water

LATIN AMERICAN COUNTRIES BAND TOGETHER AGAINST WATER LIBERALISATION

Five Latin American countries announced at the World Water Forum, held from 16-22 March in Mexico City, that they were forming a "common front" against the inclusion of water-related commitments in the WTO. Representatives from Argentina, Bolivia, Brazil, Uruguay and Venezuela said that they would call on their trade negotiators to halt all negotiations on drinking water and basic sanitation at the WTO and in other free trade agreements. At the same time, activists mobilising on the outskirts of the meeting welcomed this declaration as a "victory" against the privatisation of water provision.

The World Water Forum is an initiative of the World Water Council, an international multi-stakeholder platform, which aims to raise awareness on water issues all over the world. As the main international event on water, it seeks to enable multi-stakeholder participation and dialogue to influence water policy making at a global level, in pursuit of sustainable development. The fourth Forum was organised around the theme "local actions for a global challenge" and attracted more than 11,000 participants from governments, UN agencies, intergovernmental and non-governmental organisations (NGOs), academia, industry, indigenous groups, youth and the media.

While the US has offered to open up its wastewater and water cleanup/remediation sectors to foreign

service providers at the WTO, the EC has withdrawn earlier requests for the liberalisation of 'water for human use' services. A recent collective environmental services request from Australia, Canada, the EC, Japan, Korea, Norway, Singapore, Switzerland, Chinese Taipei, and the US for the opening up of selected environmental service sectors did not include water for human use, though it did include a request for the liberalisation of sewage services in the targeted countries, namely Argentina, Brazil, Chile, China, Colombia, Costa Rica, Egypt, India, Indonesia, Israel, Malaysia, Mexico, Namibia, New Zealand, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Singapore, South Africa, Thailand and Turkey (see Bridges Trade BioRes, 3 March 2006, <http://www.ictsd.org/biores/06-03-03/story2.htm>).

Omar Fernandez, the head of Bolivia's Environment and Sustainable Development Committee, led the charge against trade, saying that "water should not be a part of free trade deals because it should not be considered just another commodity". These sentiments were reflected in a speech made by Abel Mamani, a grassroots activist in El Alto, Bolivia, who argued that water was a fundamental human right, should not be privatised and should be withdrawn from all free trade and investment agreements. Mamani had been involved with the seven-year mobilisation against increases in the cost of water resulting from the privatisation of water use services to water company Aguas de Illimani, whose controlling shareholder was French company Suez. In January 2005, following public protests, the contract between the company and the El Alto government was terminated.

Trade sources pointed out that multilateral, regional and bilateral trade agreements do not require countries to liberalise their water for human use sectors, and that no countries have requested or offered to do so. Instead, they suggested that the rules on foreign investment set out in investment deals might be more influential in determining governments' ability to choose whether to privatise their water provision sectors, and if so, whether privatisation can be limited to domestic companies. However, the request for the opening of the sanitation services sector, including through the collective request above, could be met with an offer from the targeted developing countries to open up this sector to foreign services providers, with or without conditions relating to the maximum price to be charged and other conditions of investment.

Arab countries point to virtual water

During a panel session on virtual water in the Arab region, Session Chair Mahmoud Abu-Zied, Egyptian Minister of Water Resources and Irrigation, defined virtual water as the water used to produce crop commodities, and explained that virtual water is 'traded' when countries import crop commodities (see Bridges Trade BioRes, 16 September 2005, <http://www.ictsd.org/biores/05-09-16/inbrief.htm#3>). He suggested that export of water-intensive products from water-rich countries to water-poor countries, and export of low-water-intensity products from water-poor countries, could contribute to increasing global productivity and efficiency in water use, thereby alleviating periodic water deficits. He noted that encouraging virtual water trade could also help water-scarce countries to achieve food security, underlining that food security does not mean self-sufficiency, but rather the ability of a government to ensure physical and economic access to food for its citizens.

In the ensuing discussion, forum participants pointed out that this trade was only practical where efficient transport between water-abundant and water-scarce countries is available. If such transport is not available, the environmental footprint of the fuel used to ship the product would outweigh the benefits from more efficient water use (see Bridges Trade BioRes, 4 March 2005, <http://www.ictsd.org/biores/05-03-04/inbrief.htm#5>). Efforts to enact domestic policies on virtual water trade, it was suggested, are held back by subsidies and price distortions by governments trying to support important constituencies and sectors. In addition, international competition on factors other than the water-intensity of products acts as a restraint to natural-resource driven trade. Nonetheless, participants tentatively expressed their support for the role of virtual water trade in preventing interstate conflicts over access to water, though some suggested that it could compromise national food self-sufficiency.

Water subsidies to agriculture a neglected, but important question

In a session on "Water for food and agriculture" on 20 March, keynote speaker Carlos Slim Helú, Chairman of Grupo Carso, suggested that overexploitation of watertables could be resolved through public-private partnerships that provide subsidies to reduce costs to different levels for different audiences. It was important, he said, to

subsidise water for human consumption and to sell water at a higher cost to those who consume most and use water for their businesses. However, experts on the sidelines of the meeting pointed out that currently the case is quite the opposite: large amounts of water are used in agriculture or industry for free or little charge, while the poor living in the cities have little access and high prices for the water that remains. Trade experts suggested that this amounts to subsidisation of the agriculture or industry that can be either implicit or explicit, but that nonetheless impacts on the competitiveness of producers on international markets. However, it is difficult to say or define what the "real" price of water should be.

Additional Resources

Daily coverage of World Water Forum 4 is available at <http://www.iisd.ca/ymb/worldwater4/>

The World Water Forum website is <http://www.worldwaterforum4.org.mx>

"Water almost out of GATS", by Corporate Observatory Europe, is available at <http://www.corporateeurope.org/water/gatswater2006.pdf>

On the potential of virtual water trade to reduce global water use in agriculture, see <http://www.waterfootprint.org/Reports/Report17.pdf>

ICTSD Reporting.

In Brief

BRAZILIAN FISHERIES PROPOSAL EXPLORES ROLE OF RFMOS IN WTO

A formal meeting of the WTO Negotiating Group on Rules on 17 March considered a Brazilian text on fisheries subsidies tabled at the end of 2005. The Brazilian text (TN/RL/GEN/79/Rev.3) (see BRIDGES Weekly, 7 December 2005, <http://www.ictsd.org/weekly/05-12-07/story4.htm>) is a comprehensive proposal for an additional set of rules on fisheries subsidies, including special and differential treatment, and elicited detailed drafting suggestions from across the WTO Membership. In particular, Brazil's proposal to use the UN Food and Agricultural Organisation (FAO) and regional fisheries management organisations (RFMO) statistics and quotas as a benchmark to establish sustainability garnered questions from both developing and developed countries. The proposal allows developing countries that are part of an RFMO to grant capacity-

enhancing subsidies, so long as the fishing capacity remains within the sustainable level of exploitation as defined by the particular RFMO. Norway, Japan, New Zealand and some developing countries suggested that many RFMOs do not have the capacity to determine the sustainability of fisheries for the purposes of the WTO. They also pointed out that many countries are not members of RFMOs and argued that the proposal's criteria for non-RFMO members were too strict. In reaction to concerns about the role of RFMOs in their proposal, Brazil committed to presenting a new draft of their proposal which "rethinks" the environmental dimension and role of RFMOs by 20 April.

Additional elaboration was also requested on Brazil's proposal to carve out grants to "patently at risk" fisheries -- those considered "overexploited", "depleted" or "recovering" by the FAO or by a RFMO -- from the overall exemption for subsidies to small-scale and artisanal fisheries. While the Brazilian proposal suggests that artisanal and small-scale fishing are different, many developing country delegates considered artisanal and small-scale fisheries to be the same. A developing country delegate said that while artisanal fisheries in developing countries should be exempted from subsidy disciplines, those in developed countries should not.

ICTSD reporting.

WTO SPS CTTE DISCUSSES EU NOVEL FOODS REGULATION

At a meeting of the WTO Committee on Sanitary and Phytosanitary Measures on 29-30 March, several developing countries expressed concerns that the EU's new draft novel food regulation would hinder their ability to export "small exotic traditional products" based on their rich biodiversity. The original Novel Foods Regulation (Regulation No. 258/97) was drafted during the height of the BSE crises and adopted in 1997, and requires anyone wanting to place a food product on the EU market to first evaluate whether the food is "novel" and, if so, they must subject the food to an rigorous safety assessment. Under the law, novel foods are those which were not used for human consumption to a significant degree within the EU before 15 May 1997, though it may exclude foods "obtained by traditional propagating or breeding practices, and having a history of safe use". The law, which originally also covered genetically modified

organisms (GMOs), is going through an amendment process that has tried to take into account concerns that the wording and coverage of the regulation is unclear and could hinder the ability of cash-poor but diversity-rich communities to connect with emerging international markets for exotic foods.

At the meeting, Colombia, Ecuador and Peru, supported by Paraguay, Costa Rica, Honduras, El Salvador, Chile, Brazil, Mexico, Argentina, Uruguay, Benin and India, said that biodiversity products which have been available in the countries for centuries are safe, and should not be legislatively lumped together with GMOs. The EU responded by saying that the amended regulation was not targeted at biodiversity products, but rather new technologies and products. It added, however, that the category of "biodiversity products" was broad and in the past had included some that have proved harmful. Therefore, the EU said, it was also in the exporters' interests for their products to be cleared as safe. It said that concerned countries should discuss the new draft regulation in Brussels, where it is still being modified, and promised to explain the draft better to the next SPS Committee meeting.

For more information on the Novel Foods Regulation, see the GTZ Issue Paper on the topic at http://www.underutilized-species.org/documents/nfr/gtz_novel_food_fact_sheet.pdf

ICTSD Reporting.

WTO: SUPPORT FOR DISCLOSURE BUILDING IN TRIPS TALKS

China and Norway joined Brazil, Peru, India and other developing countries in calls for text-based negotiations on disclosure of the origin of biological materials in patent applications during an informal consultation on the relationship between the Convention on Biological Diversity (CBD) and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) held on 23 March and led by WTO Deputy Director-General Rufus Yerxa (see Bridges Trade BioRes, 17 March 2006, <http://www.ictsd.org/biores/06-03-17/story4.htm>). China for the first time spoke out in favour of moving to text-based negotiations on a disclosure requirement. For its part, Norway said that although a national-based approach could be useful, it had no objections to inserting a mandatory requirement for origin disclosure and evidence of prior informed consent into the TRIPS Agreement. This position was reinforced by its statements at the

CBD Conference of the Parties in Brazil (see Bridges Trade BioRes, 22 March 2006, http://www.ictsd.org/biores/cbd_cop8_updates/update1.htm), where Norway also expressed its support for a mandatory disclosure requirement. However, and in line with its national legislation on disclosure in patent applications that has been adopted and legislation on access to genetic resources that is currently under consultation, Norway did not support a requirement for evidence of benefit-sharing.

The US was put on the defensive, reiterating its belief that a national-level contract-based approach outside the patent system was adequate to ensure equitable access and benefit-sharing. The US went on to suggest that disclosure requirements would in fact have an adverse impact on benefit sharing because it would act as a disincentive to innovation by posing additional burden on the patent system and patent holders. The EU suggested that a national based approach could be useful, along with a contract based mechanism, and that for an international disclosure requirement to be enforced terms like "country of origin", "source of biological/genetic material" would have to be adequately defined. Yerxa said while he expects consultations to continue before the May General Council meeting, he would send a "factual" report to WTO Director-General Pascal Lamy.

ICTSD Reporting; "WTO Geographical Indications, Biodiversity Talks Intensify, But No News For TNC," IP-WATCH, 24 March 2006.

GREENPEACE SAYS SUBSIDIES ARE "KILLING OCEANS AND FORESTS"

In a report released on 17 March, Greenpeace International found that subsidies to the fisheries and forest sectors amount to at least US\$19 and 35 billion respectively and act as perverse incentives that harm the environment. The report -- entitled "How government funds are killing oceans and forests and why the CBD rather than the WTO should stop this perverse use of public money" -- notes that these subsidies promote the unsustainable use of natural resources by preventing economic actors from paying the full or at least the market price of production factors and natural resources. Such subsidisation could occur through implicit subsidisation, such as road building or low rent capture through low stumpage fees in the forestry sector, or through explicit subsidisation, such as financial transfers to expand capacity in the fisheries sector. The report suggests that the

between US\$1 and 2 trillion currently spent on all subsidies that encourage biodiversity destruction through harmful environmental and social externalities could better be spent to solve urgent development and environmental problems.

Greenpeace sets out a list of ten reasons why the Convention on Biological Diversity (CBD) should be the international organisation leading the drive to reduce environmentally harmful subsidies instead of the WTO, including that the WTO moves slowly, focuses on economic issues and fails to "really integrate environmental and social concerns in WTO decisions". Similar to its previous report on liberalisation of trade in fish and forest products (see Bridges Trade BioRes, 20 January 2006, <http://www.ictsd.org/biores/06-01-20/inbrief.htm#3>), Greenpeace argues that the lack of real progress in four years of fish subsidy negotiations has raised the question of why trade-related environmental issues should be dealt with at the WTO, and whether the WTO indeed has the legitimacy to judge the appropriateness of specific trade and environment-related measures. Instead, it would like to see the CBD take the lead in an independent, internationally co-ordinated process of data collection and monitoring of subsidies and their environmental impacts, particularly in the forestry sector where such data is lacking. However, related discussions on how to reduce or mitigate so-called "perverse" incentives at the CBD have so far made little headway and, following a decision at the Eighth Conference of the Parties to the CBD; have been put on the backburner for at least another two years (see related COP-8 story, this issue).

The Greenpeace study is available at <http://www.greenpeace.org/international/press/reports/deadly-subsidies-2>

Additional resources on forests, trade and related topics are available at http://www.trade-environment.org/page/theme/nat_res/forest.htm

The ICTSD COP-8 Biodiversity and Trade Briefing on "Incentive Measures and WTO Rules" is available at http://www.trade-environment.org/output/infoxch/COP8_ICTSD_incentives.pdf

ICTSD Reporting.

SHRIMP EXPORTERS TO UNDERGO US DUTY REVIEW

The US Department of Commerce (DoC) on 3 April released a list of companies that could be exempted from US anti-dumping duties on shrimp

imports into the US. Dozens of exporting companies from Brazil, China, Ecuador, India, Thailand and Vietnam were said to have applied to be put on the list for consideration of administrative review of the duties that were imposed in January 2005. According to the review process, any company exporting shrimp to the US in any of the six countries subject to the duties was eligible to notify the DoC by 28 February that it would like its duty reviewed. Owing to the length of the list, the DoC will soon decide whether to narrow down the number of companies to be subject to a new assessment by randomly selecting companies from the list, or choosing the three largest companies. Firstly, though, it has asked all companies listed to fill out a detailed questionnaire on their costs and business practices, so that an evaluation can determine whether the company is still exporting at below cost ("dumping"). If the findings of the selected companies show that dumping has been reduced or has ended, the duties will be decreased or stopped; conversely, if the findings show that dumping has increased, the duties for that company would increase. The Southern Shrimp Alliance, the group of US shrimp farmers that originally filed the petition to the US government asking it to impose punitive tariffs against dumped imports, has told Commerce that it would like all companies in all countries to be reviewed as it believes that dumping continues to take place and that duties should in fact be increased.

In November 2005, the International Trade Commission decided not to revoke its anti-dumping tariffs on shrimp from India and Thailand following the December 2004 tsunami, arguing that doing so would harm the US shrimp industry (see Bridges Trade BioRes, 11 November 2005, <http://www.ictsd.org/biores/05-11-11/story1.htm>). Consultations between Ecuador and the US on the duties continue under the WTO dispute process, with sources suggesting that negotiators were bringing up the issue during ongoing talks on a Free Trade Agreement between the two countries (see Bridges Trade BioRes, 25 November 2005, <http://www.ictsd.org/biores/05-11-25/story1.htm>).

The list (also known as "initiation") for Brazil, Ecuador, India and Thailand can be found at <http://www.ia.ita.doc.gov/download/shrimp/me-initiation.pdf> and for China and Vietnam at <http://www.ia.ita.doc.gov/download/shrimp/nme-initiation.pdf>

ICTSD Reporting; "Shrimp exporters urge US to review anti-dumping duty," THE FINANCIAL EXPRESS, 2 March 2006; "Vietnamese shrimp exporters follow US anti-dumping case," CHINA VIEW, 2 March 2006; "Shrimpers demand a fair deal from US," THAI DAY, 9 March 2006; "US dumping duty on shrimp to be taken up," AJAYAN, 12 March 2006; "Shrimp exporters map strategies," VNECONOMY, 24 February 2006.

ACTIVISTS END TRADE BLOCKADE SET UP TO PROTECT ENVIRONMENT

Trade blockades set up by environmental activists on the two major bridges between Uruguay and Argentina came down on 21 March in reaction to commitments from the Uruguayan government that the construction of two pulp and paper mills on the banks of the Uruguay River would be halted (see Bridges Trade BioRes, 3 February 2006, <http://www.ictsd.org/biores/06-02-03/inbrief.htm>). The blockades, which Uruguayan President Tabaré Vázquez said has led to the loss of US\$ 300 million in the country through trade losses, were erected by activists mobilising against the potential environmental implications of the construction of the two mills. Protestors suggested that the first environmental impact assessment of the factories were inadequate, an allegation supported by a statement of the World Bank on March 27 that the studies carried out by the Bank's International Finance Corporation (IFC) were "incomplete". Activist demands for the end of construction, or at least a new set of assessments that take into account the potential extent of contamination of the river by the two factories, the ability of the companies to mitigate these effects and the impacts on the river ecosystem and the communities that depend on it were largely satisfied on 11 March when Vazquez and Argentine president Néstor Kirchner reached an agreement. Under the agreement, Uruguay would make the companies in charge of the factories suspend construction for three months to enable a new environmental assessment, while Argentina would talk with the protestors and encourage them to end their blockade. The 21 March decision of the protestors to temporarily lay down arms was rewarded on 28 March when Spanish firm ENCE and Finnish company Botnia agreed to suspend the construction of their plants for 90 days. The high level of political commitment on the issue -- including informal suggestions during the 11 March meeting that an environmental protocol to MERCOSUR was needed -- suggests that an end to the debacle is in sight.

For extensive coverage of the issue in Spanish, see Puentes Quincenal, http://www.ictsd.org/puen_quince/06-03-29/art4.htm

ICTSD Reporting; "Metsae-Botnia confirms construction halts on Uruguay mill for up to 90 days," AFX NEWS, 30 March 2006; "Pulp mills dispute: pickets lift blockade," MERCOPRESS, 21 March 2006.

Events & Resources

EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web calendar. Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies.

3-7 April, Rome, Italy: COMMISSION ON PHYTOSANITARY MEASURES - 1ST SESSION. The Commission on Phytosanitary Measures (CPM) governs the implementation of the International Plant Protection Convention (IPPC). It is composed of representatives from contracting parties to the IPPC. The Commission provides a forum for the discussion of international plant protection issues and sets the annual programme of work for the IPPC. For further information, contact the International Plant Protection Convention (IPPC) Secretariat; tel: (+39 06) 5705-4812; fax: 5705-4819; e-mail: IPPC@fao.org; Internet: <https://www.ippc.int>

3-7 April, Geneva, Switzerland: FIFTH SESSION OF THE OPEN-ENDED WORKING GROUP OF THE BASEL CONVENTION. The OWGBC will discuss, among other issues, ship scrapping and dismantling and the jurisdiction of the International Labour Organization, International Maritime Organization and the Basel Convention, and the relationship between the Basel Convention and the WTO. For further information contact the Antonia Dougan, tel: (+41 22) 917 8443; fax: 22 797 3454; email: sbc4@unep.ch; Internet: <http://www.basel.int/meetings/owwg/owwg5/index.htm>

3-8 April, Fortaleza, Brazil: CODEX COMMITTEE ON PESTICIDE RESIDUES. Issues to be discussed include maximum pesticide residue limits in international trade, risk analysis principles, classification of foods and animal feeds, maximum residue limits for processed and ready-to-eat foods and related sanitary and phytosanitary issues. For further information, contact the Codex Secretariat, tel: (+39 06) 5705 2287; fax: 5705 3369; email: codex@fao.org; Internet: http://www.codexalimentarius.net/download/report/655/pr38_01e.pdf

4-8 April, Adana, Turkey: INTERNATIONAL SYMPOSIUM ON WATER AND LAND MANAGEMENT FOR SUSTAINABLE IRRIGATED AGRICULTURE. Topics on the agenda will include: water management in the irrigation sector; water scarcity and water harvesting; virtual water and food security;

impacts of climate change on hydrological regimes and water resources; and gender issues in water and land management. For further information contact Attila Yazar, Cukurova University, tel: (+90) 322-3386516; fax: 322-3386386; e-mail: symp2006@cu.edu.tr; Internet: <http://symp2006.cu.edu.tr/>.

9-12 April, Chicago, USA: BIOTECHNOLOGY INDUSTRY ORGANISATION ANNUAL INTERNATIONAL CONVENTION. This industry convention includes an international programme with a ministerial seminar and a global biotechnology forum, as well as a business forum and breakout sessions. On 8 April, which has been labeled the "International Day of Opposition to GMOs," a BioEthics counter-convention will also convene, organised by organisations opposed to GMOs. For further information contact conference organizers, tel: (202) 962-9500; email: registerbio2006@bio.org; Internet: <http://www.bio.org/events/2006/> and <http://www.reclaimthecommons.net/article.php?list=type&type=49>

10-14 April, Paris, France: CODEX COMMITTEE ON GENERAL PRINCIPLES, 23RD SESSION. For further information, contact: the Codex Secretariat, tel: (+39 06) 5705 2287; fax: 5705 3369; email: codex@fao.org; Internet: http://www.codexalimentarius.net/download/report/656/gp23_01e.pdf

Other upcoming events

24-28 April, Alnarp, Sweden: SECOND MEETING OF THE CONTACT GROUP FOR THE DRAFTING OF THE STANDARD MATERIAL TRANSFER AGREEMENT. This meeting will discuss how the standard agreement to set up benefit-sharing for transfers of genetic resources under the International Treaty for Plant and Genetic Resources for Food and Agriculture (ITPGRFA) should look. For further information contact José Esquinas-Alcázar, tel: (+0039) 06 570 54986; fax: 06 57053057; email: Jose.Esquinas@fao.org; Internet: <http://www.fao.org/ag/cgrfa/cgmta2.htm>

9 May, London, UK: IUU FISHING MEETING. Organised by Chatham House, this is the first in a regular series of Update and Stakeholder Consultation meetings held on the issue of illegal, unreported and unregulated fishing. The meeting aims to allow speakers to provide updates on and discuss key initiatives on IUU fishing. International and national processes will be covered, as well as new research findings and industry and NGO initiatives. For further information contact Gemma Green, tel: (+44 20) 7957 5711; fax: 7957 5710; email: gggreen@chathamhouse.org.uk; Internet: <http://www.illegal-fishing.info>

30 May - 2 June, Ciudad Real, Spain: THIRD INTERNATIONAL SYMPOSIUM ON TRANSBOUNDARY WATERS MANAGEMENT.

Organised by the Universidad de Castilla-La Mancha, UNESCO and the Sahra Science and Technology Center, the symposium will identify, explore, and analyse boundaries related to water management. For further information contact Javier González Pérez, tel: (+34 926) 295-300 (ext.6372); fax: 295-391; e-mail: twm@uclm.es; Internet:

<http://www.uclm.es/congresos/twm/Index.htm>

22-26 May, New York City, US: REVIEW CONFERENCE FOR THE STRADDLING FISH STOCKS AND HIGHLY MIGRATORY FISH STOCKS AGREEMENT. This conference will review the Agreement for the Implementation of the Provisions of the UN Convention on the Law of the Sea relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks. For further information contact the UN Division for Ocean Affairs and the Law of the Sea, tel: (+1 212) 963-3962; fax: 963-5847; e-mail: doalos@un.org; Internet: http://www.un.org/Depts/los/convention_agreements/fishstocksmeetings/icsp4report.pdf

7-9 June, Bangalore, India: INTERNATIONAL BIOTECHNOLOGY CONFERENCE. This conference will include a special agricultural biotechnology thrust, focusing on current challenges and future opportunities. Topics for discussion will include: 1) transgenic crops; 2) functional foods and plant pharmaceuticals; 3) biofuels; 4) biofertilizers and biopesticides; and 5) intellectual property rights, safety, and regulatory issues. For further information contact Gwyneth Alphonso, tel: (+91) 22-55804475; fax: (+91) 9820917169; e-mail: gwen@bangalorebio.in; internet: <http://www.bangalorebio.in/conference.htm>.

15-16 June, Louvain-la-Neuve, Belgium: INSTITUTIONS FOR PROVIDING GLOBAL ENVIRONMENTAL GOODS: MANAGING UNCERTAINTY, COMPLEXITY AND CHANGE IN THE FIELD OF BIODIVERSITY AND CLIMATE CHANGE. This meeting, organised by the Universities of Paris, Oldenburg and Louvain, will discuss topics including management under strong bounded rationality and institutions for changing beliefs and social preferences. The Consortium organizing the conference currently has a call for papers on institutions for providing global environmental goods and managing uncertainty, complexity and change in the field of biodiversity and climate change. For further information contact Anne Liesse, tel: (+32 10) 47 20 81; email: anne.liesse@cpdr.ucl.ac.be; Internet: <http://biogov.cpdr.ucl.ac.be/bioinstitut/>

RESOURCES

If you have a relevant resource (books, papers, bulletins, etc.) you would like to see announced in this section, please forward a copy or review by the BRIDGES staff to smohan@ictsd.ch.

EC-BIOTECH: OVERVIEW AND ANALYSIS OF THE PANEL'S INTERIM REPORT. By Nathalie Bernasconi-Osterwalder and Maria Julia Oliva, Centre for International Environmental Law (CIEL), March 2006. This report provides an overview of the main findings and reasoning in the Panel's Interim Report. The analysis evaluates the Panel's findings in relation to the three categories of challenged measures as well as addresses crosscutting issues such as transparency, public participation, and the relevance of multilateral environmental agreements (MEAs) in interpreting WTO. It focuses on the points of the reasoning of the Panel most relevant for the challenged measures and for broader discussions on the relationship between WTO rules and biosafety and biotechnology regulations. To access this report, visit http://www.ciel.org/Tae/ECBiotech_InterimReport_31Mar06.html

ECONOMIC IMPACT OF GM CROPS IN DEVELOPING COUNTRIES. By Terri Raney (Current Opinion in Biotechnology, March 2006). Recent economic studies show that institutional factors such as national agriculture research capacity, environmental and food safety regulations, intellectual property rights and agricultural input markets matter at least as much as the technology itself in determining the level and distribution of economic benefits of transgenic crops. This paper notes that evidence shows that farmers in developing countries can benefit from transgenic crops citing the experiences of farmers in China, Argentina, South Africa, Mexico, and India. To access this paper, visit <http://www.sciencedirect.com/>.

CLOSING THE NET -- STOPPING ILLEGAL FISHING ON THE HIGH SEAS. By the High Seas Task Force on Illegal, Unreported and Unregulated Fishing, March 2006. This publication was approved at a meeting of fisheries ministers attending the final OECD Task Force gathering on 2-3 March 2006 in Paris, France. The ministerial report identifies key measures that the members will begin to implement immediately to address IUU fishing. It also proposes measures that it will endeavour to implement in collaboration with the wide global community to achieve more comprehensive solutions to this problem. To access this report, visit <http://www.high-seas.org/>.

WATER AND AGRICULTURE: SUSTAINABILITY, MARKETS, AND POLICIES. By the Organisation for Economic Cooperation and Development, 2006. This publication is drawn from an OECD Workshop held in Adelaide, Australia in November 2005. It highlights certain conclusions and recommendations for ensuring that water resources used by agriculture are allocated through the best means possible. To access this report, visit <http://www.oecd.org/dataoecd/19/1/36290097.pdf>.

CHINA AND THE GLOBAL MARKET FOR THE FOREST PRODUCTS: TRANSFORMING TRADE TO BENEFITS FORESTS AND LIVELIHOODS. Center for International Forestry Research (CIFOR) and the Center for Chinese Agricultural Policy, March 2006. This report says that China's expanding timber industry could have major positive implications for China's leadership as they handle social unrest in rural areas. The

report calls on international governments and the forest industry to increase transparency and accountability procedures and crack down on corruption and money laundering that drives the illegal business. To access this report, visit http://www.forest-trends.org/programs/pacific_rim.php.

Electronic Resource

ILLEGAL-FISHING.INFO. Maintained by the Energy, Environment, and Development Programme of the Chatham House in London, www.illegal-fishing.info has been launched as a sister website to www.illegal-logging.info. The purpose is to provide background information on the key issues in the debate around illegal, unreported and unregulated fishing, together with news stories, information on events, key documents and links to other relevant websites.

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