



INTERNATIONAL CENTRE FOR  
TRADE AND SUSTAINABLE  
DEVELOPMENT

# Bridges

## Weekly Trade News Digest

18 January 2006

Volume 10 Number 1

### LEAD STORIES

DOHA NEGOTIATIONS TO START AGAIN NEXT  
WEEK IN GENEVA, DAVOS 1

### OTHER NEWS

WTO INTERIM RULING ON EU GMO CASE DELAYED  
TO FEBRUARY 2

### IN BRIEF

TRADE IN WILD CAVIAR BANNED TO SAVE  
STURGEON 4

SAFTA IMPLEMENTATION UNDERWAY; PAKISTAN  
HESITANT TO RATIFY? 4

LAST-MINUTE DEAL ON CLIMATE CHANGE STRUCK  
AT DECEMBER KYOTO MEET 5

### EVENTS & RESOURCES

EVENTS 5

RESOURCES 6

**BRIDGES Weekly Trade News Digest** is [also available online](http://www.ictsd.org/subscribe) and is updated every week. To subscribe to BRIDGES Weekly Trade News Digest, please visit the ICTSD website at <http://www.ictsd.org/subscribe>

If you require any assistance setting up your BRIDGES Weekly Trade News Digest subscription, please contact Trineesh Biswas, Editor, by email at: [bridges\\_weekly@ictsd.ch](mailto:bridges_weekly@ictsd.ch), or by telephone at: (41-22) 917-8498

It is to these politically and technically complex issues that negotiators must now turn their attention. Some delegates already suggest that this April deadline for finalising 'full modalities' is improbably early, and that June or July would be a more realistic timeline. If an agreement is not reached by July -- as it stands, the Hong Kong Ministerial Declaration calls for Members to translate these modalities into draft commitment schedules by the end of that month -- trade sources suggest that it will be difficult for them to meet their stated goal of concluding the Doha Round by the end of the year.

First up is a week of intensive formal and informal agriculture meetings, set to kick off on 23 January. The equally intractable talks on non-agricultural market access (NAMA) follow close behind, with discussions scheduled for 2-3 February.

The overall state of the negotiations will be reviewed by representatives from some 25-30 Member governments at a 'mini-ministerial' meeting on 27-28 January, which will take place on the sidelines of the five-day World Economic Forum summit in Davos, Switzerland. Indian Commerce Minister Kamal Nath has indicated that this will be followed by bilateral and other gatherings among Australia, Brazil, India, the EU, and the US (the 'five interested parties,' or FIPs), as well as Japan.

Familiar clouds have already begun to gather over the talks. A number of developing country sources have said that rapid movement in the talks would only be possible if the EU were to offer deeper cuts to its farm tariffs. On the other hand, in a speech to European Parliament members on 16 January, EU Trade Commissioner Peter Mandelson blamed the G-20 in particular for failing to offer new concessions on NAMA and services, and said that the EU would be willing to let the negotiations fail rather than "pay for a round with nothing new on industrial market access, services, geographical indications, or the other rules that lend strength to the multilateral way of managing out international affairs." Although most Member governments continue to insist that they have not lowered their ambitions for a far-reaching, comprehensive Doha Round agreement, Mandelson said that if the EU's trading partners did not make the offers that it expected, "Europe could settle -- reluctantly, grudgingly, at the end of the day -- for a minimalist outcome" to the round.

### LEAD STORIES

#### DOHA NEGOTIATIONS TO START AGAIN NEXT WEEK IN GENEVA, DAVOS

Negotiations at the WTO are set to start up again next week, as trade diplomats return to Geneva a month after the December 2005 Hong Kong Ministerial Conference. The task before them is formidable. Ministers' main decision at the December meeting was simply to keep talking: in order to avert another Cancun-style collapse, they simply put off discussions on the most contentious issues in the Doha Round negotiations -- specific numbers and tariff structures for reducing subsidies and tariffs -- and gave themselves until the end of April to reach agreement on them.

An immense amount of complex, technical work must be done -- and quickly -- in order for Members to reach full modalities in agriculture and NAMA by the 30 April deadline.

## Agriculture

In Hong Kong, Members agreed to eliminate all forms of agricultural export subsidies by 2013, with a "substantial part" of this to be frontloaded during the implementation period. They must now develop disciplines on 'parallel' export support such as export credit schemes, food aid, and state trading enterprises "as part of the modalities," according to the Hong Kong Declaration.

Specifics about far more controversial domestic subsidy and tariff cuts -- on which Members are intensely divided -- were scarcely discussed, apart from a decision to classify subsidy levels into three tiers and tariffs into four tiers for the purposes of reduction.

The EU's offer of an average farm tariff cut of 46 percent -- others argue that it would amount to 39 percent -- has been criticised as too low by the US, the Cairns Group of farm exporters and the G-20. However, some EU member states, most vocally France, have slammed it for already being too high. It is not clear whether Mandelson's negotiating mandate from EU member states will allow him to offer further access to EU agricultural markets, even though several developing countries believe that this is necessary in order to move the round forward.

Although the rifts on market access have overshadowed the discussions on domestic subsidies, some countries would like the US to deepen the 53 percent cut it is willing to make to its overall permissible level of trade-distorting support. This, they argue, is necessary to ensure that Washington would be obliged to reduce the amount of money that it actually spends on such grants.

## NAMA

Members agreed in Hong Kong to a 'Swiss formula' for tariff reductions, which would cut higher tariffs more steeply than lower ones. However, they must now agree on the number and value of the coefficients to be associated with it -- even more than the structure of the formula, the level of these coefficients will determine the extent of Members' tariff cuts. They also need to agree on precisely what flexibilities to accord to developing countries when applying the formula, as well as the specifics of the 'non-linear mark-up' approach that they have adopted for unbound tariff lines.

Countries will also have to agree on how to operationalise Paragraph 24 of the Hong Kong Ministerial Declaration, which provides for the level of ambition in market access for agriculture and NAMA to be "comparably high" as well as "consistent with the principle of special and differential treatment (S&D)."

Other negotiating areas face different deadlines. For instance, the services annex of the Hong Kong Declaration exhorts Members to submit plurilateral requests for market access by 28 February -- a little over a month from now. On specific development issues such as the numerous proposals to strengthen S&D provisions in WTO agreements, they are expected to come up with recommendations by December 2006.

The unofficial deadline looming over the Doha Round talks is not the end of 2006, but rather the mid-2007 expiry of US President George W. Bush's 'trade promotion authority (TPA)'. After the expiry of the Bush Administration's 'fast track' mandate, it will become unable to submit any Doha Round deal to Congress for a simple yes-or-no vote without the risk of facing demands for major amendments. Bush would have to notify Congress of his intention to submit an agreement for approval around the end of March, some 90 days before the expiry of the TPA. Some delegates believe that full modalities would have to be finalised by July for the round to be concluded in time for this, in order to allow for the time-consuming work of translating agreed reductions into adoptable agreements. In contrast, Mandelson appeared to accord the mid-2007 'deadline' less importance in his Monday speech, saying that he was "not inclined to sacrifice quality for speed."

One trade observer suggested that it would be useful to have some sort of framework for organising technical work, so as to keep negotiators on track towards the deadlines. Members' political positions are expected to become more clear over the next two weeks: mini-ministerial meetings have, in the past, served to provide guidance to Geneva-based talks.

"30 countries' trade officials to resume talks: Nath," HINDUSTANTIMES.COM, 15 January 2006; "WTO drive for early 2006 deal faces test in Davos," REUTERS, 17 January 2006.

---

## OTHER NEWS

---

### WTO INTERIM RULING ON EU GMO CASE DELAYED TO FEBRUARY

The Chair of the WTO dispute panel considering the case brought by the US, Canada and Argentina against

what they allege was an EU moratorium on the approval of new biotech products announced on 3 January that it would not distribute its interim preliminary report to the parties to the dispute before early February 2006.

The report was originally expected on 5 January. Some trade sources speculate that this, the most recent in a series of delays in the delivery of the report, (see BRIDGES Trade BioRes, 14 October 2005, <http://www.ictsd.org/biores/05-10-14/story2.htm>), could simply be a result of delays in the legal translation of the hundreds of pages of complex analysis resulting from the more immediate demands placed on WTO staff by the December Ministerial Conference in Hong Kong.

In a 21 December 2005 note to the parties (WT/DS291/30, available online at <http://docsonline.wto.org>), Christian Haeberli (Switzerland) said that the final panel would not be available before the end of March 2006. Unlike the interim report, which is circulated only to the parties for comment, this final report will be publicly available, and will take into account parties' views on the preliminary report.

The final report of the panel had originally been scheduled for March 2005. It was first postponed to June, subsequently pushed back to October, then to December, and is now expected to be delivered in late March 2006. The recent letter repeated some of the justifications for previous delays, such as the large number of issues to be addressed by the panel, adding this time that "since much more time and effort was required for this case than originally planned for, some of the Secretariat staff is no longer available to the Panel."

Until recently, interim reports in WTO disputes were eagerly anticipated, since they largely matched the eventual final ruling. The significance of these reports as a barometer of the panel's eventual decision has been diminished by Korea and Indonesia's dispute over anti-dumping duties on certain Indonesian paper imports, where the final ruling differed substantially from the interim report.

Nevertheless, the parties are eagerly awaiting the release of the interim report, as are the biotechnology industry and civil society. Sources caution that the commenting period and revision of the report, as well as the legal translation of the eventual ruling, could be a time-consuming process that is likely to be prolonged by an appeal from one of the parties. As a result, the final word on the dispute, which was launched in May 2003, is not likely to be conclusively delivered for some time.

### **Case looks at de facto moratorium, national measures, risk**

The case is based upon the complaint brought by the US, Canada and Argentina regarding the EU's alleged de facto moratorium on the approval of new GMOs, product-specific moratoria and marketing bans, as well as a number of marketing and import bans on such products in certain EU member states. The EU denies the existence of such "moratoria", challenging the US to provide them with a document that explicitly institutes a moratorium. In its defence of the national measures applied in certain EU member states, the EU draws on the precautionary language in the Agreement on Sanitary and Phytosanitary Measures (SPS Agreement), which allows for provisional measures to be implemented in cases where scientific evidence of certain risks is insufficient (Article 5.7).

Although no agricultural biotech products were approved in the EU between 1998 and 2004, a number of GM plant varieties have been given the green light for commercialisation in the EU since new legislation was adopted in April 2004 -- thereby ending the "de facto" moratorium that was the original primary subject of the complaint. However, a number of countries and regions within the EU have retained limited bans on commercialisation and environmental release. This has led to challenges from the EU's executive Commission, including an order it gave on 10 January for Greece to lift its national ban on GM maize.

In its submission to the dispute panel, the EU has highlighted the potential and proven risks of biotech products as well as widespread recognition among the international community regarding the differing risks of genetically modified and conventional organisms. The US has countered by focusing on the benefits and safety of modern biotechnology. Both the US and Canada also emphasised that there was no inherent difference between GMOs and their conventional counterparts in terms of health and environmental risks. Moreover, the US claimed that the EU measures have hindered developing countries' agricultural and economic development by blocking exports of biotech products and by discouraging the import and cultivation of biotech seeds. Brussels has responded by pointing to trade statistics to show that their policies have not restricted developing country exports to the EU.

The US has argued that the EU measures fall under the jurisdiction of the SPS Agreement because they aim to protect human health and the environment. The EU -- while acknowledging the relevance of the SPS Agreement for GMOs that might pose certain kinds of risks -- also refers to the Agreement on Technical Barriers to Trade for environmental and related objectives not covered by the SPS Agreement, along

with GATT 1994 and in particular the exemptions in Article XX.

Canada and Argentina have, unlike the US, also accused the EU of discriminating between "like products," reflecting their view that genetic modification in and of itself should not be a reason to treat products differently. Specifically, they argue that as a result of the product-specific bans and national measures, biotech products are treated less favourably than their imported and domestically grown non-biotech counterparts. They base their argument on four commonly used criteria for establishing 'likeness,' noting that the products do not differ in terms of properties, end-use, consumers' tastes and habits, and tariff classification. In its response, the EU responded that a product was only "like" if it was subject to the same approval procedure; this was clearly not the case for conventional products. Moreover, they noted that the international community through the Biosafety Protocol had recognised that GM products require their own, distinct authorisation process.

The panel report has been the subject of civil society mobilisation and speculation, including a petition presented to a representative of WTO Director-General Pascal Lamy during the 13-18 December Hong Kong Ministerial Conference by French farmer Jose Bove, Indian ecologist Vandana Shiva, and Caroline Lucas, a Green Party Member of the European Parliament from the UK. The petition, which was signed by more than 135,000 people from 100 countries, asks the WTO not to undermine the right of individual countries to take steps to protect their farmland, environment, and consumers from risks posed by GM foods and crops.

ICTSD reporting; "WTO again delays ruling in row over EU GMO policy," REUTERS, 4 January 2005; "Protesters Attempt to Influence World Trade Talks," ENVIRONMENTAL NEWS SERVICE, 14 December 2005.

---

## IN BRIEF

---

### TRADE IN WILD CAVIAR BANNED TO SAVE STURGEON

Legal trade in wild sturgeon caviar among the 169 parties to the UN Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was suspended on 3 January due to concerns over the impact of trade in the species on its survival. The CITES Secretariat's decision to stop issuing the

certificates required for trade by the agreement was taken in response to concerns that the caviar export quotas proposed by sturgeon-producing states were too high given low fish stocks and the proposed quotas' failure to take into account the magnitude of illegal fishing.

In 1998, CITES member states decided to place all sturgeon species on Appendix II of the Convention, thus subjecting them to trade controls to help ensure their survival. In deciding to not issue any certificates in 2006 for all beluga sturgeon, including Black Sea and Caspian varieties, the Secretariat effectively shut down all legal trade amongst parties to the Convention. It cited the caviar exporters' failure to prove that illegal harvesting and trade was not adversely affecting the species and to provide satisfactory information about the management and sustainability of their sturgeon catch as its main reasons for not approving their proposed catch and export quotas. While countries sharing sturgeon stocks agree amongst themselves on these catch and export quotas, they subsequently have to be approved and published by the CITES Secretariat.

CITES also called on importing countries to ensure that border officials demand proper CITES registration and labelling to ensure that imports are from legal sources. Imports of caviar from beluga sturgeon were banned by the US in September 2005 (see BRIDGES Trade BioRes, 10 September 2004, <http://www.ictsd.org/biores/05-09-30/inbrief.htm>). According to some observers, however, this ban has backfired by driving up prices and, in turn, smuggling.

ICTSD reporting; "Ban on trade in wild caviar as sturgeon stocks plunge", THE GUARDIAN, 4 January 2006; "Caviar trade shut down to save sturgeon", NEW YORK TIMES, 4 January 2006; "International caviar trade suspended", WWF INTERNATIONAL, 3 January 2006; "No Legal Caviar Exports This Year," ENVIRONMENTAL NEWS SERVICE, 5 January 2006; "Caviar Smugglers Seen Foiling 2006 Export Rules", REUTERS, 29 December 2005; "Caviar Exporters Urged to Strengthen Controls and Promote Sustainable Fishing", UN ENVIRONMENT PROGRAMME PRESS RELEASE, 3 January 2006; "UN Moves to Block 2006 Caspian Sea Caviar Exports", REUTERS, 4 January 2006.

---

### SAFTA IMPLEMENTATION UNDERWAY; PAKISTAN HESITANT TO RATIFY?

The South Asian Free Trade Agreement (SAFTA), which would cut tariffs on goods trade among seven



countries in the region, passed its implementation date on 1 January. However, Pakistani daily Dawn reports that Islamabad appears hesitant to ratify the agreement.

The goods-only trade liberalising deal requires all South Asian Association for Regional Cooperation (SAARC) members to cut tariffs to 0-5 percent by 2013 for developing countries (India, Pakistan and Sri Lanka) and 2016 for least-developed country member states (Bangladesh, Bhutan, the Maldives, and Nepal). Tariff cuts are scheduled to begin on 1 July 2006. While India had initially stated that it would slash import tariffs from SAARC members by 5 percent upon SAFTA's implementation, it is not clear whether this has been the case.

While the FTA has had a tumultuous past, a 12-13 November 2005 SAARC meeting indicated that member states supported meeting the initial January 2006 implementation date (see BRIDGES Weekly, 16 November 2005, <http://www.ictsd.org/weekly/05-11-16/inbrief.htm#3>).

Pakistan's perceived reluctance to ratify the FTA has drawn increased media speculation. Some suggest that Pakistan may be unwilling to ratify the agreement on the grounds that its most favoured nation (MFN) clause could pose political problems over the country's relationship with India. Pakistan has maintained a longstanding position that bilateral trade talks with India should progress in tandem with progress on their bilateral political dispute over Kashmir.

India, Nepal, Bhutan, the Maldives, and Bangladesh have already ratified the agreement. While the Sri Lankan cabinet has also ratified the agreement, some provisions are still awaiting parliamentary approval -- this is expected in April 2006.

ICTSD reporting: "SAFTA will enhance welfare for all," THE FINANCIAL EXPRESS, 11 January 2006; "SAFTA comes into effect; Pak yet to ratify," ECONOMIC TIMES, 1 January 2006; "Islamabad may stay out of South Asian Free Trade Area treaty," DAWN, 16 January 2006.

---

### **LAST-MINUTE DEAL ON CLIMATE CHANGE STRUCK AT DECEMBER KYOTO MEET**

At the first Meeting of the Parties to the Kyoto Protocol (COP/MOP-1) from 28 November to 9 December in Montreal, Canada, governments reached what

environmental groups called "a historic agreement" on how to tackle climate change in the future. After working through the night on the last day of the conference, delegates adopted the "Montreal Action Plan" committing industrialised countries to deeper cuts in greenhouse gas emissions, to be agreed by 2012 when the current agreement expires. While the details remain to be hammered out, the agreement was seen as giving new credibility to the Kyoto process. "This is a clear signal that the Kyoto agreement is alive and well," said Friends of the Earth International climate change campaigner Catherine Pearce.

Parties also approved a series of decisions aimed at simplifying the implementation of the global pact, which was adopted in 1997 but only came into force this year. These include the establishment of a Joint Implementation Supervisory Board, a mechanism that allows industrialised countries to earn carbon allowances by investing in low-emission projects in other developed countries they can count against their own reduction commitments. Delegates also finalised details of the Clean Development Mechanism, a system that similarly rewards them for investing in sustainable development projects in developing countries.

ICTSD reporting: "Conference reaches climate deal," TORONTO STAR, 20 December 2005; "Kyoto Protocol extended," GLOBE AND MAIL, 10 December 2005; "Kyoto thrives in Montreal despite last minute game of Russian roulette," FRIENDS OF THE EARTH INTERNATIONAL, 10 December 2005; "Developing countries: pay us to save rainforests," MONGABAY.COM, 27 November 2005; "Montreal climate conference adopts 'rule book' of the Kyoto Protocol," UN FRAMEWORK CONVENTION ON CLIMATE CHANGE, 30 November 2005; "U.N. talks adopt Kyoto rules on global warming," REUTERS, 30 November 2005; "Australia says 'son of Kyoto' deal not possible," REUTERS, 1 December 2005.

---

## **EVENTS & RESOURCES**

---

### **EVENTS**

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

**Upcoming Events: 19 January - 25 January**

23 January, Geneva, Switzerland: PUBLIC-PRIVATE SECTOR DIALOGUE ON RESPONSIBLE COMPETITIVENESS: ENHANCING ENTERPRISE DEVELOPMENT THROUGH RESPONSIBLE BUSINESS PRACTICES. This UN Conference on Trade and Development (UNCTAD) event will discuss the findings of "Responsible Competitiveness: Reshaping Global Markets through Responsible Business Practices" a new report released by the business and development think-tank AccountAbility. For further information contact Anthony Miller, tel: (+41) 22 917 5802; fax: (+41) 22 917 0122; email: [anthony.miller@unctad.org](mailto:anthony.miller@unctad.org); internet: <http://www.unctad.org/Templates/Meeting.asp?intItemID=2068&lang=1&m=11368&year=2006&month=1>.

23 January, Amsterdam, The Netherlands: SUSTAINABLE INVESTMENT AND GLOBAL ENVIRONMENTAL GOVERNANCE. This seminar, coordinated by the Institute for Environmental Studies (Vrije Universiteit, Amsterdam) and the UN Educational, Scientific and Cultural Organisation Institute for Water Education (UNESCO-IHE), will address the issue of how multilateral agreements can be designed to foster sustainable development while also promoting and providing protection for investment. For further information contact Kyla Tienhaara, tel: (+31) 20-598-8257; e-mail: [kyla.tienhaara@ivm.falw.vn.nl](mailto:kyla.tienhaara@ivm.falw.vn.nl); internet: [http://www.sense.nl/SENSE\\_INCLUDES/060123poster.pdf](http://www.sense.nl/SENSE_INCLUDES/060123poster.pdf).

25-29 January, Davos Switzerland: WORLD ECONOMIC FORUM: MASTERING OUR FUTURE. This annual meeting of the World Economic Forum will bring together leaders from business, government, international institutions, non-governmental organisations, universities and other communities to discuss key global challenges related to geopolitical, economic and environmental dilemmas. For further information contact the World Economic Forum, tel: (+41) 22-869-1212; fax: (+41) 22-786-2744; e-mail: [contact@weforum.org](mailto:contact@weforum.org); internet: <http://www.weforum.org/site/homepublic.nsf/Content/Annual+Meeting+2006>.

## WTO Events

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

Switzerland, and are open to WTO Members and accredited observers only.

20 January: DISPUTE SETTLEMENT BODY

23-27 January: AGRICULTURE WEEK

23-24 January: COMMITTEE ON REGIONAL TRADE AGREEMENTS

## Other Upcoming Events

6–10 February 2006, Geneva, Switzerland: COMMISSION ON TRADE IN GOODS AND SERVICES AND COMMODITIES, 10th session. During this UN Conference on Trade and Development (UNCTAD) meeting, the Commission on Trade in Goods and Services and Commodities will discuss topics such as UNCTAD's Trade and Development Index, the developmental implications of commodities production and trade, trade in services, and market access and competitiveness. For further information contact UNCTAD, tel: (+41) 22-917-5809; fax: (+41) 22-917-0056; email: [meetings@unctad.org](mailto:meetings@unctad.org); internet: <http://www.unctad.org/Templates/meeting.asp?intItemID=1942&lang=1&m=11147&info=highlights>.

20-24 February, Montreal, Canada: SECOND MEETING OF THE CONVENTION ON BIOLOGICAL DIVERSITY'S (CBD) OPEN-ENDED AD HOC WORKING GROUP ON LIABILITY AND REDRESS IN THE CONTEXT OF THE BIOSAFETY PROTOCOL. This meeting will further discuss the development of an effective liability and redress mechanism to address the possibility of environmental damage as a result of the international trade of living modified organisms. For further information contact the CBD Secretariat, tel: (+1) 514-288-2220; fax: (+1) 514-288-6588; e-mail: [secretariat@biodiv.org](mailto:secretariat@biodiv.org); internet: <http://www.biodiv.org/doc/meeting.aspx?mtg=BSCC-02>.

## RESOURCES

THE STANDSTILL IN SUBSIDIES - UPDATE. By Matthew Walls and Damon Vis-Dunbar. International Institute for Sustainable Development (IISD), November 2005. This paper updates a previous IISD publication which concluded that the six months following the WTO's July 2004 framework agreement must be considered a disappointment for those seeking ambitious, cross-sectoral subsidy reform in the Doha Round. This update summarises the WTO negotiations on subsidies from the July Framework Agreement to

the eve of the December Ministerial Conference and concludes that there is little reason for increased optimism since the release of the earlier paper. Overall, progress has been slow, and subsidies have received relatively little attention. Fisheries remain the exception, and present the best hope for stronger disciplines. But in other aspects of negotiations on WTO rules, as well as the services talks, subsidies have taken a back seat to other items on the agenda. Meanwhile, in agriculture, which sits at the heart of these negotiations, the negotiations as a whole have been stalled for much of the past year, and recent attempts to kick-start them have largely been frustrated. Available online at <http://www.iisd.org/publications/pub.aspx?id=755>.

**INTERTWINED: FDI IN MANUFACTURING AND TRADE IN SERVICES.** By Jonathan Gage and Molly Leshner. Organisation for Economic Co-operation and Development (OECD) Trade Policy Working Paper No. 25, 5 December 2005. This study analyses the complex relationship between manufacturing foreign direct investment (FDI) and trade in services. The paper presents an examination of how recent developments in the economic landscape have resulted in changes in the industrial organisation as well the structure of multinational enterprises. This analysis serves as the foundation for a discussion of fragmentation -- and the increased use of traded services in the fragmentation process -- in four different manufacturing value chains (apparel, automobiles, semiconductors, and wood furniture). To complement the value chain assessments, the results of empirical work examining the relationship between the liberalisation of services and manufacturing FDI are included. Finally, the study outlines several policy implications that draw upon the analysis. In sum, this study highlights how the increasingly international nature of fragmentation, in part the result of services liberalisation, has redefined the way in which many manufacturing firms use services, interact with service suppliers, and make foreign direct investments. Available online at [http://www.oecd.org/LongAbstract/0,2546,en\\_2649\\_37451\\_35858765\\_119684\\_1\\_1\\_37451.00.html](http://www.oecd.org/LongAbstract/0,2546,en_2649_37451_35858765_119684_1_1_37451.00.html).

**POVERTY AND THE WTO: IMPACTS OF THE DOHA DEVELOPMENT AGENDA.** Edited by Thomas W. Hertel and L. Alan Winters. Palgrave, January 2006. Poverty reduction is deemed to be a centrepiece of the 'Doha Development Agenda' (DDA) currently being negotiated under the auspices of the WTO. Yet there is considerable debate about the poverty impacts of such an agreement. Some are convinced it will increase poverty, while others are equally convinced that it will lead to poverty reduction. This book brings together scientific methods to bear on this question, taking into account the specific characteristics embodied in the agenda. Since the trade/poverty field is relatively new, a variety of different methods are utilised to be most

appropriate for the varied countries featured. It consistently considers a range of complementary policies that might enhance the poverty outcome of the DDA, permitting poor households to take better advantage of new opportunities that might arise from such multilateral trade reforms. In addition, a fifteen-country study, coupled with the global analysis, allows the authors to draw more general conclusions about the poverty impacts of a prospective DDA. Further information is available at <http://www.palgrave.com/products/Catalogue.aspx?is=0821363700>.

**THE IMPACT ON INDIA OF TRADE LIBERALIZATION IN THE TEXTILES AND CLOTHING SECTOR.** By Prasad Ananthakrishnan and Sonali Jain-Chandra. International Monetary Fund (IMF) Working Paper, November 2005. This paper analyses the impact on India of the elimination of textile and clothing (T&C) quotas in 2005. It finds that while Indian exports of T&C will continue to expand in the presence of the safeguards on China, they will be affected adversely once these safeguards are lifted. The paper also argues that India could emerge much stronger and expand its trade in T&C at a much faster pace if it overcomes some of its key domestic structural weaknesses. The authors assert that factors such as quality, industry fragmentation, delays in customs clearance and the high cost of inputs and branding represent notable weaknesses and constraints in the Indian T&C sector. In order to overcome these constraints the paper makes several recommendations such as government facilitation of technology importing, the development of services-related expertise in designing, marketing, retailing, financing and the gathering of market intelligence on foreign markets, and increased labour market flexibility to enable the establishment of mega production plants similar in scale to those in China. Available online at <http://www.imf.org/external/pubs/ft/wp/2005/wp05214.pdf>.

Back issues of **BRIDGES Weekly Trade News Digest**© can be accessed at: <http://www.ictsd.org/weekly/archive.htm>.

**BRIDGES Weekly Trade News Digest**© is published by the International Centre for Trade and Sustainable Development (ICTSD), <http://www.ictsd.org/>.

Contributors to this issue of **BRIDGES Weekly Trade News Digest**© are Andrew Aziz, Heike Baumüller, Trineesh Biswas, Ruth Fend, and Sarah Mohan. Editor: Trineesh Biswas. Director: Ricardo Meléndez-Ortiz. ICTSD is an independent, not-for-profit organisation based at: 7, ch. de Balexert, 1219 Geneva, Switzerland, tel: (+41-22) 917-8492; fax: 917-8093. Excerpts from **BRIDGES Weekly Trade News Digest**© may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

**BRIDGES Weekly Trade News Digest** is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK) and NOVIB (NL). **BRIDGES Weekly** also benefits from support for the **BRIDGES** series of publications from donors including the Rockefeller Foundation and the Swiss Agency for Development and Cooperation.



