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LEAD STORIES

LAMY TO TNC: MISSING END-APRIL DEADLINE WOULD BE "HUGE COLLECTIVE MISTAKE"

Letting an end-April deadline go by without establishing a framework Doha Round agreement on cutting subsidies and tariffs would be "a huge collective mistake," WTO Director-General Pascal Lamy told Members on 28 March. "The moment of truth is... fast approaching," he told the Trade Negotiations Committee (TNC), urging Members to step up the pace of negotiations. Making a rare call for ministerial involvement in the push towards 'full modalities,' he reminded delegates that 33 days remained until the 30 April target date set out in the Hong Kong Declaration, and only 279 until the end of the year, by which time Members have pledged to conclude the round.

Lamy identified a "triangle" of key issues that needed to be solved by the end of April -- domestic farm subsidies, agricultural market access, and industrial tariffs -- and said that the level of ambition Members achieve on the three would "serve as the benchmark" for the rest of the issues on the agenda. He has previously indicated that progress would require the US to agree to deeper cuts in domestic farm support, the EU to lower farm tariffs further, and developing countries such as Brazil and India to move on industrial tariffs.

The depth of cuts to all three ends of this "triangle," Lamy continued, should be substantially higher than those achieved during the Uruguay Round, even after flexibilities for Members to shield some subsidies and tariffs from reduction are taken into account. "Backloading the three key areas" beyond the April deadline, he warned, "is in my view a recipe for failure. These three areas hold the key to open the door to the many other issues which also need to fall into place to conclude this round..."

Despite Lamy's emphasis on the end of April, Geneva-based trade diplomats have in recent weeks sounded increasingly pessimistic about their chances of meeting

the deadline, as there has been little movement in the negotiations on agriculture and non-agricultural market access (NAMA; see related stories, this issue).

In his address to the TNC, Lamy strongly urged ministers to come to Geneva for protracted discussions, saying that their establishment would "require some sort of ministerial involvement during the last week of April, with a safety net [in the] beginning of May." The open call for ministerial participation and the heavy emphasis on the April deadline's importance in spite of the persistent deadlock in the talks are unusual for the WTO chief, who in the past has taken great care not to build up expectations before meetings for fear that a high-profile collapse could turn into a potentially mortal blow for the round.

The negotiations may receive a boost from a 31 March - 1 April gathering in Rio de Janeiro, where US Trade Representative Rob Portman, EU Trade Commissioner Peter Mandelson, and Brazilian Foreign Minister Celso Amorim will attempt to narrow their differences. Lamy has indicated that he would attend the meeting.

Lamy: negotiations have moved from generalities towards texts

In his overview of the state of the Doha Round talks, Lamy commended Members for starting to move towards text-based negotiations on agriculture and rules, citing, for example, a new paper on food aid from the African and least-developed country (LDC) groups, as well as recent proposals on fisheries subsidies. He said that "we must quickly develop a more complete picture of the issues that could be the basis of a final agreement" in areas including trade facilitation, environment, and intellectual property rights.

Lamy reported that the informal consultations on implementation issues had been "reinvigorated," with increased Member participation. Even on issues such as the relationship between the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) and the Convention on Biological Diversity (CBD), he said, delegations' differing positions have become more clear, and "there is a general willingness to continue to engage..." (see BRIDGES Weekly, 22 March 2006, <http://www.ictsd.org/weekly/06-03-22/story4.htm>)

In his report to the TNC, agriculture Chair Ambassador Crawford Falconer (New Zealand) said that the negotiations were not beyond saving, but that it would require a vastly increased effort from Members in order to do so. NAMA Chair Ambassador Don Stephenson (Canada) said that there had been no progress whatsoever in the core aspects of the talks. Nevertheless, sources report that he implicitly

suggested that an agreement on industrial tariff cuts would be within reach were it not for the divisions elsewhere -- on agriculture and perhaps services to a lesser extent.

Process concerns raised

Echoing concerns raised recently by some Members, at least one delegation at the TNC meeting complained about the lack of inclusiveness of the processes that were driving the talks forward. In his remarks, Lamy had reiterated his commitment to transparency, saying that he accepted invitations to gatherings such as the 10-11 March London summit of trade ministers from the G-6 (the EU, the US, Australia, Brazil, India, Japan) only if he could report on them to the wider WTO Membership. Although he described such meetings as potentially useful to negotiators' work in Geneva, he was emphatic that all delegations must play a role in decision-making, and that it would "not be enough for a small number of Members to suddenly arrive with a piece of paper in their hands on 30 April."

Some civil society groups fear that the end of April risks repeating the July 2004 Framework (WT/L/579) negotiations, during which ministers from several developing country governments were not present. Focus on the Global South's Aileen Kwa expressed concern about the lack of specifics in Lamy's call for ministerial involvement, suggesting that if only a handful of ministers showed up in April, small groups of Members such as the G-6 may end up making decisions for the organisation as a whole. She argued that either every minister should come to Geneva, or none at all. "Lamy should simply say so if he wants all ministers to come," she said.

ICTSD reporting; "WTO chief Lamy to join Brazil, EU, US for talks," AGENCE FRANCE PRESSE, 28 March 2006.

AG WEEK SEES CONSTRUCTIVE DEBATE BUT NO BREAKTHROUGHS

A week of WTO agriculture negotiations from 20-24 March did not result in any breakthroughs on the core issues of subsidy and tariff cuts, spurring more doubt about whether Members can bridge their differences in time for the end-April deadline for a comprehensive agreement on modalities. Nevertheless, agriculture negotiations Chair Ambassador Crawford Falconer (New Zealand) says the talks went somewhat better than anticipated, with delegates engaging in constructive debate on a variety of other issues, including food aid, the treatment of 'sensitive products,' and the special safeguard mechanism (SSM).

Africa and LDC Group Paper on Categorizing Food Aid

Earlier in the month, the African and Least-Developed Country (LDC) Groups circulated a submission on food aid (TN/AG/GEN/13), outlining ways in which legitimate emergency and non-emergency aid flows could be protected while simultaneously ensuring that "food aid does not... abet dumping of food or encourage displacement in recipient countries." The Hong Kong Declaration mandated Members to develop disciplines on in-kind food aid so that it cannot serve as a loophole for export subsidization, which is slated to be eliminated by 2013. It also provided for the creation of a 'safe box' for bona fide food aid... to ensure that there is no unintended impediment to dealing with emergency situations."

The sponsors of the new paper, many of them food aid recipients, stressed that new disciplines must not impede the delivery of aid to countries and communities that need it. They outlined criteria for the 'safe box' for emergency food aid, which would be exempt from disciplines. According to the paper, recipient country authorities would cooperate with international humanitarian assistance bodies to declare emergencies based on UN definitions, and assess the food needs of the people affected. The 'safe box' would cover aid flows from other Members in quantities based on the independent needs assessments for the duration of the emergency.

The proposal also sets out guidelines for 'non-emergency food aid,' which covers all donations that do not qualify for the 'safe box.' It specifies that such in-kind food aid must be demand driven, provided exclusively in the form of grants, and must not be tied to trade conditionalities. The LDC and African Group also want non-emergency food aid to take into account local market conditions, and not be re-exported. They would allow food aid to be monetised -- sold to raise money -- "in exceptional circumstances," to fund activities directly related to its delivery or the procurement of agricultural inputs.

For both categories, transparency is emphasised through notification requirements for donors and humanitarian assistance organizations.

Countries generally welcomed the proposal at a meeting of all delegations on 22 March, though there was no consensus on the classification system. Some countries wanted stronger rules on monetisation to prefer it from displacing commercial sales, or even an outright ban. Several sources referred to the discussions as a rare instance of real negotiations occurring in a plenary session with all Members present. Falconer said that the discussion on food aid

was generally good, adding that the proposal would likely serve as a framework for further negotiations on the issue.

Divergence on how to expand tariff quotas for sensitive products

The issue of sensitive products, which developed and developing countries alike will be able to slate for tariff cuts lower than those required by the reduction formula, so long as they provide increased market access through a combination of tariff cuts and tariff-rate quota (TRQ) expansion, has pitted relatively protectionist Members like the EU and G-10 (net food importing, mainly developed countries), against agricultural exporters such as the US and Cairns Group countries. The precise treatment to be enjoyed by 'sensitive products' remains far from determined. Members continue to differ on the basis for expanding TRQs for sensitive products: some want it linked to domestic consumption of the product in question, others argue that it should be based on present import or existing TRQ commitments. However, the first approach does not take into account the degree of the product's 'sensitivity' to a particular Member, while the latter two would fail to produce substantial increases if original levels were low. At the 22 March gathering, the G-10 drew attention to their existing proposal based on both domestic consumption and existing TRQ levels (see BRIDGES Weekly, 1 February 2006, <http://www.ictsd.org/weekly/06-02-01/story2.htm>). Brazil informed Members that the G-20 was working on a 'hybrid' approach of its own.

Costa Rica, which is part of the G-11 group of countries seeking liberalized trade in tropical products, said that the selection of sensitive products was also significant - and that tropical products must not be designated as sensitive.

No convergence on domestic support

Agreement remained elusive on 'blue box' domestic support, as Members continued to disagree on cutting overall spending levels, product-specific caps, and new rules to govern such grants. The blue box traditionally covered trade-distorting subsidies that are linked to limits on production (the so-called 'old blue box'). It was expanded in the July 2004 Framework (WT/L/579) to cover subsidies that require no production whatsoever (the 'new blue box'), allowing it to capture the US' controversial counter-cyclical payments to farmers, which rise when world market prices fall. The week did see some new views expressed: for instance, the EU indicated that it would be willing to consider product-specific spending limits, so long as other Members --

principally the US -- dropped their opposition to doing the same for new rules on blue box spending.

The 24 March session saw discussions on a new informal G-33 proposal containing specific values for additional duties that developing countries could impose under the special safeguard mechanism (SSM), a measure intended to afford developing countries a measure of protection against import surges or a collapse in import prices (see related story, this issue). Some Members found the proposed price- and volume-related trigger levels too low and the safeguard duty levels too high, and argued that such an SSM could facilitate unjustifiable protectionism.

In his report on the talks to the Trade Negotiations Committee on 28 March, Falconer strongly urged Members to speed up the pace of negotiations. Sources report that he is likely to prepare detailed 'reference papers' based on Members' proposals and views on some issues in the talks, potentially including food aid, export credits, state trading enterprises, and the blue box.

The next agriculture week is scheduled to begin on 18 April.

ICTSD reporting.

NAMA NEGOTIATIONS REMAIN DEADLOCKED

WTO talks on liberalising trade in industrial goods remain deadlocked, concluded the chair of the Negotiating Group on Non-agricultural Market Access (NAMA) on 24 March following a week's discussions. Two days earlier, Chair Ambassador Don Stephenson (Canada) had told a meeting of all delegations that his consultations with small groups of Members on the overall tariff reduction formula, the flexibilities to be accorded to developing countries to shield some products from the full force of tariff cuts, and the treatment of unbound tariff lines had yielded no progress whatsoever.

Telling delegates that his consultations saw little more than the same themes repeated over and over, Stephenson urged them not to wait for breakthroughs elsewhere in the negotiations, such as on agriculture, before moving actively to seek compromise on NAMA -- for such moves, he warned, may come too late.

Sources report that the chair also said that Members appeared to have coalesced into two opposing groups, the "less than full reciprocity camp" and the "real market access camp." The assessment met with disagreement

from some delegations, which argued that the two were not mutually exclusive.

The NAMA mandate set out in the July 2004 Framework stipulates that the tariff reduction formula "shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments." In the negotiations, delegates have used the phrase 'real market access' to refer to cuts that will force reductions in the tariffs that countries actually apply, as opposed to their bound ceiling levels, which can often be much higher.

NAMA-11 calls for 'fair, balanced, and development-friendly modalities'

An informal paper circulated on 20 March by the 'NAMA-11,' a group of ten developing country Members staunchly insistent on the need for 'less than full reciprocity,' argued that for the products that developing countries export to actually gain enhanced access to developed country markets, the latter would have to eliminate tariff peaks, high tariffs, and tariff escalation (when tariffs on raw materials are low, but those on intermediate or final products are higher). Furthermore, it continued, none of the tariff cuts that developed countries were proposing for themselves would accomplish this.

The paper notes that past rounds of GATT/WTO liberalisation have discriminated against the precise products in which developing countries had an export interest. For instance, as a result of the 1973-79 Tokyo Round, the effective reduction made by rich countries to tariffs on developing country exports was 25 percent, compared to the overall trade-weighted cut of 33 percent. The Uruguay Round's 40 percent cut by developed countries saw them lower tariffs on developing country exports by 37 percent, and those on least-developed country (LDC) exports by only 25 percent. This trend must be reversed in the Doha Round, according to the NAMA-11.

South Africa, speaking on behalf of Argentina, Brazil, Egypt, India, Indonesia, Namibia, the Philippines, Tunisia, and Venezuela, contended that developed country demands that are disproportionate to what they are willing to offer on farm subsidies or NAMA were inverting the basic principle of the Doha Round, i.e., that developing countries' interests must be at the centre of the negotiations. In its submission, the group explicitly stated that "'less than full reciprocity' means that developing countries should undertake lesser percentage reductions in their tariffs as compared to that by the developed countries."

The NAMA-11 paper also claimed that because developing countries have higher tariff levels, even relatively lower percentage cuts would provide a greater stimulus to exports than modestly higher reductions by industrialised countries to their generally low tariffs. In support of this, it quoted a 1994 GATT Secretariat study that said "a 50 percent reduction in a 3 percent tariff will, in principle, cause the tariff inclusive price to decline by 1.5 percentage points, whereas a 25 percent cut in a 36 percent tariff would result in a 6.6 percentage point reduction in the tariff inclusive price." As a result, the NAMA-11 argues, final bound levels for developed and developing countries resulting from the application of the tariff reduction formula are an unsatisfactory basis for assessing 'less than full reciprocity.' The US and the EU, in contrast, believe that capping developed country tariffs at 10 percent and those for developing countries at 15 percent would be sufficient.

Once again, the group stressed the importance to developing countries of being able to partially or completely shield some products from tariff cuts, in order to help them "manage the adjustment of sensitive sectors and prevent the social disruption caused by job losses and closure of enterprises that would result from further liberalisation." They also rejected the notion of using applied tariff rates instead of bound ones as a basis for tariff cuts, arguing that this would serve as a perverse incentive against further autonomous liberalisation and economic reform by developing countries. The group also called for the extent of tariff cuts on NAMA to be comparable to that on agriculture, referring to a recent paper by Argentina that outlined how the two might be compared (see BRIDGES Weekly, 22 March 2006, <http://www.ictsd.org/weekly/06-03-22/story1.htm>).

Process-related concerns surface

With the continuing impasse in the negotiations, trade diplomats are increasingly pessimistic about their chances of reaching a comprehensive framework agreement on NAMA by the end-April deadline set out in the Hong Kong Ministerial Declaration.

Process-related concerns are also being voiced more loudly. Some smaller developing countries, including Cuba, are complaining that they have been left out of the consultative processes that are at least theoretically supposed to be driving the negotiations forward. They argue that at this juncture in the negotiations, every Member must be present to express its own perspective. Stephenson said that he would take these concerns into account. He also reminded delegations that regardless of what was discussed in small-group meetings, it was the overall Membership that took all decisions in the WTO.

ICTSD reporting.

OTHER NEWS

TURKEY MAKES CONTROVERSIAL BID TO SHIELD TEXTILES FROM FULL NAMA TARIFF CUTS

A Turkish proposal to effectively carve textiles and clothing out of the general tariff reduction formula for industrial goods in the Doha Round has provoked angry opposition from several major textile exporters such as China and Pakistan, and surprise from WTO Director-General Pascal Lamy.

During the recent week of non-agricultural market access (NAMA) negotiations (see related story, this issue), Turkey hosted a meeting on 23 March where it called for tariff 'harmonisation' in the textiles and clothing sector. Based on the precedent that Turkey cited in an informal paper on the issue -- a Uruguay Round-era agreement on 'harmonising' chemical tariffs -- this would require Members participating in the initiative to establish a common range of tariffs for certain types of textiles and clothing. Turkey specifies that "all competitive producers" would have to be part of the initiative for it to benefit "all developing countries." The paper also identifies the types of textiles and clothing that Turkey would want to see covered by such a carveout.

The Turkish approach would produce effects very different from those that would result from applying the mathematical formula for tariff reduction to individual tariff lines. Turkey contends that it would allow some kinds of textiles to be shielded from the full force of the NAMA tariff cutting formula, while allowing others to be cut by more than the formula demands. The other sectoral initiatives in the NAMA negotiations are seeking uniformly deeper cuts to tariffs, or their elimination altogether.

At the meeting, several Members criticised the proposal, arguing that it went against the liberalisation objectives in the Doha Round NAMA mandate. China accused Turkey of trying to resurrect quotas in textile and clothing trade after their expiry at the start of 2005; Pakistan, too, slammed the proposal for seeking to go back on the hard-won integration of textiles into the WTO system (see BRIDGES Weekly, 26 January 2006, <http://www.ictsd.org/weekly/05-01-26/story4.htm>). Hong Kong pointed out that the 'Swiss' structure of the overall tariff reduction formula would already have a strongly harmonising effect on tariffs. The EU expressed support

for a different kind of sectoral initiative on textiles -- for tariffs to go as close to zero as possible.

During the week, Jordan, Mauritius, Sri Lanka, and Tunisia expressed support for Turkey, which claims the support of several more Members for its approach. In its paper, Turkey said that textiles and clothing merited special treatment "since the economies of developing countries are highly dependent on those sectors," noting that in many developing and least-developed countries, they account for close to 80 percent of exports and 50 percent of employment. Several countries that benefit from preferential access to rich country textiles markets feel that sharp tariff cuts could erode the value of their preferences, and leave them unable to compete on the global market.

Textiles manufacturers from several WTO Member countries, including the US, have long been lobbying for shallow tariff cuts of the sort envisioned by Turkey. Nevertheless, the US has yet to make up its mind on the Turkish initiative. US Trade Representative Rob Portman did not rule out support for the proposal on 28 March, referring to it as "constructive."

Lamy, for his part, told journalists on 28 March that partially exempting textiles and clothing from tariff cuts would "be very strange," and said that "a large part of the Members" shared his view. "This would be a new animal -- a NAMA-minus -- in a negotiation where we have always structured the thing so that there may be NAMA-plus," he said.

ICTSD reporting; "WTO chief Lamy calls Turkey textile plan 'strange,'" REUTERS, 28 March 2006; "USTR Calls Turkish Textile Proposal 'Constructive,' 'Helpful' to WTO Talks," WTO REPORTER, 29 March 2006.

REINVIGORATED DSU REVIEW FOCUSES ON THREE NEW SUBMISSIONS

The Special (negotiating) Session of the WTO Dispute Settlement Body (DSB) met on 21 March to discuss three new contributions to the ongoing review of the functioning of the Dispute Settlement Understanding (DSU Review). They came from Canada, the US and the so-called "G-7" comprised of Argentina, Brazil, Canada, India, New Zealand, Norway and Mexico (Mexico is not a full sponsor of this proposal but is working with the group; see BRIDGES Weekly, 5 May 2004, <http://www.ictsd.org/weekly/04-05-05/story3.htm>).

Delegates report that though short, the meeting was positive. Others indicate that the flurry of revised contributions since the Hong Kong Ministerial Conference indicates Members' enthusiasm to engage in the DSU Review negotiations in spite of the fact that

it is outside the Doha Round single undertaking. Nonetheless, some developing country members are concerned that attention to development concerns may be lost amidst the revived discussions on systemic issues.

US seeks to provide additional guidance to WTO adjudicative bodies

The US contribution (TN/DS/W/82/Add.2) sought to provide direction on how panels and the Appellate Body should order their analysis of a "measure under review," i.e., a disputed measure. The paper emphasised that the purpose of the dispute settlement system was to help Members resolve trade disputes among themselves, not to produce reports or make law.

The paper noted that there was no clear definition of a "measure" under WTO rules, as the content of this term could vary from case to case. The US noted that under GATT 1947 practice a "measure" could constitute any act of a Member whether or not legally binding, and could even refer to non-binding administrative guidance by a government. Even be an omission or failure to act could be taken to be a 'measure.'

The contribution further elaborates on the issue of "mandatory and discretionary legislation," which refers to domestic laws permitting a range of actions, some of which may contravene WTO rules. The US argues that WTO adjudicative bodies should not be permitted to presume that a Member will choose to breach a WTO agreement, even if its domestic law might allow for it. The US contended that the most appropriate means to implement this would not be through an amendment of the DSU but by a more flexible means such as an authoritative interpretation or a decision by the DSB.

The proposal, which elaborated on the US' previous contribution on "additional guidance to WTO adjudicative bodies" (see BRIDGES Weekly, 2 March 2005: <http://www.ictsd.org/weekly/05-03-02/story6.htm>) drew a mixed response from Members. A number of delegates were of the view that the issues presented were too complex and challenging to be dealt with in the review. Others disagreed with the US on the purpose of the dispute settlement system, arguing that although the purpose of the system was indeed the resolution of specific disputes, dispute settlement could also serve to clarify Members' rights and obligations. One delegate expressed concern that the US' proposal might unduly restrict the ability of adjudicating bodies to rule on challenged measures.

G-7 contribution on enhanced third party rights

The G-7 contribution on third party rights is a revision of an earlier "package deal" on various aspects of the

DSU (see BRIDGES Weekly, 2 March 2005, <http://www.ictsd.org/weekly/05-03-02/story6.htm>). It is also the product of recent informal work in the so-called "off-campus Mexican group" involving all willing Members and coordinated by Mexico.

The proposal seeks to strike an appropriate balance between the enhancement of third party rights and the preservation of the interests of the main parties to a dispute. With respect to requests to join in consultations, the G-7 explained that upon reflection, it had decided to maintain its proposed "all or nothing" approach -- according to which the responding Member would have the option of accepting or rejecting all such requests, but would not have the option to discriminate among Members.

Several members expressed reservations about the "all or nothing" approach, noting that it could be prejudicial to those who had a genuine interest in the consultations. In justifying its proposal to allow countries to join a dispute as a third party at the appellate stage, Canada argued that the current requirement for countries to seek third party status at the panel stage -- long before any systemic issues arising from the case became clear -- places a heavy burden on resource-constrained Member countries.

Canada revisits the protection of confidential information in disputes

Canada introduced a revised proposal on the protection of confidential information in panel and Appellate Body proceedings. While the original January 2003 proposal (TN/DS/W/41) narrowly addressed "business confidential information" this proposal broadly addresses "strictly" confidential information. It also covers requests for information in disputes over subsidies outlined under Annex 5 of the Agreement on Subsidies and Countervailing Measures -- the so-called 'Annex 5' procedures require governments to disclose data about grants to companies -- and the destruction or return of such information. According to the proposal, a party that introduces as evidence proprietary or commercially sensitive information not in the public domain would be permitted to designate it as confidential, provided that it acts in good faith and exercises restraint. Access to strictly confidential information would be limited to persons who have signed a declaration of non-disclosure and who are representatives of the disputing parties, members of the panel, WTO Secretariat staff or experts appointed by the panel. In introducing this proposal, Canada noted the potential link between this issue and that of transparency and suggested that both issues would be integrated as work progressed.

While a number of delegates welcomed the Canadian contribution as a good basis for further work, one delegate noted some concerns about the potential for abuse of the procedure if it is inserted into the DSU.

In the Canada-Aircraft case, where Brazil challenged Canadian subsidies on aircrafts, both parties had requested the Appellate body to adopt additional procedures for the protection of business confidential information -- only to have them rejected by the Appellate Body. Trade commentators speculate that this proposal and its predecessor stem from Canada's experience in this case.

The EU indicated that it was working towards a text on "post-retaliation" to be submitted to the Special Session. The next meeting of the DSB Special Session is scheduled for 24-25 April.

ICTSD reporting.

IN BRIEF

EUROPEAN COMMISSION ADOPTS ANTI-DUMPING DUTIES ON CHINESE, VIETNAMESE SHOES

The European Commission on 23 March decided to impose provisional anti-dumping duties on leather shoes imported from China and Vietnam. Starting on 7 April, duties of 4.8 percent will be imposed on Chinese shoes, rising to 19.4 percent by September. For Vietnamese shoes, the levies will rise from 4.2 percent to 16.8 percent.

The Commission suggested that its investigation into Chinese and Vietnamese enterprises revealed "clear evidence" of state intervention in both countries, including cheap financing, tax holidays, non-market rents, improper asset valuation and export incentives. "We do not target China and Vietnam's natural competitive advantages," said EU Trade Commissioner Peter Mandelson, "only unfair distortions of trade".

Although shoe producers within the EU such as Italy supported the anti-dumping measures, even describing the duties as too low, other countries including Sweden criticized the move as "protectionist" (see BRIDGES Weekly, 22 February 2006, <http://www.ictsd.org/weekly/06-02-22/inbrief.htm>).

Agreement among EU member states will not be necessary for six months, when the Commission will try to finalise the provisional duties.

Responding to concerns that EU consumers would bear the burden of the new duties, the Commission suggested that retailers could swallow the additional costs, since the duties would only add about 1.5 euros to an import price of 8.5 euros for a product that retails for between 30 and 100 euros.

Chinese government officials, however, have called the Commission's move groundless and discriminatory, insisting that Chinese companies were not exporting shoes below the cost of production. Meanwhile, Chinese shoe manufacturers are cooperating to try to appeal the decision next month at the EU.

Vietnamese Trade Minister Truong Dinh Tuyen vowed to go to Brussels to negotiate with Mandelson on the duties, which Vietnamese exporters argue have already affected the 500,000 jobs in the sector. Vietnam is not a member of the WTO.

"Trade Minister to negotiate for shoes in Belgium," VIETNAMNET, 28 March 2006; "EU adopts provisional anti-dumping duties on Chinese, Vietnamese shoes," XINHUA, 23 March 2006; "Commission adopts provisional anti-dumping measures on Chinese and Vietnamese leather shoes," EU PRESS RELEASE, 23 March 2006; "China, Vietnam angry over EU shoe tariffs - UPDATE," AFX NEWS, 24 March 2006; "China denounces EU shoe duties as unfair," REUTERS, 25 March 2006; "Vietnam footwear producers: No dumping in EU market," NHAN DHAN, 28 March 2006.

US-ECUADOR FTA TALKS CONTINUE IN FACE OF PROTESTS IN QUITO

Negotiations for a free trade agreement (FTA) between the US and Ecuador are continuing in the face of fierce protests by the indigenous population in the Latin American country. Following discussions on how to handle trade liberalization for sensitive farm commodities, including rice and corn for Ecuador and tuna and sugar for the US, Ecuadorean Trade Minister Jorge Illington and US Trade Representative Rob Portman emerged from their 27 March meeting confident that a deal would be concluded by the end of the month, if they can solve their remaining differences on such products.

An agreement would follow the US' already-concluded FTA negotiations with Colombia and Peru. While the Ecuadorean government, led by President Alfredo Palacios, is determined to pursue the FTA, several domestic groups do not share his enthusiasm.

Protests in and around the capital, Quito, were initiated on 13 March by indigenous people's groups including the Ecuadorean Confederation of Indigenous Nations

(CONAIE). Protesters closed down highways with marches, demonstrations, and roadblocks, driving the Ecuadorean government to declare a state of emergency in some states on 21 March. Three days later, protests had been stopped, but are widely expected to resume.

The halting of FTA negotiations with the US is only one of the protesters' demands. Indigenous groups fear that already impoverished Ecuadorean farmers will be displaced from markets by subsidized US imports, as was the case for many farmers in Mexico after the implementation of its FTA with the US and Canada.

Ecuadorean authorities had planned to conclude the FTA negotiations in December 2005, but were unable to do so due to disagreements on intellectual property issues (see BRIDGES Weekly, 25 January 2006, <http://www.ictsd.org/weekly/06-01-25/story3.htm>). In February, negotiations were postponed once again due to a lack of agreement on agriculture.

"Indigenous-led uprising challenges FTA, US domination," WORKERS WORLD, 26 March 2006; "Ecuador: Protests Grow Stronger," GREEN LEFT WEEKLY, 29 March 2006; "Ecuador: Protests against free trade reach critical juncture," BILATERALS.ORG 23 March 2006; "Social agitation against FTA," GRANMA INTERNACIONAL, 15 March 2006; "Ecuadorean team eyes trade deal with US this week," BILATERALS.ORG; 27 March 2006.

WTO IN BRIEF

TPR COMMENDS US' TRADE OPENNESS, POINTS TO PERSISTING CONCERNS

Farm subsidies and trade barriers to some developing country exports mar the US' commendably liberal and transparent trade regime, according to the eighth Trade Policy Review (TPR) of the US that took place on 22 and 24 March. The TPR took note of the US' status as the world's largest importer and an engine for global growth.

The TPR (WT/TPR/S/160) pointed to persistent concerns in the areas of agriculture and textiles, both of which are important to developing countries. These included tariff peaks, non-ad valorem duties, and tariff-rate quotas. Members also complained about the high level and recent increases of US farm subsidies, and urged the US to institute reforms and also to notify the WTO on current domestic support levels.

Several Members described certain technical regulations and sanitary measures as significant impediments to trade. The TPR also stated that some trade restrictions were maintained for non-commercial purposes, including an import ban on selected marine products from countries found not to be in compliance with US environmental rules.

Members also expressed concern about the US' use of anti-dumping measures. While it noted that the number of investigation initiations had declined, the US was urged to exercise caution in this regard.

With regard to security-related trade measures, Members urged the US to make them as non-discriminatory and minimally trade-restricting as possible.

Delegates expressed opposing views with regard to the US' participation in regional trade agreements and non-reciprocal preference initiatives. While some Members saw the former as supportive of multilateral trade efforts and the latter as having benefited many developing countries, others pointed to their distortionary impacts and argued that unilateral preferences should not come at the expense of non-beneficiaries.

ICTSD reporting.

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.

Upcoming Events: 30 March - 5 April

3 April, Geneva, Switzerland: SMALL INTERSESSIONAL WORKING GROUP ON PERSISTENT ORGANIC POLLUTANTS (POPs). The purpose of the meeting is to finalise the draft technical guidelines on POPs following the Fifth Session of the Open-ended Working Group of the Basel Convention. For more information, phone: +41 22 917 8218; e-mail: sbc@unep.ch; internet: <http://www.basel.int/meetings/meetings.html>.

1-5 April, Algiers, Algeria: TENTH AFRICAN OIL AND GAS, TRADE AND FINANCE CONFERENCE AND EXHIBITION. Put on by the UN Conference on Trade and Development (UNCTAD), this conference focuses on the interface of finance with hydrocarbons and also

provides a forum for debating topical issues in the industry. Some issues to be discussed include volatile oil prices and their effects, partnerships for energy development, the environmental and social effects of development in the oil and gas industry, the legal and regulatory reforms needed to attract the necessary investment, as well as new oil and gas frontiers. The conference hopes to facilitate the flow of information and to provide networking opportunities for future partnerships with the private sector. For more information contact Lamon Rutten, phone: +41 22 917 5770; e-mail: lamon.rutten@unctad.org; internet: <http://www.unctad.org/Templates/Meeting.asp?intlItemID=2068&lang=1&m=11260&year=2006&month=4>

21 March - 11 April, Reduit, Mauritius: DISTANCE LEARNING WORKSHOP ON THE LEGAL ASPECTS OF E-COMMERCE. This training course is set up by UNCTAD's Information and Communications Technology (ICT) and e-Business Section and the TrainForTrade Programme at the request of the Government of Mauritius. It will address issues related to the legal framework for Mauritius and the implementation of Mauritius' legislation on e-commerce adopted in 2000. For more information, e-mail: Dominique.chantrel@unctad.org; internet: <http://www.unctad.org/trainfortrade>.

WTO Events

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

29-30 March: COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES

30 March: WORKING PARTY ON THE ACCESSION OF AZERBAIJAN

31 March: WORKSHOP ON SANITARY AND PHYTOSANITARY MEASURES

3 April: WORKSHOP ON PREFERENCE EROSION IN AGRICULTURE

3-4 April: COMMITTEE ON REGIONAL TRADE AGREEMENTS

4 April: COMMITTEE ON MARKET ACCESS

5-7 April: NEGOTIATING GROUP ON TRADE FACILITATION

Other Upcoming Events

24-28 April, Geneva, Switzerland: JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE. This annual meeting of the Joint Advisory Group on the International Trade Centre (ITC; a joint initiative of UNCTAD and the WTO) will be based on "ITC, Trade and Poverty Reduction." Governments of UNCTAD and WTO member states are invited to send representatives to this meeting. For more information, phone: +41 22 730 0575; e-mail: itreg@intracen.org; internet:

<http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=11154&year=2006&month=4>

7 June, Paris, France: SIXTH INTERNATIONAL FORUM ON AFRICAN PERSPECTIVES: "2006, AFRICA ON THE MOVE." This forum, organised by the Organisation for Economic Cooperation and Development (OECD), will bring together eminent personalities from African and developed countries. The aim is to engage a wide audience -- comprising government, the private sector, civil society and the media -- in debate, sharing visions and proposals for the economic development of the continent. For more information, e-mail: Christian.Maloumby@oecd.org; internet:

http://www.oecd.org/departement/0,2688,en_2649_1516_2846_1_1_1_1,00.html.

5-6 October, Santa Cruz de la Sierra, Bolivia: FIRST INTER-AMERICAN MEETING OF MINISTERS AND HIGH-LEVEL AUTHORITIES OF SUSTAINABLE DEVELOPMENT. Put on by the Organization of American States (OAS), this meeting will identify and advance concrete partnerships at the regional and hemispheric level to integrate environmental considerations into development, poverty alleviation, social and economic policies. The meeting will take into account progress in implementing sustainable development and identify specific opportunities for cooperation among OAS member states. For more information, internet: http://www.oas.org/dsd/MinisterialMeeting/ReunionInterAm_eng_v1.htm

multilateral trade negotiations in the Doha Round. It examines the state of play in the major areas of the negotiations and plausible achievements in key areas. Available online at <http://www.cid.harvard.edu/cidtrade/Papers/das-11e.pdf>.

AIDING, TRADING OR ABETTING: THE FUTURE OF TRADE, AID AND SECURITY: 6 KEY OBJECTIVES. By IUCN -- The World Conservation Union and the International Institute for Sustainable Development, 2005. This series of policy briefings outlines six objectives that the international community should strive to achieve if trade and aid policy is to support peace and security rather than increasing the likelihood and longevity of violent conflict. The briefs explain why each objective is critical to security between and within states; assess current initiatives that attempt to realize that objective; and make recommendations for future action. Available online at <http://www.eldis.org/cf/search/disp/DocDisplay.cfm?Doc=DOC21280&Resource=f1trade>.

THE IMPACT OF REGIONAL TRADE AGREEMENTS AND TRADE FACILITATION IN THE MIDDLE EAST NORTH AFRICA REGION. By A. Dennis. World Bank Policy Research Working Papers, 2006. This study examines the potential contribution of regional trade agreements, as well as trade facilitation improvements in enhancing the development prospects of the Middle East and North Africa. Available online at <http://www.eldis.org/cf/search/disp/DocDisplay.cfm?Doc=DOC21116&Resource=f1trade>.

ACCESSING WORLD BANK SUPPORT FOR TRADE 1987-2004: AN IEG EVALUATION. March 2006. This report, done by the World Bank's Independent Evaluation Group, analyzes the Bank's contribution to freer trade in developing countries and makes concrete recommendations on how to boost trade opportunities to better alleviate poverty in the future. The study finds that the World Bank support for trade helped open markets, but was not as effective as anticipated at boosting exports and growth or alleviating poverty. More information can be found at <http://www.worldbank.org/ieg/trade/?intcomp=534857>.

REINVENTING UNCTAD. By Boutros Boutros-Ghali. South Centre, 20 February 2006. This background paper was submitted to the Panel of Eminent Persons on Enhancing UNCTAD's Impact. It finds that developed countries have made a concerted effort to change and dismantle UNCTAD over a period of 15 years and that it will likely take developing countries many years to revive and reinvent the organization. The report can be found online at <http://www.southcentre.org/ReinventingUNCTAD.pdf>.

RESOURCES

HONG KONG MINISTERIAL OF THE DOHA ROUND OF MULTILATERAL TRADE NEGOTIATIONS: ACHIEVING A LOW-LEVEL EQUILIBRIUM. By Dilip K. Das. February 2006. The article aims to shed light on the progress or lack thereof made during the WTO's Hong Kong Ministerial Conference and to monitor the

NON-RECIPROCAL PREFERENCE EROSION ARISING FROM MFN LIBERALIZATION IN AGRICULTURE: WHAT ARE THE RISKS? By Patrick Low, Roberta Piermartini, and Jurgen Richtering. WTO, March 2006. This working paper estimates the risk of preference erosion for the recipients of non-reciprocal trade preferences in the agriculture sector as a consequence of across-the-board tariff cuts. It is based on a simulation of a single tariff-cutting scenario. Overall, the paper finds that the risk of preference erosion is small, but that some countries are strongly affected in particular product lines (notably sugar and bananas). Available online at http://www.wto.org/english/res_e/reser_e/ersd200602_e.htm

MULTILATERALISM OR REGIONALISM? TRADE POLICY OPTIONS FOR THE EUROPEAN UNION. By Guido Glania and Jürgen Matthes. Centre for European Policy Studies. 2005. This book provides an analysis of recent trade bilateralism and points out from a game theoretic point of view that a self-reinforcing 'race for markets' has gained speed since 2000. It examines four problem areas with regard to bilateralism in the international trading order. It prescribes giving more attention to the WTO and less to bilateral agreements as a means of getting ahead. For more information see <http://www.iwkoeln.de/>.

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

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