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### LEAD STORIES

#### NO BREAKTHROUGHS IN RIO; US LAWMAKER URGES BUSH ADMN TO SWITCH FOCUS TO BILATERAL FTAS

Following an inconclusive summit in Rio de Janeiro with his counterparts from Brazil and the EU, US Trade Representative Rob Portman told the press on 4 April that he was pessimistic about WTO Members' chances of meeting a 30 April deadline for a comprehensive agreement on modalities for subsidy and tariff cuts. Meanwhile, an influential pro-trade representative in the US Congress urged the Bush administration to turn its attention towards concluding bilateral trade deals since the multilateral Doha Round talks were likely to fail.

#### Rio meet fails to break deadlock

Ministers from the EU, the US, and Brazil failed to make any breakthroughs in the faltering negotiations during a 31 March - 1 April meeting in Rio, though they did report some incremental progress. They focused on the 'triangle' of make-or-break issues that WTO Director-General Pascal Lamy, who was present at the gathering, had identified in a speech to Geneva-based trade negotiators the week before: domestic farm subsidies, agricultural market access, and industrial tariffs (see BRIDGES Weekly, 29 March 2006, <http://www.ictsd.org/weekly/06-03-29/story1.htm>). Notably, the ministers agreed to run simulations for the likely effects of different possible compromises in some nine or ten contentious areas in the negotiations, according to the Associated Press.

Following their discussions, Portman, EU Trade Commissioner Peter Mandelson, and host Brazilian Foreign Minister Celso Amorim reiterated their commitment to the negotiations, as well as their belief that the end-April deadline for full modalities was still achievable.

Lamy, who has repeatedly said 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 to move on industrial tariffs, used

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his visit to Brazil to urge local business leaders to accept more competition from foreign goods. The president of Sao Paulo business federation Fiesp said that Brazilian industry was open to accepting reductions that would force deeper cuts to its applied tariffs, so long as the US and the EU agreed to considerable reductions to their agricultural subsidies and tariffs. Indian farm and industry groups made a similar point to Lamy in New Delhi on 5 April, pointing to already surging imports of manufactured goods as a result of the country's recent autonomous tariff liberalisation.

### **Ways and means chair: Doha doomed, focus on FTAs**

Bill Thomas, the outgoing chair of the powerful House Ways and Means Committee in the US Congress, told a Washington think tank audience on 3 April that the Doha Round was condemned to failure or at most insignificance because "the US and the EU have irreconcilable differences on trade." "When you have irreconcilable differences the best thing you can do is call it off" he continued, arguing that the US should dedicate the bulk of its resources to the pursuit of bilateral free trade agreements (FTAs) in the months that remain before the July 2007 expiry of the Bush administration's 'trade promotion authority' (TPA), which lets it negotiate trade deals (whether bilateral or at the WTO) and submit them to Congress for a yes-or-no vote without the possibility of amendment.

Thomas, a Republican from California who will retire later this year, played a key role in securing Congressional approval for the Central American Free Trade Agreement in 2005 as well as TPA in 2001.

The following day, Thomas suggested that enough progress on bilateral deals might be able to save the administration's TPA by providing an increasingly protectionist Congress with sufficient incentive to renew it. "If you put all your eggs in the Doha basket you may not have something sufficient to sell people to renew the process," he said.

Portman indicated on 4 April that he had no intention of diverting attention from the multilateral trade talks to bilateral processes, insisting that the two were complementary. Another US lawmaker who wields great influence on trade issues, Committee on Finance Chair Senator Chuck Grassley of Iowa, said that though Thomas may ultimately be proven right, "for now we need to remain committed to the Doha negotiations because that's where the biggest potential gains are," so long as such a deal delivers on market access.

In spite of Lamy's assertion last week that missing the end-April deadline for modalities would be a "huge

collective mistake," several Geneva-based delegates believe that it may already be beyond reach.

The real deadline for agreeing on a comprehensive Doha Round package, they suggest, is the end of July.

"WTO's Lamy Says Trade Talk Proposals Are 'Insufficient'," DOW JONES, 31 March 2006; "CII writes to Lamy on special treatment," THE HINDU, 5 April 2006; "Keep Third World concerns in mind, Ficci tells WTO," FINANCIAL EXPRESS, 6 April 2006; "Focus on bilateral trade deals, Bush is urged," FINANCIAL TIMES, 3 April 2006; "USTR Portman glum on chances for April 30 WTO deal," REUTERS, 5 April 2006; "Brazil, US, and EU discuss how to break impasse at WTO talks," ASSOCIATED PRESS, 1 April 2006; "WTO enters crucial month with all to play for," AGENCE FRANCE PRESSE, 2 April 2006; "Hopes fade for April deal in WTO trade talks," BUSINESS DAY, 5 April 2006; "Informal WTO Talks in Rio Among US, EU, Brazil Conclude With No Major Breakthrough," WTO REPORTER, 4 April 2006; "Troubled Doha Round talks inch forward - officials," REUTERS, 1 April 2006; "US should shift resources from WTO talks - lawmaker," REUTERS, 3 April 2006.

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### **MALAYSIA INFORMAL PAPER ON SPECIAL PRODUCTS DRAWS OBJECTIONS FROM G-33**

A Malaysian informal paper on how developing countries might designate 'special products' (SPs) for less stringent liberalisation requirements has raised the ire of Members including the G-33, the group of developing countries that have long lobbied for such flexibilities. Circulated to a 23 March meeting of 25-30 delegations during the recent agriculture week, the paper sets out a series of quantitative criteria for the designation of SPs -- criteria that the G-33 described as too limited, report sources.

According to the December 2005 Hong Kong Declaration, developing countries "will have the flexibility to self-designate an appropriate number of tariff lines as SPs guided by indicators based on the criteria of food security, livelihood security and rural development." Earlier, the July 2004 Framework provided for allowing developing countries to designate SPs on the basis of the same three concerns. However, the number and treatment of SPs remains to be determined. Members must also agree on exactly what 'guided by indicators' entails-- whether it means that all SPs will have to fulfill a set of universally applicable indicators, or whether countries will have more latitude in choosing their SPs.

## Malaysia proposes numerical indicators for SPs

In its paper, Malaysia emphasised the Doha mandate for "substantial improvement in market access," and warned that SPs "have the potential to undermine the development agenda of exporting developing countries" since the income of many poor farmers in such countries depends on the production and export of one or two crops. Malaysia is the world's biggest producer and exporter of palm oil, and a member of the Cairns Group of agricultural exporters.

Malaysia outlined a set of quantitative criteria that it said could serve as the indicators for the designation of SPs. It suggested that products in which developing countries account for the bulk of world trade should not be eligible for SP status -- proposing a provisional (bracketed) threshold figure of 75 percent. This means that if a handful of developing countries together accounted for 75 percent of world trade in a particular product, then other developing countries would not be able to designate it as an SP, irrespective of their food security, livelihood security and rural development concerns.

The paper called for the establishment of percentage thresholds for each of four other indicators, above which products would be eligible for SP status. These indicators are the proportion of domestic consumption of a product accounted for by domestic production, the product's share in the country's agricultural GDP, its share in farm sector employment, and its contribution to the total nutritional value (dietary and calorific requirement) of the population.

Furthermore, the paper specifies that SPs should be "staples produced domestically." This means that while a country would be able to designate its native-grown staple products as SPs, it would not be able to make smaller SP tariff cuts on imports of other products that could potentially substitute for these staples, leaving vulnerable farmers susceptible to displacement by foreign substitutes.

With regard to the treatment of SPs, the paper suggests that tariff cuts on them should be a to-be-negotiated percentage lower than those on other products, and that SPs with bound tariffs below 20 percent should be exempt from reduction commitments altogether. Additionally, SPs which already have tariff rate quota (TRQ) commitments would face lower expansion requirements than other products. Malaysia also proposed that the maximum tariff that developing countries could apply on SPs should be higher than the tariff cap for other products.

## G-33 objects to paper

At the so-called 'Room F' meeting, agricultural exporters including the US, Australia, Canada, New Zealand, Costa Rica, and Thailand welcomed Malaysia's contribution, saying that it was a good starting point for further work towards indicators for identifying SPs.

G-33 members criticised the informal paper, arguing that Malaysia's limitation of indicators to staple crops with substantial shares in national diet, income, and employment failed to adequately reflect the three objectives of food security, livelihood security and rural development. They contended that SPs were meant to address developmental objectives that go "beyond the scope of commercial consideration and requirements to improve market access." Malaysia's paper stressed that market access was essential to the very same concerns of poor farmers whose incomes depend on exports of a small number of products.

The G-33 also argued that Malaysia's criteria were impractical, since a single set of thresholds would not be able to capture the diverse conditions that prevail in different developing countries. Mauritius said that under Malaysia's approach, African countries would be unable to designate any SPs, since their crops would fail to qualify.

The group insisted that its own favoured approach -- which would have Members use a non-exhaustive list of indicators to help guide their designation of a specific number of SPs (the group has proposed 20 percent of tariff lines) -- was the only practical way for a wide range of countries to be able to respond to their unique concerns. The

G-33 first tabled a list of indicators in October 2005, and refined it at the Hong Kong Ministerial Conference (see BRIDGES Weekly, 26 October 2005, <http://www.ictsd.org/weekly/05-10-26/story2.htm>).

Although the five indicators Malaysia used were among the many on the G-33's list, it differed sharply by adding specific numerical thresholds for excluding products from SP eligibility, as well as in its assertion that these criteria could be applicable to all Members.

The meeting saw a debate among the Members present about the purpose of the concept of SPs -- and how the pursuit of the three objectives affected the interests of exporters. The discussions reflected a disagreement among developing countries about the nature and purpose of agricultural market access flexibilities, which was apparent during talks about the 'special safeguard mechanism' the following day as well (see BRIDGES Weekly, 29 March 2006, <http://www.ictsd.org/weekly/06-03-29/story3.htm>). The

Philippines said that exporters stood to make gains from the overall tariff cuts, and argued that exporting farmers cannot be fairly compared to subsistence ones. Switzerland, too, was critical of the Malaysian approach.

One delegate told Bridges that fears about negative effects to South-South trade resulting from SPs are probably overblown, pointing to a recent study by the Carnegie Endowment for International Peace that found that the so-called welfare impact of implementing even wide-ranging flexibilities for SPs is likely to be minimal, since subsistence products make up only a small share of trade between developing countries. The study also found that SP flexibilities would help mitigate the negative effects of liberalisation on farmers in many developing countries.

ICTSD reporting.

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### CBD COP SETS 2010 DEADLINE FOR AGREEMENT ON ACCESS AND BENEFIT SHARING

The eighth Conference of the Parties (COP-8) to the Convention on Biological Diversity (CBD) came to a close in Curitiba, Brazil, on 31 March with an agreement to conclude negotiations by 2010 on an international regime for governing access to genetic resources and the sharing of resources derived from their use ('access and benefit sharing,' or ABS). In spite of the presence of a record number of participants and side-events, the two-week gathering saw discussions on the more contentious issues, including those most immediately related to trade, deal with process more than substance. For instance, Parties focused mainly on how to structure the ongoing ABS talks, and effectively postponed discussions on incentive measures to promote biodiversity until the next COP, scheduled for 2008 in Germany.

#### **Parties agree on 2010 deadline for ABS negotiations**

Most developing countries came to Curitiba aiming to boost support for negotiations on an international ABS regime. However, several developed countries, such as Canada and Australia, remained reluctant to commit to specific outcomes or deadlines, preferring further examination of countries' national experiences with ABS.

Norway, in contrast to its earlier ambiguity with regard to an international regime, strongly backed the developing countries, calling for the establishment of an

intergovernmental negotiating body with its own chair and bureau.

The end-date for the talks on the international regime emerged as one of the most controversial issues at the meeting. While developing countries -- for the first time in the ABS process speaking together as the G-77/China -- sought to establish COP-9 in 2008 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," which would take place in 2010. Some observers welcomed the fact that a timetable had been set for the open-ended negotiating mandate adopted at the 2002 World Summit on Sustainable Development (WSSD) as an important step forward in the talks.

Many also have high hopes for the expert group established by the COP to explore possible options for the form and functioning of an "internationally recognised certificate of origin/source/legal provenance" for genetic resources, 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. Peru and Spain will organise a meeting of the group in Lima at least six months before the next meeting of the AHWG, allowing it to input early on into the post-COP-8 talks.

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 co-chairs.

#### **Incentives discussions on hold until COP-9**

To date, the CBD's work on incentives has focused on developing proposals for removing or mitigating perverse incentives -- i.e., incentives that can encourage 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.

In Curitiba, discussions on incentive measures revolved around establishing a "structured, transparent and inclusive preparatory process" for the scheduled review of the work programme at COP-9. The chair of the COP discussions, Matthew Jebb of Ireland, was keen to keep the debate to procedural issues, with the support of



Australia, Argentina, Brazil and New Zealand. These countries have repeatedly said that the CBD's work on incentives overlaps with negotiations at the WTO, and that explicitly allowing measures to mitigate perverse incentives in the context of the CBD might 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](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 recent meetings of the CBD's Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA) -- in Curitiba, 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. The Doha Round WTO negotiations are scheduled to have finished well in time for the next COP in 2008.

The eventual decision -- a compilation of proposals by Australia and the EU that were further refined in smaller groups -- establishes a preparatory process for identifying possible elements and outcomes of the revised work programme on incentives. Inputs into the discussions will include contributions from Parties, other governments, international organisations and stakeholders on their experiences in the implementation of the incentives work programme.

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.

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## OTHER NEWS

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### SPS CTTE DISCUSSES EU NOVEL FOODS REGULATION

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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 rules on 'novel foods' -- those introduced to the EU market relatively recently -- would hinder their ability to export "small exotic traditional products" based on their rich biodiversity.

The EU's original novel foods regulation (Regulation No. 258/97), drafted during the height of the mad cow disease crises and adopted in 1997, requires anyone wanting to place a food product on the EU market to first evaluate whether it is "novel." If so, they must subject the food to a rigorous safety assessment. The law defines 'novel foods' as those not used for human consumption to a significant degree within the EU before 15 May 1997, with the possible exception of foods "obtained by traditional propagating or breeding practices, and having a history of safe use."

The law, which originally extended to cover genetically modified organisms (GMOs), has been undergoing amendment. The amended regulation is slated to come into force in 2007, but the draft is potentially still subject to modification.

At the meeting, Colombia, Ecuador and Peru, along with Paraguay, Costa Rica, Honduras, El Salvador, Chile, Brazil, Mexico, Argentina, Uruguay, Benin and India, contended that biodiversity products which have been available for centuries are safe, and should not be lumped together with GMOs as was the case under the original version of the law. They argued that products based on biological diversity and traditional knowledge should be excluded from the legislation.

The EU responded by saying that the amended regulation was targeted at new technologies and products, not biodiversity products. It added, however, that "biodiversity products" had in the past included imports which were unsafe for European consumers, leading to a backlash against such products that was not in the interest of exporters. The concerned countries said they would continue to discuss the new draft regulation in Brussels.

### Members discuss regionalization, S&D

Members also discussed the recognition of regions (as opposed to countries) as being pest-free, though they largely repeated sentiments from earlier meetings. As before, they debated whether there should be time limits for recognition and whether the SPS committee should wait for other standard-setting organisations to finish their work on the topic.

In an informal meeting prior to the formal session, Egypt on behalf of the African Group submitted a revised proposal for special and differential treatment (S&D) that would allow developing countries to request consultations if concerned about another country's

measures against their exports. The consultations, the proposal says, should lead to changes in the measures or assistance to help the developing country maintain its market access. The proposal was broadly supported, largely by developing countries hoping it would help them comply with their trading partners' SPS requirements. Egypt noted the text provides more details on the procedure adopted earlier by the SPS Committee (G/SPS/33) (see BRIDGES Weekly, 3 November 2004, <http://www.ictsd.org/weekly/04-11-03/story3.htm>). It will be discussed at the next informal meeting of the committee, to be held on 26 June, and the 28 June 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](http://www.underutilized-species.org/documents/nfr/gtz_novel_food_fact_sheet.pdf).

ICTSD reporting.

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## IN BRIEF

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### CRITICS QUESTION VALUE OF WHO COMMISSION REPORT ON INNOVATION, IP AND PUBLIC HEALTH

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After more than two years of work, the report produced by the World Health Organization's (WHO) Commission on Intellectual Property, Innovation and Public Health (CIPHI) was made public on 1 April. The study examines the relationship between intellectual property (IP), research and development (R&D), and public health, with a particular focus on diseases that disproportionately affect developing countries.

Disagreements among the commission's ten members, who included representatives from industry, government, and academia, delayed the publication of the report, originally scheduled for January of this year (see also BRIDGES Weekly, 6 February 2006, <http://www.ictsd.org/weekly/06-02-01/story3.htm>). The final report lists only the issues on which they were ultimately able to agree -- with a separate section containing individual commission members' assorted reservations about its content.

The 228-page report contains a set of 50-odd recommendations, of which only a handful are specific: these include making health authorities part of bilateral trade negotiations, the need for sound competition policy, and the importance of national legislation for countries to be able to use compulsory licensing to produce generic versions of essential drugs.

Furthermore, it calls upon the WHO to develop a 'Global Plan of Action' to secure enhanced and sustainable funding for the development of health-related products in developing countries, and the promotion of access to them.

While the report explains to some extent why IP protections alone are not sufficient incentive to ensure the satisfaction of certain public health needs in developing countries, critics charge that it fails to provide a more comprehensive analysis of IP's effects on those needs

-- and thus, to make more systemic policy recommendations. Others say that the study will encourage more concrete discussions on the topic.

The report will be submitted to the WHO Executive Board, along with a related draft resolution, on 28 April.

The report can be found at:

<http://www.who.int/intellectualproperty/documents/thereport/en/index.html>.

ICTSD reporting.

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### NEW WIPO TRADEMARK LAW TREATY ADOPTED IN SINGAPORE

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Member states of the World Intellectual Property Organisation (WIPO) adopted a new international treaty on trademarks in Singapore on 28 March. The Singapore Treaty on the Law of Trademarks (STLT) is the product of WIPO members' efforts to update the 1994 Trademark Law Treaty (TLT) to keep pace with the technological developments of the past decade. WIPO officials believe that the treaty, which regulates aspects of trademark registration and licensing, will boost international trade and deliver "an enhanced and harmonized trademark procedure benefiting nations, brands and businesses".

The new treaty extends coverage to scent- and sound-based trademarks. Further innovations include allowing trademark applications to be filed in paper or electronically, as opposed to simply the former; the harmonisation of formalities for recording licenses; and the establishment of an Assembly of Contracting Parties (that may now include intergovernmental organisations) mandated to update regulations under the treaty.

Although they did not amend the treaty in response to concerns raised by Iran, Honduras (on behalf of a group of Latin American countries) and various least-developed countries about whether or not it was obligatory to recognise new forms of trademarks and

provide for electronic filing at trademark offices, member states adopted a 'supplementary resolution' clarifying that the new treaty imposed no obligations to do either. The supplementary resolution also explicitly recognises the need for additional and adequate technical assistance to facilitate the implementation of the new treaty.

The Singapore conference was scheduled to run from 13-28 March but concluded three days early. The original TLT had been ratified by only 33 of WIPO's 183 member states. The new treaty will enter into force upon ratification by ten members.

The text of the final treaty and the supplementary resolution can be found at:

[http://www.wipo.int/edocs/mdocs/mdocs/en/tlt\\_r\\_dc/tlt\\_r\\_dc\\_30.doc](http://www.wipo.int/edocs/mdocs/mdocs/en/tlt_r_dc/tlt_r_dc_30.doc).

ICTSD reporting; "Negotiators adopt Singapore Treaty to facilitate International Trademark Registration," WIPO PRESS RELEASE 442, 28 March 2006; "WIPO Completes New Trademark Treaty; Impact Remains To Be Seen," INTELLECTUAL PROPERTY WATCH, 5 April 2006.

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## CAFTA TAKES EFFECT IN HONDURAS, NICARAGUA

The Central American-Dominican Republic Free Trade Agreement (CAFTA-DR) went into effect on 1 April in Honduras and Nicaragua, when both countries finalised changes to their domestic laws necessary for implementing it. It came into force in El Salvador one month earlier. The accord aims to liberalise trade and investment flows among the US, five Central American countries, and the Dominican Republic. The US Congress narrowly ratified it in July 2005.

Implementation remains incomplete in Guatemala, the Dominican Republic, and Costa Rica, despite the 1 January 2006 deadline. Costa Rica is the only country not to have ratified the deal, although recently-elected President Oscar Arias is seeking congressional ratification as soon as possible despite heavy opposition from rice farmers, small businesses and public-sector unions.

Provisions in areas such as intellectual property rights are proving particularly contentious in the countries that are still in the implementation process. Moreover, left-leaning US news magazine The Nation reports that US officials have been asking them for concessions that go beyond the terms of the deal in return for agreeing to certify their inclusion. These concessions would further extend the life of patents on many name-brand pharmaceuticals and limit access to generic drugs.

Ceremonies to inaugurate the agreement were held in both Honduras and Nicaragua, although the occasion also saw protests throughout the region for fear that competition from the US will erode the incomes and living standards of small farmers and business owners. Thousands of farmers, street vendors, students, and activists took to the streets over the weekend.

"Honduras and Nicaragua enter trade pact with US," REUTERS, 1 April 2006; "Honduras, Nicaragua join El Salvador in adopting regional free trade pact with US," THE STAR-MALAYSIA, 2 April 2006; "Arias Wins Recount of Costa Rican Vote, Boosting CAFTA Hope," WALL STREET JOURNAL, 24 February 2006; "Costa Rica Polarizes in a Leftward Shift," POWER AND INTEREST NEWS REPORT, 17 March 2006; "CAFTA Controversies," THE NATION, 7 March 2006.

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## WTO IN BRIEF

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### MEMBERS REACT TO "COTTON FOUR" DOMESTIC SUPPORT PROPOSAL

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At the WTO Cotton Sub-Committee meeting held on 27 March, the US expressed opposition to a proposal by Benin, Burkina Faso, Chad, and Mali that would require trade-distorting subsidies for cotton to be cut more deeply and quickly than those for other commodities in the agriculture negotiations (see BRIDGES Weekly, 8 March 2006, <http://www.ictsd.org/weekly/06-03-08/story2.htm>). The so-called 'cotton four' outlined a formula for supplemental reductions to cotton subsidies over and above that required by the general tariff reduction formula in order to ensure that would be cut steeply even if the overall reduction were quite modest. The size of the supplemental cut would decrease as the ambition of the general cut increased.

Several other delegations, including Brazil, Colombia, Cuba and the EU, expressed support for the proposal. The EU further called for the scope of the proposal to be broadened beyond domestic support to encompass export competition and market access. On market access, the EU called on developed countries, as well as developing countries in a position to do so, to extend duty- and quota- free access to cotton products from all developing and least-developed countries (LDCs).

The US, however, stuck to its longstanding position that cotton subsidies should be addressed only after members had agreed on the details of cuts in farm subsidies in the agriculture talks, arguing that the proposal would distract Members from their pursuit of an overall agreement. Defending the proposal, Benin countered that it could serve as a basis for finding an

acceptable solution to the problem of cotton subsidies. The US also called on developing countries join the duty-free, quota-free offer to LDCs.

The next meeting of the Sub-Committee has been tentatively scheduled for 24 April.

ICTSD reporting.

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### DISPUTES: EU, US INITIATE DISPUTE AGAINST CHINA; US MISSES GAMBLING RULING DEADLINE

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On 30 March, the EU and the US took the first step in launching a WTO dispute against China, filing separate "requests for consultations"

about China's treatment of certain automobile part imports, which they allege is trade restrictive. Both identified three Chinese laws, arguing that they effectively treated imported automobile parts differently from similar or "like" domestic ones for taxation and related purposes, in contravention of WTO rules on non-discrimination and trade-related investment measures.

The complainants also charged that China was violating WTO subsidy rules by levying lower tariffs on imported auto parts if the final assembled vehicle contained a specified amount of locally-produced material, thus effectively providing support to domestic auto part production.

Chinese government officials have expressed regret about the decision of the EU and the US to fight this case at the WTO but have indicated that they are studying the consultation requests seriously.

This complaint would be the second formal one against China since it joined the WTO in 2001. In March 2004, the US filed a complaint against China on semiconductors which was settled during consultations.

In other dispute settlement news, on 3 April the deadline for the US to bring its laws into conformity with a WTO ruling on the gambling dispute brought by Antigua and Barbuda expired without any indication of compliance from the US (see BRIDGES Weekly, 1 March 2006, <http://www.ictsd.org/weekly/06-03-01/WTOinbrief.htm#3> and 24 November 2005, <http://www.ictsd.org/weekly/04-11-24/story4.htm>). In April 2005 the WTO Appellate Body upheld a panel decision to the effect that certain US federal laws on the supply of cross-border gambling services amounted to a failure to offer services and service suppliers from Antigua treatment "no less favourable" than that set out

in its WTO commitments (see BRIDGES Weekly, 13 April 2005, <http://www.ictsd.org/weekly/05-04-13/story2.htm>).

ICTSD reporting; "Public citizen: Deadline for U.S. Compliance with WTO Gambling Ruling Comes and Goes with No U.S. Action," ALLAMERICANPATRIOTS.COM, 4 April 2006; "China regrets WTO challenge," WORLD PEACE HERALD, 31 March 2006; "Deadline Looming for U.S. in W.T.O. Fight with Antigua," CASINO CITY TIMES.COM, 12 March 2006.

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## EVENTS & RESOURCES

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### 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: 6 – 12 April

7-8 April, New Delhi, India: WORKSHOP ON CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT. Organised by the UN Department of Economic and Social Affairs and The Energy Research Institute (TERI), with the support of the Government of India, this workshop will focus on exploring the linkages between climate change and sustainable development, examine and discuss analytical tools to improve the understanding of the link between climate change and sustainable development, and assist countries to integrate adaptation and mitigation strategies and policies into national sustainable development plans and strategies. For further information contact the UN Department of Economic and Social Affairs (ECOSOC), tel: (+1) 212-963-8102; fax: (+1) 212-963-4260; internet:

[http://www.un.org/esa/sustdev/sdissues/climate\\_change/climateChange\\_inter.htm](http://www.un.org/esa/sustdev/sdissues/climate_change/climateChange_inter.htm)

9-12 April, Chicago, US: BIOTECHNOLOGY INDUSTRY ORGANISATION ANNUAL INTERNATIONAL CONVENTION. This forthcoming industry convention will include 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 Genetically Modified Organisms (GMOs)," a BioEthics counter-convention will also convene, organised by groups opposed to GMOs. For more information, internet: <http://www.bio.org/events/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.

5-7 April: NEGOTIATING GROUP ON TRADE FACILITATION

6 April: COUNCIL FOR TRADE IN SERVICES - SPECIAL SESSION

10 April: TRADE POLICY REVIEW BODY - CHINA

12 April: TRADE POLICY REVIEW BODY - CHINA

## Other Upcoming Events

20 April, Geneva, Switzerland: TRADE AND DEVELOPMENT BOARD, 38th EXECUTIVE SESSION. Organised by the UN Conference on Trade and Development (UNCTAD). Permanent representatives of states members of the Board and other participants are requested to inform the UNCTAD secretariat of their intention to attend this meeting. For more information call: +41 022 917 0214; e-mail: [correspondence@unctad.org](mailto:correspondence@unctad.org); internet: <http://www.unctad.org/Templates/Meeting.asp?intlItemID=1942&lang=1&m=11152&year=2006&month=4>

24 April, New York, US: GLOBAL FINANCIAL IMBALANCES. The Chatham House Foundation in association with the Foreign Policy Association are jointly hosting this conference to discuss the global imbalances in today's world economy, notably examining how the US can function as both the richest country in the world and the biggest capital importer and net debtor. Questions, including how developing countries should respond to these imbalances, will be raised. For more information, contact Dino Ribeiro, e-mail: [dribeiro@chathamhouse.org.uk](mailto:dribeiro@chathamhouse.org.uk); internet: <http://www.chathamhouse.org.uk/index.php?id=5&cid=90>.

29-31 May, Addis Ababa, Ethiopia: FOURTH AFRICAN ROUNDTABLE ON SUSTAINABLE CONSUMPTION AND PRODUCTION (ARSCP-4). Jointly organized by the UN Environment Programme (UNEP) and the Secretariat of the African Roundtable on Sustainable Consumption and Production, the conference seeks to

provide an input to further development and implementation of the African 10-Year Framework Programme on Sustainable Consumption and Production at the sub-regional and national levels. For more information contact Dar es Salaam, tel: +255-22-2602338/40; e-mail:

[cpct@arscp.org](mailto:cpct@arscp.org); internet:

<http://www.arscp.org/events.asp?menu=id7&eventid=14&Month=5&Day=29&Year=2006>

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## RESOURCES

TRADE, FDI, AND THE ORGANIZATION OF FIRMS. By Elhanan Helpman. National Bureau of Economic Research (NBER) Working Paper No. 12091, March 2006. This paper seeks to provide a better understanding of the changes in trade and investment patterns and the reorganisation of production across national borders with the new developments in the world economy. It goes beyond the traditional theory of international trade to account for the involvement of business firms in foreign activities. It explains trade structure and patterns of foreign direct investment (FDI) and identifies new sources of comparative advantage.

Available online at <http://papers.nber.org/papers/W12091>

SOUTH BULLETIN. South Centre, April 2006. This issue focuses on WTO services negotiations, including an article on development in GATS negotiations, Aid for Trade, how services negotiations can parallel national development agendas, and water services. Available online at <http://www.southcentre.org/info/southbulletin/bulletin121.pdf>

TRADE AND ENVIRONMENT REVIEW. UN Conference on Trade and Development (UNCTAD), February 2006. The assessment focuses on environmental and health related requirements and their impact on developing countries' market access, looking at these requirements as both a challenge and an opportunity. As for recommendations, the Review advocates allowing developing countries to adopt a more strategic and proactive approach to coping with Environmental and Related Health Requirements (ERHRs) in export markets. In addition, the Review also provides an overview of recent UNCTAD technical cooperation and capacity building activities in the area of trade and environment. For more information, see <http://www.unctad.org/Templates/WebFlyer.asp?intlItemID=3725&lang=1>

LIBERALIZING FINANCIAL SERVICES TRADE IN AFRICA: GOING REGIONAL AND MULTILATERAL. By Marion Jansen and Yannick Vennes. WTO,

Economic Research and Statistics Division, March 2006. This paper analyzes the possible gains from regional and multilateral liberalisation of financial services trade for African countries, taking into account the implications of such liberalisation for financial regulation and capital account liberalisation. Although the regions differ significantly, there is scope for further regional integration and liberalisation of financial services in all of them. Available online at [http://www.wto.org/english/res\\_e/reser\\_e/ersd200603\\_e.htm](http://www.wto.org/english/res_e/reser_e/ersd200603_e.htm).

THE CURRENT NEGOTIATIONS IN THE WTO: OPTIONS, OPPORTUNITIES AND RISKS FOR DEVELOPING COUNTRIES. By Bhagirath Lal Das. Zed Books, 2006. The ongoing negotiations at the WTO are a chance for developing countries to take the imbalances in existing WTO rules which have denied them a fair share of the benefits of international trade. This book looks at how they can best use this opportunity, with the negotiating parameters that have been set, and offers suggestions on negotiating positions. For more information <http://zedbooks.co.uk/book.asp?bookdetail=3646>.

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

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