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LEAD STORIES

RIFTS DEEPEN ON AG MARKET ACCESS FLEXIBILITIES FOR DEVELOPING COUNTRIES

WTO farm trade negotiators met in Geneva from 26-28 April to discuss key market access flexibilities for developing countries, as delegations kicked off six weeks of continuous negotiations aiming to result in an agreement on modalities for Doha Round tariff and subsidy cuts. However, positions remained far apart, as the rift persisted between the most competitive farm exporters and those developing countries that are seeking the ability to provide some protection to their agricultural sectors. New informal 'non-papers' from the US and Thailand only seemed to entrench existing differences.

At stake are two provisions, available only to developing country governments: the Special Safeguard Mechanism (SSM), intended to allow them to impose duties higher than bound ceiling levels in order to protect farmers from import surges, and the ability to designate 'special products' (SPs) to receive 'more flexible' treatment than other agricultural products.

The G-33 alliance of developing countries, comprising developing countries ranging in size from China, India, and Indonesia to Saint Kitts and Belize, has argued that both SP and SSM flexibilities are essential to protect poor farmers from negative effects that might arise from trade liberalisation. On 20 April, the group sent a letter to WTO Director-General Pascal Lamy, emphasising that "the G-33 should not be expected to join a consensus on modalities or any elements thereof, which do not incorporate the modalities on SPs and SSM."

Thai SP proposal provokes ire of G-33

The Hong Kong Declaration stipulates that 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." However, the number and treatment of SPs remains to be determined. So does the meaning of what self-designation 'guided by indicators' entails -- whether it means that all SPs will have to fulfil a set of universally applicable indicators, or whether countries will have more latitude in choosing them.

Following on Malaysia's proposal from March (BRIDGES Weekly, 5 April 2006, <http://www.ictsd.org/weekly/06-04-05/story2.htm>), Thailand's new 'non-paper' worked from the premise that protecting SPs could potentially harm developing countries that export farm products. It thus sought to limit any adverse effects on South-South trade by setting criteria for SPs significantly narrower than those sought by the G-33.

The Thai submission, dated 26 April, set out indicators that would rule out SP status for certain products of export interest to developing countries. Specifically, it said that products should not be designated as 'special' if developing countries are the source of at least half of world exports. Furthermore, it stipulated that a country should be prohibited from giving SP status to a particular product if at least half of its imports of the commodity in question came from developing countries.

For products not thus excluded from SP eligibility, Thailand called for the establishment of three as-yet-undefined numerical thresholds. It said that SP status could be accorded to products for which domestic production accounts for a to-be-negotiated minimum percentage of domestic consumption, or a certain share of agricultural GDP. It would also allow products that contribute a specified proportion of the population's nutritional requirements to be designated as SPs.

Thailand further argued that SPs should also face tariff reductions "to achieve overall improvement in market access for all products." Specifically, it would subject these products to a minimum tariff cut that is a certain fraction of the reduction demanded by the overall formula. In addition, SP tariffs should be capped, albeit at a higher level than that for other products, and any existing quotas for them should be expanded.

Notably, the Thai document prescribed abolishing SP flexibilities at the end of the Doha Round implementation period, arguing that "SPs are viewed to be transitional measures employed by developing

countries for structural adjustments in the agricultural sector."

Several agricultural exporters expressed support for the proposal, including Australia, Canada, Malaysia, New Zealand and the US, as well as Thailand's fellow G-20 members Argentina, Chile, South Africa and Uruguay. Although the EU expressed some concern about the suggested criteria going beyond 'self-designation,' it broadly agreed that there should be some tariff reduction for SPs.

The G-33, on the other hand, criticised Thailand's approach as far too restricting. The Philippines argued that it would be likely to "be ineffective in achieving the objectives which SP [designation] is intended to address," and that a single set of common thresholds was unlikely to respond to "the diversity of the situations in different developing countries." The group has consistently argued that SPs should be self-selected, although guided by an open-ended illustrative list of indicators. They believe that instead of negotiating a closed list of prescriptive indicators, it would be more appropriate for Members to negotiate the number of tariff lines eligible for SP status. The group has therefore proposed that at least 20 percent of all product categories be considered eligible, and that at least half of all SPs be exempt from any tariff reduction.

US circulates paper on SPs

A 3 May proposal on SPs from the US looks set to fan the flames further, based on initial reactions from trade negotiators. The US would allow Members to accord SP status to "no more than five" of their hundreds, if not thousands, of tariff lines, whether scheduled at the 6-digit HS level or the more specific (and thus more numerous) 8-digit level. Notably, this figure could potentially amount to significantly fewer tariff lines than the 1 percent of 'sensitive products' that the US wants developed countries to be able to partially shield from tariff cuts. The US specified that while SPs would have to face some tariff cuts, these would be smaller than those required for sensitive products.

The US proposal also specified that a developing country would not be able to grant SP status to any product that it is currently able to export on an MFN basis, that is, without the help of preferential market access. Furthermore, net exporters of a particular product would not be able to designate it as an SP.

One trade diplomat described the US proposal as "very limited," so much so that it was not a constructive contribution to progress towards an agreement on modalities. The negotiator noted that the US was yet to come up with a proposal on disciplining 'blue box' domestic farm subsidies, an area where it is resisting

reform. "They're busy thinking about other people's problems." Another source reported that Falconer had suggested during small informal consultations that neither the US' favoured five tariff lines nor the 20 percent of all products sought by the G-33 was likely to gain consensus as the eventual number of SPs.

Special Safeguard Mechanism: clear divisions remain

Members were similarly divided in the discussion on the SSM. Most G-33 members continue to see the SSM as essential for preventing poverty and hardship amongst vulnerable farmers, while developing country agricultural exporters stress that making it too easy to invoke could impede South-South trade - a critical aspect of their own development priorities. Developed country farm exporters such as Australia, Canada, New Zealand and the US would also prefer a more limited SSM.

Countries continue to differ in almost all key areas under negotiation, from fundamental issues around product eligibility through to questions around possible volume- and price-based triggers for additional duties, and the issue of whether the mechanism should be a temporary adjustment tool or available indefinitely.

A 24 April US non-paper added further fuel to the SSM debate. It proposed that only "a limited number of products" should be eligible for the mechanism. In contrast, the G-33 maintains that all products should be eligible. Several other agricultural exporters argue that the SSM should only be available to protect products liberalised through standard Doha Round tariff cuts, with SPs in particular excluded.

The US proposal raises the bar that would allow a country to impose safeguard duties to a level considerably higher than that sought by the G-33. For instance, while the G-33 would allow the SSM to kick in whenever the import volume rises more than 5 percent above the three-year average level, the US would require a 30 percent increase. Similarly for the price-based trigger: the G-33 would let countries start introducing additional duties if import prices fall below the average monthly price for the most recent three-year period. The US, however, would have SSM duties triggered by the lower of two figures: 70 percent of the three-year average import price, or 70 percent of the 2002-2004 average import price. The US' preferred price thresholds are lower than those of the G-33, and would thus be harder to trigger.

Before Members can impose SSM duties, the US would require six-month long 'market tests' to check whether the price-based trigger is actually followed by rising import volumes, or the volume trigger by falling

domestic prices, compared to the year before. The G-33 has resisted establishing any such link.

Another complicated issue in the SSM debate is that many Members have questioned how to distinguish between regular fluctuations caused by increased domestic demand, and genuine import surges or falls in domestic prices.

In terms of remedies under the SSM, the US proposed substantially smaller additional duties than the G-33. According to the US, the highest tariffs that a Member could apply, with the SSM duties included, should be halfway between its pre-and post-Doha Round bound ceiling rates for the product in question. The G-33 would allow Members to impose additional volume-triggered safeguard duties equal to 50 to 100 percent of the post-Doha bound rate, or 40 to 60 percentage points, whichever amounts to more -- potentially allowing even Uruguay Round limits to be breached. The group proposed no precise limits for price-triggered safeguard duties, but specified that they must do no more than offset the fall in import prices.

Members also diverged on the issue of the appropriate duration of each particular safeguard tariff that is imposed. While the G-33 proposed that the tariff should last for 12 months, others argued that the additional duties should only apply until the end of the calendar year or notification year.

Negotiators also disagreed over whether the SSM should be applicable to all imports of a given product, or whether imports taking place under other sets of trade rules, such as regional trade agreements, should be excluded. The G-33 countries say that all imports should count towards the SSM triggers. However, bilateral and regional free trade agreements often contain clauses limiting the application of safeguard measures, which could prevent countries from applying the SSM to all imports. If imports under such trade agreements were solely responsible for import surges or a fall in import prices in a particular country, the imposition of SSM duties might simply penalise other exporters unfairly.

Also under discussion is the fate of the WTO's existing safeguard mechanism, the 'Special Safeguard' provided for in Article 5 of the Agreement on Agriculture. Although in principle this mechanism is open to be used by 'any Member,' many developing countries have either found themselves ineligible to use it, or have found it hard to use in practice. These factors were among the reasons that led the G-33 to push for an SSM that would better take into account their concerns.

Most G-33 members think that the SSM – which is only available to developing countries – should replace the

existing Special Safeguard. The Cairns Group of agricultural exporters and the US have also taken this position. However, they have been opposed by Members such as the EU and the G-10 (a group comprising mostly developed country net food-importers with highly protected agricultural sectors), both of which have made frequent use of the Special Safeguard. They argue that the existing mechanism should continue alongside the new SSM.

Finally, while the G-33 wants the SSM to be permanent, other Members advocate limiting its lifespan.

One negotiator remarked that, although delegates had gone into greater detail than before, no major new developments had occurred. Instead, some Members had simply put longstanding positions on paper. In particular, Thailand and the US had moved to stake out their side of the argument, in response to the now well-known positions of the G-33.

Informal negotiations on sensitive products, small economies, and newly-acceded Members are planned for 4 May, with a discussion on SPs and an informal round-up meeting slated to take place the following day.

ICTSD reporting.

LAMY TO TNC: MEMBERS MUST STEP UP INTENSITY OF NEGOTIATIONS

Referring to WTO Members' failure to meet a key end-April deadline as a "disappointment... but not a disaster" Director-General Pascal Lamy exhorted trade negotiators on 1 May to step up efforts to agree on modalities for subsidy and tariff cuts as soon as possible in order to conclude the Doha Round trade negotiations by the end of the year. "We must now focus our efforts on working intensively, continuously and in an effective manner on a text-based negotiating process," he told the Trade Negotiations Committee (TNC).

The WTO chief, who chairs the TNC, said that Members had rebounded from their recognition last week that they remained too divided to reach a framework deal on cutting agricultural tariffs, farm subsidies and duties on industrial goods, and were engaging constructively on how to move forward.

"We have already moved to convert disappointment into determination," Lamy said, pointing to the intensive negotiations underway on agriculture and non-agricultural market access (NAMA). "What is imperative now is to make significant progress on key issues as quickly as possible...We know that establishing modalities in agriculture and NAMA is necessary to

unlock other issues," he continued, "our negotiations must move as a convoy, but some ships are in front." Although he mentioned no new deadlines, Lamy warned that "it is now a question of weeks rather than months." He reiterated his commitment to transparency, and said that the upcoming negotiations would be "solidly anchored in Geneva."

Lamy believes that progress in the negotiations would require the EU to lower farm tariffs further, the US to agree to deeper cuts in domestic farm support, and developing countries such as Brazil and India to move on industrial tariffs.

Ministers from Australia, Brazil, Japan, and the US came to Geneva this week, in part to demonstrate their continued commitment to the negotiations. They met with each other as well as with representatives from a variety of different Member groupings. A rare moment of optimism about the troubled talks came on 2 May, when US Trade Representative Rob Portman told journalists that Members were "relatively close" to agreement in most of the major issue areas. Later that day, he released a joint statement with Australian Trade Minister Mark Vaile saying "we know the essential elements for concluding the round," and that "a successful conclusion is within reach, with the right level of political will."

TNC sees some familiar positions repeated

In their reports to the TNC meeting, agriculture Chair Ambassador Crawford Falconer (New Zealand) and NAMA Chair Ambassador Don Stephenson (Canada) both stressed that Members needed political will and direction in order to bridge the well-known gaps between their positions.

Sources report that Australian Minister Vaile intervened to say that while Members seemed to have little appetite for a low ambition agreement, they should also not forget that what they currently have on the negotiating table is significant. Japanese Agriculture Minister Shoichi Nakagawa indicated that Japan was willing to do its part to contribute to farm trade liberalisation. Some trade observers believe that external pressure in the form of WTO obligations could make it easier for Japan's government to promote reforms to its politically sensitive farm sector.

The US reiterated its commitment to a high ambition round. Developing countries "will be the biggest losers if we fail," said Ambassador Peter Allgeier. To emphasise the urgency of agreeing on framework agriculture and NAMA deals well before the end of July, he pointed to the months of work that negotiators would have to do even after an agreement on modalities, particularly with

regard to ironing out details about market access flexibilities to everybody's satisfaction.

EU Ambassador Carlo Trojan said that he was "personally convinced that a comprehensive deal can be made before the [August] summer holidays" but that this would "require a breakthrough on modalities by mid-June and sufficient progress on issues other than agriculture and NAMA." The EU has been seeking deeper industrial tariff cuts from the G-20 developing countries. It has also come under heavy pressure from the G-20 and the US to offer deeper cuts to its own farm tariffs. Trojan stressed that success in the negotiations would depend on "a preparedness to accommodate each others' genuine political red lines," and that "much remains to be done to find the right exchange rate between market access in agriculture and NAMA."

Indian Ambassador Ujal Singh Bhatia said that "while on the one hand, we are yet to see meaningful progress on the central issues of effective cuts in agricultural subsidies and enhanced market access in developed countries, on the other the focus seems to have shifted to opening the markets of developing countries." He warned that "if this is going to be the tenor of discussions in the next few weeks, it will not require an astrologer to predict the outcome." South Africa made a similar point, on behalf of the NAMA-11 group of developing countries.

Speaking for the African, Caribbean, and Pacific (ACP) countries, most of which currently benefit from some sort of preferential access to developed country markets, Mauritius voiced concern about the lack of progress on addressing preference erosion. It warned that it would be hard for the group to accept modalities that did not adequately deal with the issue.

Notably, one source reported that India and Brazil suggested during the meeting that they were going to submit draft text for an amendment to the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) to require patent seekers to disclose the origin and legal source of genetic resources and associated traditional knowledge used in their invention. Several developing countries have been pushing for such an amendment in a variety of fora at the WTO (see BRIDGES Weekly, 22 March 2006, <http://www.ictsd.org/weekly/06-03-22/story4.htm>).

Signs of potential movement?

While in Geneva, Brazilian Foreign Minister Celso Amorim said that he had seen signs of increased flexibility from the EU and the US. EU Trade Commissioner Peter Mandelson told a 26 April press conference that "if key partners put something on the

table, the EU will be prepared to further enhance our current agricultural offer."

Amorim reported a sense that the G-20's agriculture proposal -- which calls for a level of tariff reduction roughly between what the EU and the US are seeking -- would emerge as an acceptable compromise. The G-20 would have developed countries cut farm tariffs by an average of 54 percent, compared to the 46 percent sought by the EU (its trading partners claim that the real figure would be closer to 39 percent) and the US' 75 percent. "The G-20 proposal combines realism with ambition," Amorim said. Vaile told the press that the G-20's proposal reflected a somewhat disappointing "absolute minimum" of what Australia might be able to accept.

Lamy, for his part, believes that an agreement "remains doable." However, as he told delegates at the TNC meeting, it can only happen "if a sense of urgency -- which I feel is not always shared by you all -- starts appearing in each and every delegation."

ICTSD reporting; "Top trade powers say WTO deal still possible," REUTERS, 2 May 2006; "No time to spare in WTO Doha Round: Lamy," AGENCE FRANCE PRESSE, 1 May 2006.

NAMA: CHAIR SETS OUT WORK PLAN AIMING AT MODALITIES BY MID-JUNE

With WTO Members far from consensus on the central issues in the ongoing talks on non-agricultural market access (NAMA), the chair of the negotiating group last week laid out a timetable for "intensive and continuous" work through 16 June aiming to culminate in full modalities -- an agreement with specific figures for tariff cuts and the extent of flexible treatment for developing countries.

The plan was part of the progress report (TN/MA/18) that Ambassador Don Stephenson (Canada) circulated to delegations on 26 April. "These negotiations are in trouble," Ambassador Don Stephenson (Canada) told delegations at a meeting to discuss the report the following day. "The next few weeks are our last chance." Several Members concurred, expressing broad support for his report.

Stephenson's plan would have Members focus primarily on technical issues through much of May, and only then turn to the core aspects of the tariff reduction formula, flexibilities for developing countries to partially or completely shield some products from tariff cuts, and the treatment of unbound tariff lines. This was necessary in part, he argued, because of the utter lack

of progress in recent discussions on these ambition-defining core modalities (see BRIDGES Weekly, 26 April 2006, <http://www.ictsd.org/weekly/06-04-26/story4.htm>). Furthermore, "the issue of ambition in NAMA will only be resolved when the same question is determined in the agriculture negotiations," making a NAMA deal unlikely before then.

In the interim, however, negotiators would need to solve several other issues, such as determining Members' eligibility for different kinds of exceptions, since leaving everything to the end would be a "recipe for failure," according to his report.

Stephenson analyses progress, issue by issue

In an attempt to draw negotiators' attention to where it was most needed, Stephenson drew up a three-columned table that looked at each issue in the NAMA negotiations. The first column looked at the negotiating mandate on the issue in question from the July 2004 Framework and the Hong Kong Ministerial Declaration; the third contained Stephenson's comments on Members' proposals when consensus remained elusive, as well as on issues that had simply not been discussed. The middle column contained potential language for full modalities for the areas where Members were largely in agreement; "as you can see," wrote Stephenson, "it is quite blank."

Stephenson's report highlighted the lack of progress on the 'core modalities' since the December 2005 Ministerial Conference in Hong Kong, with Members managing to reach consensus only on some minor technical issues. He said that they had made no advances on either the number or value of the coefficients to be associated with the tariff reduction formula. The value of a Member's coefficient will be equal to the future ceiling level for its industrial tariffs; the coefficient will also determine the extent to which tariffs are cut. Nor did countries agree on how many tariff lines developing countries would be allowed to shield from tariff under Paragraph 8 of the NAMA mandate in Annex B of the July Framework, although they did manage to agree that the threshold level for the proportion of a country's trade eligible for this exemption should be defined as a share of non-agricultural imports. Members also disagreed on the specific number of percentage points that they would add to the tariffs applied on unbound lines before subjecting them to the reduction formula, though they concur that there should be a single figure for this 'constant non-linear mark up.'

A plethora of other questions remain for Members to answer. For example, they need to iron out the "small number of differences" that persist about the range of products that will be covered by the tariff reduction

formula. They also need to agree on the treatment of countries with binding caps for fewer than 35 percent of their tariff lines – specifically, they must agree on how many tariff lines these dozen-odd developing countries exempt from the formula will have to bind, and at what average level.

Negotiators will also need to agree on any particular treatment to accord to small and vulnerable economies (SVEs) and recently-acceded Members, as well as how to identify countries eligible for such treatment.

The chair's report noted that "some Members take the view that measures such as export taxes and export restrictions are not part of the mandate" on non-tariff barriers (NTBs), and thus should not be discussed in the NAMA Negotiating Group. The EU and Japan respectively have called for their broad prohibition. However, Stephenson's consultations said that apart from this, there was "broad support" for the identification of across-the-board rules for NTBs, as well as a bilateral request-offer process to address specific ones. Some civil society groups have expressed concern that countries are using the negotiations to seek the attenuation of environmental and health standards, arguing that they constitute NTBs.

Stephenson described the debate on preference erosion as "extremely polarized." Some countries want to accord longer implementation periods or higher coefficients to products that have long been affected by trade preferences; others argue that this would be detrimental to non-beneficiary developing countries, and that aid for trade should thus be the only way to help countries cope with the erosion of long-term trade preferences.

Members largely favourable

Delegations were generally positive about Stephenson's report, although Argentina complained that it did not refer to Paragraph 24 of the Hong Kong Declaration, which links the level of ambition in NAMA to that in agriculture.

The EU noted that the report's section on sectoral liberalisation failed to mention their October 2002 proposal for heavy cuts to tariffs on textiles, clothing, and footwear. India and Egypt, for their part, argued that text-based negotiations on sectoral initiatives should start only after the formula takes clearer shape.

China called on developed countries to take the first step to break the impasse in the negotiations.

Negotiating timeline set out through 16 June

Stephenson's plan provided for one-on-one meetings with Members from 24-28 April, especially with delegations that had sponsored proposals in the negotiations. After these, he would convene plurilateral consultations with small groups of Members from 1-5 May, to focus primarily on exceptions and unresolved technical issues. Subsequent meetings from 8-19 May would attempt to finalise which countries would be covered by the various exceptions, and determine any commitments that they would have to make. The following week, from 22-26 May, would see a return to bilateral and plurilateral consultations.

Only then would Stephenson have Members turn to the three central issues in the negotiations, first with plurilateral consultations from 29 May to 2 June, and subsequently with two NAMA weeks from 5-16 June aimed at finalizing the modalities.

ICTSD reporting.

SMALL ECONOMIES SEEK NEW RULES, BETTER RESPONSE FROM OTHER MEMBERS

The proponents of the Doha Round work programme on small and vulnerable economies (SVEs) want the committee overseeing their concerns to encourage other WTO bodies to respond to their needs. At a 26 April meeting of the WTO Committee on Trade and Development Dedicated Session (CTD-DS), they also indicated that they were in the process of submitting potential criteria for identifying SVEs.

The CTD-DS is mandated by the Doha Declaration to "frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members." In pursuit of this mandate, the 22 countries have been following a two-track approach since October 2005 under which they have tabled several proposals for new rules to address the problems of SVEs in various Doha Round negotiating bodies, at the same time as work within the CTD-DS has continued (see BRIDGES Weekly, 19 October 2005, <http://www.ictsd.org/weekly/05-10-19/story3.htm>).

During the recent meeting, the question of how to tailor rules for small and vulnerable economies without creating a new category of Members remained a main concern.

Track 1: negotiating groups considering proposals

Members reviewed the SVE proposals made in other WTO bodies based on a new submission from the proponents of the SVE work programme (WT/COMTD/SE/W/21) that compiled the key aspects of each of their proposals. Papers seeking to address SVE concerns have been submitted to the negotiating bodies on agriculture (TN/AG/GEN/11), non-agricultural market access (NAMA; TN/MA/W/66), rules (on fisheries subsidies; TN/RL/GEN/57/Rev.2), and services (Information note and JOB(06)/66), as well as the Committee on Subsidies and Countervailing Measures (G/SCM/W/535).

Several of the SVEs that co-sponsored these papers do not have permanent representation in Geneva. Their representatives, who were at the WTO for the 'Geneva Week' for non-resident missions, said that the compilation helped clarify the issues being addressed. Although all Members agreed that the negotiating groups, not the CTD-DS, were the place for detailed discussions on each of the proposals, some countries suggested they had broad, cross-cutting questions about them.

In particular, several delegations, including some of the relatively larger developing countries such as Brazil and China, suggested that it was not clear which WTO Members would qualify for the rules being sought for SVEs, and said that the methodology for determining countries' eligibility for this treatment needed to be elaborated. They argued that in order to preserve the rules-based nature of the WTO, as well as to avoid creating a new category of Members, they would oppose limiting eligibility to a pre-specified list of countries. Any new rules should be accessible to all developing countries, they said.

The proponents of the papers responded that several of these issues would be addressed in new, text-based proposals that they would soon present to the NAMA, agriculture and services negotiating groups. They indicated that prior to doing so, they would be unable to discuss the details of the forthcoming texts in the formal CTD-DS session.

Sources report that in the corridors, however, delegates hinted that the NAMA and agriculture texts would use a single set of criteria to identify SVEs, which would include shares of agricultural, non-agricultural and total world trade, and could potentially also include measures of export concentration and dependency on a few export markets. All of the indicators, they pointed out, would be directly trade-related and based upon WTO statistics because in the past, problems such as uncompetitiveness and physical isolation had been

challenged by other Members as being unrelated to trade.

Some observers suggested that it could be possible to get around the obligation to "not create a new sub-category of WTO Members" by making any new rules available to all developing country Members, with an informal understanding that only Members considering themselves to be SVEs would actually use them. Sources noted that while such an "honour" system possibly combined with indicative criteria could work, current discussions are far from being able to resolve this issue in precise detail.

Track 2: role of CTD-DS in "monitoring"

In their new submission, the proponents of the SVE work programme suggested that the CTD-DS's monitoring of other negotiating groups should step up political pressure at the WTO for progress on proposals in favour of SVEs. In addition, they suggested, the CTD-DS could continue to address issues relating to SVEs not covered by the other negotiating groups.

Although the CTD-DS's monitoring role was underlined by Paragraph 41 of the Hong Kong Declaration, which directed it "to monitor progress of the small economies' proposals in the negotiating and other bodies" in pursuit of the overall mandate on SVEs, Members disagreed on how the group should undertake it.

Many delegates suggested that the sponsors of SVE proposals in other negotiating bodies should submit verbal and written reports to the CTD-DS. The SVE work programme proponents, however, suggested that the CTD-DS should act as the "political body" in the two-track approach by using its monitoring role to encourage and, as necessary, shame other negotiating groups into taking action on SVE proposals. In this scenario, CTD-DS Chair Faizel Ismail (South Africa) would meet with the chairs of the relevant negotiating bodies and provide them with the advice, support and encouragement necessary for progress. Ismail would then, as part of his regular reports to the General Council, discuss progress on the SVE proposals, and, as necessary, point out where movement was slow.

Members were unable to agree on the extent to which the CTD-DS chair should engage with the other negotiating group chairs, although Ismail suggested that he would informally discuss issues relating to the SVE proposals with them when preparing his report for the mid-May General Council meeting.

In a related development, delegates expressed approval for earlier SVE proposals seeking the explicit recognition of Members' right to designate a regional -- as opposed to national -- body to provide technical

support to assist them in fulfilling WTO obligations for sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT) and intellectual property rights. They asked the SVEs to draft appropriate text to present to the General Council in July.

The SVEs circulated new proposals on NAMA and services on 4 May, while a new agriculture paper is expected next week. The next session of the CTD-DS will be held in mid-July.

ICTSD reporting.

WIPO COMMITTEE ON TRADITIONAL KNOWLEDGE, GENETIC RESOURCES SUSPENDS DISCUSSIONS UNTIL DECEMBER

World Intellectual Property Organisation (WIPO) members were unable to agree on how best to protect genetic resources, traditional knowledge (TK), and folklore, as a five-day meeting of the committee dedicated to addressing these issues ended on an inconclusive note on 28 April.

The ninth session of WIPO's Intergovernmental Committee (IGC) on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, under its renewed mandate was supposed to consider draft policy provisions and general guiding principles for their protection; potentially including international instruments. The IGC was set up in November 2000.

During the meeting, many developing countries, including Brazil, India, Peru Thailand and South Africa reiterated their call for a legally binding international instrument on protection of genetic resources and traditional knowledge. Several developing countries argued that this would be the best way to address the interests of indigenous communities, which are the source of much TK.

On the other hand, developed countries such as the US and Canada did not want to commit to any internationally binding instrument, preferring instead to focus on specific areas where countries' views were largely in convergence. The US opined that legally binding instruments would be premature, since there was no single solution that could address everyone's concerns.

Given these differences, many negotiators were looking forward to a Norwegian compromise proposal (WIPO/grtkf/9/12) on the protection of TK and traditional cultural expressions (TCE).

In its opening statement, Norway pointed to the wide number of fora in which TK, traditional cultural expressions and genetic resources were being discussed. To push forward the WIPO talks, it proposed that members focus on the policy objectives and guiding principles for the protection of TK and traditional cultural expressions. In addition, they suggested that countries pursue an "expression of an agreement" on the areas where they were largely in consensus, since polarised views on some issues made a legally binding agreement unfeasible.

The Norwegian proposal excluded genetic resources from its ambit. Further, it suggested establishment of an international norm for protecting TK from misappropriation could be modeled on Article 10bis of the WIPO-administered Paris Convention for the Protection of Industrial Property, which mandates "effective protection against unfair competition." They suggest the best way forward now would be to look at the content of a potential instrument, and only later discuss its form -- i.e., whether it should be binding or simply a recommendation.

Countries such as Canada and the US concurred with Norway's proposition for the way forward, and said they were willing to examine the Article 10bis proposal more carefully.

However, developing countries such as Brazil expressed disagreement, arguing that the proposal would not adequately protect TK from misappropriation outside the jurisdiction of its country of origin. It maintained that establishing an international legally binding instrument would be the best way to address such problems. Brazil also stated that there are no internationally accepted definitions for Paris Convention terms such as "honest practice" -- the absence of which could cause unfair competition. It argued that the fact that this definition is left to national legislation means that there is no single yardstick to even assess the unfair international competition that Norway's proposal seeks to prevent.

Nonetheless, most countries expressed appreciation for Norway's efforts to initiate a resolution process in this area.

"Disclosure Requirement" in Patents at WIPO

A number of countries complained that there had been insufficient progress at WIPO on the subject of genetic resources; some raised the issue of mandatory requirements for patent applicants to disclose the source and origin of any genetic resources used in an invention, as well as proof of fair and equitable sharing of benefits arising from their use.

Brazil pointed out that while work on disclosure requirements was progressing in other fora such as the WTO and the Convention on Biological Diversity (CBD), it was being excluded from discussions at WIPO, even though it was the foremost international forum for intellectual property issues. It also stated that voluntary rules such as the CBD's Bonn Guidelines for access to genetic resources and benefit sharing had proved to be inadequate, as had national-level plans -- thus increasing the need for a more binding international outcome.

A voluntary fund to help indigenous and local communities participate in the IGC's work was set up under the auspices of this meeting, along with an advisory board. Sweden and France have already made contributions to this fund.

The IGC's work so far will now be carried forward to its next meeting, scheduled for 4-12 December 2006.

ICTSD reporting.

EU FOOD AID PAPER PROPOSES STRICT DISCIPLINES TO PREVENT COMMERCIAL DISPLACEMENT

On 24 April, the EU tabled an informal paper setting out far stricter disciplines for in-kind food aid than those proposed earlier by the US (see BRIDGES Weekly, 26 April 2006, <http://www.ictsd.org/weekly/06-04-26/story3.htm>). WTO Members are currently developing rules to protect flows of bona fide food aid during emergencies -- the so-called 'safe box' -- while attempting to ensure that such assistance cannot serve as a pretext to circumvent disciplines on export subsidies. The EU must phase out its own export subsidies by 2013; it has consistently called for this to be accompanied by new rules on donations of food. The US is the world's largest donor of in-kind food aid.

The EU proposed some general rules for all food aid: it should be provided on a fully grant basis (as opposed to concessional sales at lower-than-market prices); it should not be re-exported (except under limited exceptions associated with emergency 'safe box' aid); and should not be commercially tied to the provision of other commodities or services. The US, in contrast, has been keen to ensure that non-emergency food aid may be provided "in fully or less than fully grant form."

With regard to the safe box, the EU proposal would make "all untied cash-based aid" eligible, thus exempting it from disciplines. However, it places far stricter conditions than the US on the eligibility of in-kind emergency food aid for the safe box.

For instance, the EU would require emergency situations to be defined by UN agencies. In contrast, the African and Least-Developed Country (LDC) Groups' joint proposal suggested that a 'declaration' of emergency by the recipient country in collaboration with a relevant humanitarian assistance body would be sufficient. The US proposal is more expansive still, envisaging such a declaration being made by "a Member, a country, the UN, a relevant regional or international intergovernmental agency or organisation, a non-governmental humanitarian organization, or a private charitable body."

Furthermore, the EU would require in-kind aid to be delivered in response to a multilateral emergency trigger, such as the UN Consolidated Appeals Process, in order to qualify for the safe box. In addition, the EU proposal explicitly prohibits aid flows triggered by bilateral or non-governmental organisation (NGO) mechanisms from qualifying for the safe box.

The EU also calls for in-kind food aid in the safe box to be provided in compliance with the multilateral needs assessments of the World Food Programme (WFP), in cooperation with other UN agencies.

Unlike the US and the African/LDC Group submissions, the EU seeks to place a finite limit on the length of time for which in-kind emergency food aid would qualify for safe box status -- a to-be-negotiated number of months after the crisis, emergency or disaster.

In another departure from the other two proposals, the EU would explicitly prohibit the monetisation of safe box aid, on the grounds that all such aid is for free distribution to recipients anyway. Re-export is contemplated only as a limited exception.

EU wants actionable disciplines for non-emergency aid

The EU emphasised that "genuine food aid which only partially meets the 'safe box' criteria shall remain permitted," but called for the development of actionable disciplines on food aid outside the safe box in order to prevent commercial displacement.

It proposed that in-kind food aid outside emergency situations should be phased out and replaced with untied cash contributions. Monetisation would also be phased out over the Doha Round implementation period. While the African/LDC group proposal contemplated monetisation of non-emergency food aid only under "exceptional circumstances," the US submission said that such aid "may be monetised" if the donor prepares a market analysis report to demonstrate that selling aid would not affect commercial import

trends or domestic production. Finally, the EU would prohibit re-exports of non-safe box food aid.

For food aid that does not qualify for the safe box, the EU proposed notification and monitoring requirements that would place the burden of proof on the donor Member to establish the humanitarian and developmental objectives of its donation, along with the apparent absence of commercial displacement.

Although negotiations in this area are now taking place around a structure established by the original African/LDC Groups' proposal, and further defined by the agriculture chair's reference paper on the issue, further convergence will be necessary for Members to reach consensus in this sensitive area.

ICTSD reporting.

IN BRIEF

BOLIVIA JOINS CUBA, VENEZUELA IN 'ALTERNATIVE' TRADE PACT BEFORE MOVING TO NATIONALISE NATURAL GAS SECTOR

Bolivian President Evo Morales on 29 April joined Cuba and Venezuela in a trade agreement whose stated purpose is to combat US leadership in the region by promoting a socialist version of integration.

Morales' support for the so-called "Bolivarian Alternatives for the Americas" (ALBA), originally signed by Cuba's Fidel Castro and Venezuela's Hugo Chavez in 2005, is another blow to the Andean Community, a Latin American trade bloc already weakened by Venezuela's recent departure, in addition to recent bilateral deals between several of its members and the US.

Although ALBA appears to consist mainly of political and economic rhetoric, a separate pact signed the same day will have Venezuela send cheap oil to Bolivia and set up a USD 130 million fund for development and social programmes; Cuba said it would send doctors and teachers to the Andean country. The 'People's Trade Treaty' also commits Venezuela and Cuba to purchases of Bolivian soybeans.

After signing the deals, the three presidents expressed hope that they would provide an alternative to US-led trade integration in the region. Describing negotiations on the Free Trade Area of the Americas (FTAA) as a US effort to "annex" Latin America, Castro added that

"the best defense is to counter-attack and this is what we have done."

Two days later, on 1 May, Morales moved to nationalize Bolivia's natural gas reserves, Latin America's second largest. The decree issued by the Bolivian government gives gas companies six months to renegotiate contracts and revenue-sharing agreements, or face expropriation. Bolivia is currently a major regional gas exporter; it produces half the natural gas consumed by Brazil. The presidents of Argentina, Brazil, and Venezuela are set to meet Morales on 4 May to discuss the decree. Spain, another major foreign investor, is also said to be seeking talks with Bolivia.

New developments in Bolivia's nationalization of its hydrocarbons sector will be covered in upcoming issues of BRIDGES Weekly.

ICTSD reporting; "Cuba, Venezuela, Bolivia sign trade deal," AFX, 30 April 2006; "Cuba, Bolivia, Venezuela Reject U.S. Trade," AP, 29 April 2006; "Bolivia Signs Pact With Cuba, Venezuela," AHN, 2 May 2006; "Cuba, Venezuela and Bolivia cement left alliance," REUTERS, 29 April 2006; "Chavez casts a long shadow across region," FINANCIAL TIMES, 3 May 2006; "Bolivian decree could prove less troublesome for oil groups than feared," FINANCIAL TIMES, 3 May 2006; "Spain to open talks on Bolivia action," THE TIMES, 4 May 2006; "Adventurism in the Andes," CHRISTIAN SCIENCE MONITOR, 4 May 2006.

WTO IN BRIEF

NEW TROPICAL PRODUCTS PROPOSAL ANGERS EU, ACP

Eight Latin American WTO Members have put forward a new proposal seeking the elimination of all duties and quotas on tropical agricultural products. The proposal quickly drew fire from the EU, as well as from several countries that currently benefit from preferential access to the EU market.

According to the July 2004 Framework Agreement (WT/L/579), the "full implementation of the long-standing commitment to achieve the fullest liberalisation of trade in tropical agricultural products [...] is overdue and will be addressed effectively in the market access negotiations."

Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Nicaragua, Panama and Peru circulated their new

proposal on 28 April. In it, they interpreted 'fullest liberalisation' to mean the complete, expeditious elimination of tariffs and quotas on tropical products, which they defined as "products growing between the Tropic of Cancer and the Tropic of Capricorn." Furthermore, they argued that no tropical product should be eligible for designation as 'sensitive,' as this would allow Members to partially shield such products from tariff cuts. The sponsors of the proposal called for identical treatment for 'alternative products' which could replace the cultivation of illicit narcotic crops.

The proposal specifically mentions several product categories, including such tariff lines as sugar and bananas, but not rice.

The EU and several African, Caribbean and Pacific (ACP) countries strongly opposed both the proposal's liberalisation demands as well as its list of products. The EU said that the list could account for up to half of all agricultural products.

Many ACP countries, whose bananas and sugar have preferential access to the EU, would like Brussels to designate tropical products as 'sensitive' -- in direct opposition to the eight Latin American countries. Allowing the EU to retain higher MFN tariffs for these products would enhance the effective value of their trade preferences.

ICTSD reporting.

WTO MEMBERS EXPRESS SOME SUPPORT FOR COTTON PROPOSAL

At the WTO Cotton Sub-Committee meeting held on 28 April, several Members expressed support for various aspects of the submission from Benin, Burkina Faso, Chad, and Mali calling for trade-distorting subsidies for cotton to be cut more deeply and quickly than those for other agricultural commodities (see BRIDGES Weekly, 5 April 2006, <http://www.ictsd.org/weekly/06-04-05/wtoinbrief.htm>). The so-called 'cotton four' have proposed a formula for cuts to cotton subsidies over and above the general reduction, in order to ensure that they would be cut steeply even if the overall reduction were relatively modest. The size of the supplemental cut would decrease as the ambition of the general cut increased.

At this meeting, which was delegations' second opportunity to react to the proposal, the US hailed Members' enthusiasm for the deep cuts in the cotton four's proposal, and expressed the hope that this would be reflected in their level of ambition for the farm trade talks as a whole, cotton included. The US, which heavily subsidizes its cotton farmers, had earlier

expressed opposition to the proposal, arguing that it risked distracting Members from their pursuit of an overall agreement on agriculture.

Egypt called for technical discussions on the proposal similar to those currently underway in the agriculture negotiations. Chair Ambassador Crawford Falconer (New Zealand) said that these would be necessary, but should not overlap with those being held for the overall talks.

On the development aspect of the cotton talks, the Secretariat reported that cotton projects sponsored by bilateral donors and multilateral institutions were functioning well, and had been buttressed by domestic cotton sector reforms. It also said that it was collaborating with international financial institutions to examine potential future cotton-related development assistance

The next meeting of the Sub-Committee is tentatively scheduled for 8 June.

ICTSD reporting.

EVENTS & RESOURCES

VACANCIES

The International Food Policy Research Institute (IFPRI) is seeking a Research Fellow/Senior Research Fellow to be based in New Delhi. The fellow will work primarily on issues related to economic and social safety nets. These include programs designed to mitigate the adverse effects of shocks, to improve levels of human capital and to transfer resources directly to poor people. The closing date is 20 May. For further information contact IFPRI, e-mail: IFPRI-HRINTL@cgiar.org; internet: <http://www.scidev.net/jobs/index.cfm?fuseaction=readjob&itemid=593&language=1>

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: 4-10 May

1-12 May, New York, USA: FOURTEENTH SESSION OF THE UN COMMISSION ON SUSTAINABLE DEVELOPMENT. The fourteenth session of the UN

Commission on Sustainable Development (CSD-14) will meet at UN Headquarters in New York from 1-12 May 2006. As the first year of the second implementation cycle, CSD-14 will review progress in the following areas: energy for sustainable development; industrial development; air pollution; and climate change. For more information, contact the Division for Sustainable Development, tel: (+1) 212-963-8102; fax: (+1)-212-963-4260; internet: <http://www.un.org/esa/sustdev/csd/review.htm>.

3-4 May, Brussels, Belgium: TRANSFER PRICING AND CUSTOMS VALUATION. Organised by the World Customs Organisation and the Centre for Tax Policy and Administration, this conference aims to provide a discussion forum for customs administrators, revenue/tax authorities and economic operators in international trade and taxation with a view to exploring ideas that could bridge the gap between direct taxation and customs valuation of transactions between related parties. For more information, e-mail: sales@wcoomd.org; internet: http://www.oecd.org/document/54/0,2340,en_2649_201185_36056246_1_1_1_1,00.html.

4-5 May, New York, US: WORKSHOP ON NATIONAL SUSTAINABLE DEVELOPMENT STRATEGIES IN PACIFIC ISLAND STATES. This meeting, organised by the UN Department of Economic and Social Affairs (UNDESA), will discuss the issues identified in specific country assessments prepared by UNDESA along with experts from fourteen small island developing states for formulating, implementing or strengthening national sustainable development strategies. For further information contact the UNDESA Division for Sustainable Development, tel: (+1) 212-963-8102; fax: (+1)-212-963-4260; internet: <http://www.un.org/esa/sustdev/natlinfo/nsds/workshop/pacificislands.htm>.

8 May, Copenhagen, Denmark: EMERGING POWERS IN TRADE AND INVESTMENT: BRAZIL, INDIA AND BEYOND. Organised by the Danish Institute for International Studies (DIIS) and the Research Network on Governance, Economic Policy and Public Administration (GEPPA), this seminar in the Trade Mondays series examines the changing role and significance of emerging economies in global trade and investment. The two presentations will highlight: (1) the consequences that multinationals from emerging economies have on North-South and South-South economic and political relations; and (2) what openness and increased international engagement by Brazil and India mean for the debates on developmental states and over new forms of global capitalism. For more information, please contact the 'WTO, Trade, and Development' (WTRADE) coordinator, Stefano Ponte, at spo@diis.dk.

8-12 May, Rome, Italy: **STANDARDS COMMITTEE, INTERNATIONAL PLANT PROTECTION CONVENTION**. Established by the Third Interim Commission on Phytosanitary Measures (ICPM) in 2001, the Standards Committee (SC) manages the standard-setting process and assists in the development of International Standards for Phytosanitary Measures (ISPM). For further information, contact the International Plant Protection Convention (IPPC) Secretariat; tel: +39-06-5705-4812; fax: +39-06-5705-4819; e-mail: IPPC@fao.org; internet: <https://www.ippc.int/servlet/CDSServlet?status=ND0xMzM1NS40MzA5NSY2PWVuJjMzPWV2ZW50cyYzNz1pbmZv>.

8-12 May, Geneva, Switzerland: **TRADE AND DEVELOPMENT BOARD MID-TERM REVIEW, UN Conference on Trade and Development (UNCTAD)**. The purpose of this first meeting of the mid-term review of UNCTAD's Trade and Development board, is to both review the implementation of the São Paulo Consensus and to take into account major events and new developments since UNCTAD XI and to give clear indications as to the direction UNCTAD should take in its work over the next two years leading to UNCTAD XII. For further information contact the UNCTAD Secretariat, fax: (+41)(0)22 917 02 14; e-mail: correspondence@unctad.org; internet: <http://www.unctad.org/Templates/meeting.asp?intlItemID=1942&lang=1&m=11742&info=highlights>.

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.

5 May: **INTEGRATED FRAMEWORK STEERING COMMITTEE**

5 May: **NEGOTIATING GROUP ON RULES**

10-12 May: **COMMITTEE ON TRADE AND ENVIRONMENT - SPECIAL SESSION**

10 May: **COMMITTEE OF PARTICIPANTS ON THE EXPANSION OF TRADE IN INFORMATION TECHNOLOGY PRODUCTS**

Other Upcoming Events

29-31 May, Addis Ababa, Ethiopia: **FOURTH AFRICAN ROUNDTABLE ON SUSTAINABLE CONSUMPTION AND PRODUCTION (ARSCP-4)**. The overall objective of this conference, organised by the UN Environment Programme (UNEP) and the Secretariat of the African Roundtable on Sustainable Consumption and Production (ARSCP), is to provide an input to the further development and implementation of the 10-year African Framework Programme on Sustainable Consumption and Production at the sub-regional and national levels. For more information contact: Cleaner Production Centre of Tanzania, Dar es Salaam, Tanzania; tel: (+255)-22-2602338/40; fax: (+255)-22-2602339; e-mail: cpct@arscp.org; internet: <http://www.arscp.org/events.asp?menu=id7&eventid=14&Month=5&Day=29&Year=2006>.

30 June, Geneva, Switzerland: **TRADE AND DEVELOPMENT BOARD, EXECUTIVE SESSION (AFRICA)**. This meeting, organised by the UN Conference on Trade and Development (UNCTAD), will discuss the organisation's annual report on activities in Africa. The report presents a panoramic picture of what UNCTAD does in support of African countries and the New Partnership for Africa's Development (NEPAD) process. These activities fall under two broad categories, namely: policy research and analysis on Africa's development challenges; and advisory services and capacity building. For further information go to <http://www.unctad.org/Templates/Meeting.asp?intlItemID=1942&lang=1&m=11779&year=2006&month=5>.

29-30 August, Cape Town, South Africa: **THIRD GLOBAL ENVIRONMENT FACILITY (GEF) ASSEMBLY**. As the principal governing body of the Global Environment Facility (GEF), the assembly will chart the forthcoming years' agenda and work program for the GEF. For more information contact: jwaller@thegef.org; internet: http://www.gefweb.org/participants/Assembly/3rd_Assembly/3rd_assembly.html

19-20 September, Singapore: **2006 ANNUAL MEETINGS OF THE INTERNATIONAL MONETARY FUND (IMF) AND THE WORLD BANK GROUP**. During the meetings, representatives from the 184 IMF-World Bank Group member countries will discuss the course of global economic development and formulate underpinning policy strategies. A number of forums are also planned to facilitate interaction among government delegations, IMF-World Bank Group staff, private sector and civil society representatives and journalists. The findings of these discussions will be communicated to the public via the media. For more information contact: Clara Goh, Ministry of Finance; tel: (+65)-6332-7343;

fax: (+65)-6337-4134; e-mail: clara_goh@mof.gov.sg;
Internet: <http://app.singapore2006.org/index.asp>

RESOURCES

ASSESSING WORLD BANK SUPPORT FOR TRADE 1987-2004: AN IEG EVALUATION. By the World Bank Independent Evaluation Group (IEG), 2006. A new assessment by the Banks Independent Evaluation Group finds that the USD 38 billion in Bank financing for trade programmes since 1987 helped poor countries open markets, but was not as effective as anticipated in boosting exports and growth, or alleviating poverty. The evaluation examines the relevance of the Bank's trade-related assistance to promoting improved trade and economic outcomes. It also looks at the effectiveness and efficiency of Bank-supported interventions in achieving their stated objectives and makes recommendations for the Bank's future work in trade. For further information go to <http://www.worldbank.org/ieg/trade/?intcomp=524968>.

DOHA ROUND AND DEVELOPING COUNTRIES: WILL THE DOHA DEAL DO MORE HARM THAN GOOD? By Timothy A. Wise and Kevin P. Gallagher. Research and Information System for Developing Countries (RIS), April 2006. As WTO negotiators miss yet another deadline in the Doha Round trade talks, developing country negotiators are no doubt asking themselves if they might be better off with no deal at all. According to a new policy report by Tufts University researchers Wise and Gallagher, they have good reason to question the agreement, as hidden costs may well outstrip the limited gains predicted for most countries. Available online at <http://www.ase.tufts.edu/gdae/Pubs/rp/HiddenCostsApr06.htm>.

MACROECONOMIC CHALLENGES OF SCALING UP AID TO AFRICA: A CHECKLIST FOR PRACTITIONERS. By Sanjeev Gupta, Robert Powell, and Yongzheng Yang. International Monetary Fund (IMF), March 2006. This handbook provides a checklist of the macroeconomic challenges that low-income countries are likely to face if they begin to receive significantly higher official development assistance (ODA) than in the recent past, identifying five fundamental guidelines for preparing a scaling-up scenario to guide a country's efforts to achieve the Millennium Development Goals (MDGs). For further information go to <http://www.imf.org/external/pubs/ft/afr/aid/2006/eng/index.htm>.

EXPLORING THE MARKET FOR VOLUNTARY CARBON OFFSETS. By Nadaa Taiyab. International Institute for the Environment and Development (IIED), March 2006. This paper explores the potential for financing small-scale, high-benefit sustainable development projects through the voluntary and retail sector of the carbon market. Through a literature review and interviews with offset retailers and buyers from the private sector, the non-profit sector and government, the paper looks at how the voluntary and retail sectors fit into the overall carbon market; who the main buyers and sellers are; what motivates buyers to voluntarily purchase carbon offsets; and how this market can be further developed. The aim is to consolidate information on the voluntary and retail sectors in order to help potential buyers to understand the market and to provide a starting point for those on the supply side to discuss strategies for further developing the market. For further information go to <http://www.iied.org/pubs/display.php?o=15502IIED&n=1&l=198&w=SM>.

CHALLENGING PRECONCEPTIONS ABOUT TRADE IN SUSTAINABLE PRODUCTS: TOWARDS WIN-WIN FOR DEVELOPING COUNTRIES. By Nicola Borregaard and Annie Dufey. International Institute for the Environment and Development (IIED), December 2005. Sustainable products (i.e., products that provide greater positive or lower negative social, environmental and economic impacts along the value chain than conventional products) have the potential to contribute to sustainable development in developing countries. But at present there are many factors impeding the growth of markets for these products in developing countries. For example, at the national level, there is a lack of market information, while at the international level, ecolabelling requirements impose financial burdens on small-scale producers. This paper aims to bring some fresh perspectives to the debate on international trade, sustainable products, ecolabelling and production and process methods, with a view to helping developing country governments draw up suitable policies to support sustainable products. Available online at <http://www.iied.org/pubs/pdf/full/15500IIED.pdf>.

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