



INTERNATIONAL CENTRE FOR  
TRADE AND SUSTAINABLE  
DEVELOPMENT

# Bridges

## Weekly Trade News Digest

21 June 2006

Volume 10 Number 22

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### LEAD STORIES

#### AWAITING DRAFT MODALITIES TEXT, MEMBERS STILL DIVIDED ON AG MARKET ACCESS

Only a week before ministers are set to arrive at WTO headquarters in Geneva in an attempt to hammer out an agreement on some central aspects of the Doha Round negotiations, Members remain profoundly divided on agricultural market access.

Agriculture negotiations Chair Ambassador Crawford Falconer (New Zealand) is expected to release an initial draft 'modalities' text very shortly. These 'modalities' would include formulae and figures for tariff and subsidy cuts, as well as exceptions to them. A meeting to discuss the text has been scheduled for 23 June. Several Members have issued new informal papers on a number of market access issues, in an attempt to ensure that their concerns are reflected in Falconer's document.

Falconer suggested last week that the G-20's proposed tariff cuts could provide the basis for an eventual Doha Round compromise (see BRIDGES Weekly, 14 June 2006, <http://www.ictsd.org/weekly/06-06-14/story1.htm>). This did not find favour with some Members. For instance, while the EU and the G-10 feel that the 54 percent average farm tariff cut sought by the G-20 is unacceptably deep, US officials have indicated that they find the group's proposal too mild -- especially for developing countries.

**US says G-20 tariff cuts too low, but change possible?**

Deputy Assistant US Trade Representative Jason Hafemeister told the press in Geneva on 16 June that the G-20 proposal was inadequate, particularly with regard to developing countries (it has proposed that they make an average reduction of no more than 36 percent). He noted that the G-20 would require developed countries to cut the highest tariffs by 75 percent while developing countries do so by 40 percent, describing the difference as "a vast gap."

"It's certainly by no means agreed that the [G-20's] level of cuts are going to be acceptable," the senior agriculture negotiator continued. "In fact, they're not even necessarily in the middle ground. For developing countries, the G-20 have not offered very much at all." While Hafemeister said that tariff reductions by developing countries should be "something less" than those by rich ones, he did not specify any proportional relationship between the two. Several Members, including the EU and the G-20, believe that developing countries should have to make cuts roughly two-thirds the size of those made by rich countries.

While defending the G-20's position last week, India's top trade negotiator Gopal Pillai appeared to concur at least partially with the EU's recent accusations that the US was virtually alone in demanding deeper tariff cuts. Reuters quoted Pillai as saying on 15 June that "the rest of the world could reach an agreement on a modestly ambitious outcome. The real problem is going to be the US." He defended moderate tariff cuts, arguing "a modest deal is good. Everybody will get something. You have to realise that you will not get everything you want."

The US may in fact be showing signs of flexibility on farm tariffs. Citing "informed sources," Washington publication "Inside US Trade" reported on 21 June that the Bush administration had decided to lower its demands from the average reductions of around 66 percent it has been seeking to something closer to the G-20's 54 percent. However, other sources have suggested that these reports may not be accurate. The USTR, for its part, remains committed to its stated positions. "An unbalanced result, that is less market access, more cuts in domestic support, will not result in a successful conclusion of the negotiations," said spokesperson Neena Moorjani later that day.

Nevertheless, the top Democrat on the House agriculture committee, Congressman Collin Peterson (Minnesota), issued a statement criticising the rumoured changes in position. If the reports were true, he said, the Bush administration "is now suggesting that [US farmers] have to give up the one thing they

promised American agriculture -- increased market access."

**US still looking for new peace clause**

Hafemeister indicated that a new 'peace clause' was still an "important" objective for the US, though he declined to comment on whether this would be one of Washington's basic conditions for a deal. Under a peace clause, Members would agree to exempt most kinds of farm subsidies from legal challenge in the WTO for a certain period of time.

The US argues that this immunity is necessary for farmers implementing subsidy reforms. Indeed, since the first peace clause expired at the end of 2003, several countries have successfully used WTO dispute procedures to force changes to rich country subsidy programmes. For instance, Brazil has won high-profile cases against US cotton subsidies, and, along with Thailand and Australia, against EU sugar policies. A number of other cases are believed to be in preparation, and might be prosecuted if the Doha Round negotiations do not yield an agreement. Developing countries are loath to give up the ability to take or threaten legal action against subsidies, and Members such as Brazil, Costa Rica and Colombia vehemently opposed the idea of creating a new peace clause when the US first proposed doing so last autumn.

**Members submit last-minute proposals**

After discussing export competition at the 16 June meeting of the agriculture negotiating committee, Members returned to market access.

Several of the interventions at the meeting sought more flexible treatment on liberalisation commitments. Speaking on behalf of 'small and vulnerable economies' (SVEs), Barbados argued for either a special tariff reduction formula for SVEs, or an agreement that would cut all developing country tariffs relatively gently -- that is, less than the cuts proposed by the G-20. Many developing countries have long resisted mechanisms that could differentiate among developing countries at the WTO. A 19 June informal paper from the African, Caribbean, and Pacific (ACP) Group also called for tariff cuts well 'south' of the G-20 proposal. The ACP Group has proposed a 24 percent average tariff cut by developing countries, compared to the 36 percent reduction sought by the G-20.

Kenya proposed that countries which had negotiated high "ceiling" levels for all of their tariffs when binding them during the Uruguay Round should be given more lenient treatment, since otherwise these tariffs would all automatically fall into the tier of the reduction formula

slated for the steepest cuts. A week ago, Canada suggested that countries with such concerns could potentially be required to make the steepest reductions to no more than a quarter of their tariff lines.

The EU contended that the agriculture modalities text should include reference to 'geographical indications' -- most notably, providing all products with the extra level of protection currently accorded only to wine and spirits. While a few Members supported this proposal, others -- including Australia, Argentina, and the US -- argued that there was no mandate to address this issue in the agriculture negotiations.

Uruguay and Costa Rica criticised the EU's suggestion, made in its 16 June paper, that some tropical products could be exempted from tariff cuts, or subjected to low reductions. They emphasised that the mandate to address "the long-standing commitment to achieve the fullest liberalisation" of trade in these products could not be reconciled with such exemptions. The two countries, along with some other Latin American Members, have been pushing for deep tariff cuts on tropical products.

#### **Waiting for draft modalities text**

Delegates indicate that they expect Falconer's forthcoming draft modalities text to be similar to the recent 'compendium' papers on market access and export competition, albeit without his personal observations. They believe that it is improbable that the document will suggest possible compromises, and that it will likely encompass all Members' positions by including them in square brackets.

Some sources are pessimistic about Members' chances of striking an agreement on modalities by the end of June as planned. Reuters reported that Brazilian Foreign Minister Celso Amorim admitted on 20 June that there were "lots of doubts" about whether a deal could be wrapped up by then. He pointed to the need for the US "to move substantially on domestic support" as a precondition for progress in the round. The EU would have to be more specific about what was truly entailed by its recent hints about sweetening its market access offer and "do a little more," he added (see BRIDGES Weekly, 24 May 2006, <http://www.ictsd.org/weekly/06-05-24/story1.htm>).

Hafemeister also cast some doubt on the end-June deadline, saying that "there are no real hard and fast deadlines in front of us," except for the "real deadline" to conclude the round by the end of the year. "Certainly the conventional wisdom is that... we've got to make substantial progress, certainly past modalities," before the WTO's summer break in August. "Whether that's June or July, I'm not particular, but I do think we need to get it done in that frame."

ICTSD reporting; "Bush presses Europe for deep farm subsidy cuts," REUTERS, 15 June 2006; "Brazil sees doubts about WTO farm deal in June," REUTERS, 20 June 2006.

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### **END-JUNE MEETING STARTS TO TAKE SHAPE AMIDST LOW EXPECTATIONS**

Ministers and senior trade officials from several WTO Member countries are planning to attend a high-level meeting in Geneva at the end of June in an attempt to rescue the faltering Doha Round trade talks. However, persistent divisions have left many observers pessimistic about their ability to strike a framework deal on modalities for agriculture and industrial tariffs, barring last-minute concessions from major players in the negotiations.

In spite of the low expectations, the gathering is starting to take more concrete shape. WTO Director-General Pascal Lamy sent a fax to delegations on 16 June outlining his plans for the mini-ministerial. He reiterated that the immediate focus on agriculture and non-agricultural market access (NAMA) did "not in any way detract from the many other important elements on our negotiating agenda," but that progress on "these two key issues is absolutely essential to unlock other areas of the negotiations and to enable us to conclude the round on schedule," that is, by the end of the year.

Lamy said that the chairs of the agriculture and NAMA talks were expected to circulate initial draft modalities texts "on or around 19 June," after which they would be available for discussion in informal meetings of the negotiating groups open to the entire membership.

At time of writing, the texts had not been released, but sources expected both in time for a meeting on agriculture scheduled for the morning of 23 June.

Following these initial talks, Lamy foresaw from 26 June a "more integrated overall consideration" of key unresolved issues in a variety of formats, centred on frequent informal meetings of the Trade Negotiations Committee (TNC). "It is my understanding that a number of ministers intend to take part in this consultative process from about 28 June," he added.

Lamy indicated that these discussions would culminate in a formal TNC session. This meeting has now been scheduled for 1 July, and may continue through the weekend until 3 July.

## Process likely similar to July 2004, Hong Kong

Sources believe that the meetings at the end-June meeting will be structured similarly to the negotiations at the Hong Kong Ministerial Conference and those that produced the July 2004 Framework, with intensive informal heads-of-delegation meetings interspersed with invitation-only 'green room' gatherings. The formal TNC would likely be on 'standby,' ready to be convened to discuss whatever emerges from the informal meetings.

These green room gatherings of some 25-odd delegations generally include the most influential countries as well as representatives from every major bloc such as the G-20, the G-33, the African Group and the Least-developed Country Group -- the idea being that they will communicate the proceedings to fellow alliance members that were left outside the room.

In July 2004, some of the 30-40 ministers that had come to Geneva were not invited to participate in the green room meetings, prompting protests about unfair negotiating processes and a lack of transparency both from them and from non-governmental organisations (see BRIDGES Weekly, 3 August 2004, <http://www.ictsd.org/weekly/04-08-03/story1.htm>). Civil society groups and some smaller delegations have expressed concern that this could happen again at the end of June.

## Delegates expect texts to be general, with lots of brackets

With regards to the forthcoming draft modalities texts, trade diplomats suggest that the absence of meaningful convergence in recent weeks has left neither agriculture Chair Ambassador Crawford Falconer (New Zealand) nor NAMA Chair Ambassador Don Stephenson (Canada) in a position to do much more than simply summarise the different proposals on the negotiating table, including the flurry of recent ones in both areas.

Falconer may accomplish this by placing large swathes of text within square brackets to indicate the continuing absence of agreement, and providing wide ranges of numbers that encompass the spectrum of proposals on the table. For example, the potential draft agricultural market access modalities that he circulated last week had nearly 250 sections of text and numbers in square brackets. Members would eventually need to whittle number ranges down to specific figures, and decide which of the proposed rules to retain. Sources say that Stephenson has suggested that he would simply put forward a report commenting on areas in the negotiations where countries remain divided, with draft text where possible (see BRIDGES Weekly, 7 June 2006, <http://www.ictsd.org/weekly/06-06-07/story5.htm>).

Lamy has maintained that progress in the talks would require the US to agree to deeper cuts in domestic agricultural subsidies, the EU to lower farm tariffs further, and developing countries such as Brazil and India to move on industrial tariffs (see BRIDGES Weekly, 29 March 2006, <http://www.ictsd.org/weekly/06-03-29/story1.htm>). Each camp has been blaming the others' inaction for its unwillingness to make new concessions.

US President George W. Bush met with his EU counterparts at a 21 June summit in Vienna. Though Bush and European Commission President Jose Manuel Barroso made no breakthroughs on the Doha Round talks, they stressed their commitment to trying to bridge their differences and reach a deal.

Meanwhile, business groups in the US and the EU have called on their governments "to make the bold moves necessary to bring the [Doha] Round to an ambitious and successful conclusion." In a 16 June letter to Bush, Barroso, and Austrian President Wolfgang Schussel (who currently holds the EU's rotating presidency), the heads of the US National Association of Manufacturers (NAM) and the EU industrial organisation UNICE said that Washington and Brussels "should make agricultural offers that can induce the advanced developing countries, including Brazil, China and India... to put improved offers on the table in the short time left." They specified that these farm trade offers should be "totally contingent upon the willingness of those countries to make substantial cuts in their applied tariffs on manufactured goods."

In a 16 June letter to trade ministers, international campaign group Oxfam underlined the importance of the principle that developing countries should be allowed to make less-than-reciprocal tariff reduction commitments, in light of rural poverty and their lack of social safety nets and other assistance to deal with trade-related displacement. Oxfam urged developing countries not to "cave in to pressure by rich countries to accept a 'development light' approach at the end of July."

ICTSD reporting; "U.S., EU Are Committed to WTO Agreement, Bush and Barroso Say," BLOOMBERG, 21 June 2006; "US-EU summit didn't overcome world trade obstacles," ASSOCIATED PRESS, 21 June 2006.

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## SOME GAPS REMAIN ON AG EXPORT COMPETITION

As WTO Members scrambled to narrow their differences ahead of a top-level meeting scheduled for the week of 26 June, a new paper from the chair of the agriculture negotiations showed that they had made

clear progress on export competition, though a number of issues still need to be resolved.

Ministers and other senior trade officials are expected in Geneva during the week of 26 June - 3 July to try to finalise agreement on 'modalities' -- the formulae and figures for tariff and subsidy cuts, and exceptions to these. The chair has repeatedly warned of the need to achieve enough convergence to leave them a manageable number of decisions to address.

In the 15 June 'reference paper,' agriculture chair Ambassador Crawford Falconer (New Zealand) acknowledged that Members were far closer to agreement in the talks on export competition than on either market access or domestic support (see related story, this issue). However, he warned that though a deal on export competition was "tangibly in reach," it was by no means "in the bag," and would require further work. Negotiators discussed the paper at a meeting the following day.

### **Falconer commends progress, calls for more**

At the Hong Kong Ministerial Conference in December 2005, the EU reluctantly agreed to eliminate its export subsidies by the end of 2013, so long as other countries phased out "all export measures with equivalent effect" over the same period. Subsequent negotiations on achieving such 'parallelism' in the phase-out of export support have focused on disciplining the provision of in-kind food aid, the use of favourable loans to encourage the sale of surplus production, and the actions of exporting state trading enterprises (STEs).

Falconer's reference paper recognised the progress that Members had made in these talks, whilst warning them not to become complacent about the relatively limited number of challenges that remained. He emphasised that any eventual agreement must represent a "real world tangible difference" from current practice. Stating that Members had "still fallen short of getting into the serious deal-making zone on the important issue of 'parallelism,'" he warned them against attempting "nothing more than inventive repackaging of the status quo" on food aid, exporting STEs and export credit.

The EU warned the 16 June meeting, as it has maintained since Hong Kong, that its assent to any deal on export competition was conditional on "full parallelism."

### **Chair focuses comments on food aid**

The chair's new document contained a series of potential draft rules on export competition and some personal observations about the negotiations. The draft

disciplines managed to encompass the spectrum of Members' proposals by placing square brackets around several sections to indicate the absence of agreement. This was similar to the approach Falconer followed in his 12 June paper on market access -- an area in which Members are much further away from reaching agreement.

The draft provisions would require developed countries to specify how much they would reduce export subsidy payments each year from 2008 to the 2013 date for their elimination, with a stipulation that "a substantial part" of the cuts should happen by the end of 2010. Falconer noted that Members had "scarcely started negotiating over" the precise steps of the phase-out.

At the meeting, the Cairns Group of agricultural exporters and the G-20 group of developing countries both asked Falconer to include explicitly in his next paper their proposed timetable for the elimination of export subsidies. They have called for developed countries to cut their annual export subsidy entitlements by 50 percent in 2008, an additional 30 percent by 2010, and the remainder by 2013. The EU suggested that the inclusion of this proposal in the text was not justified, since no alternative timetables had been presented.

Falconer made relatively few personal observations in the new paper, since it dealt with issues that he had already addressed in earlier issue-specific reference papers (see BRIDGES Weekly, 17 May 2006, <http://www.ictsd.org/weekly/06-05-17/story5.htm>). Those that he did make focused primarily on the issue of food aid, where Members still need to tie down the precise mechanism that will be used to 'trigger' a 'safe box' that would permit flows of in-kind food aid during emergencies. Outside the safe box, such assistance would be restricted or prohibited to guard against commercial displacement. Many of his comments were informed by observations about the negotiations made in a recent letter he received from the head of the World Food Programme, a UN agency that opposes new trade rules that might discourage donations of commodities.

While the EU has proposed that a multilateral body such as the UN should be responsible for the safe box 'trigger,' African countries have emphasised that recipient governments should have the lead role, and the US has suggested that a range of actors including national governments and non-governmental organisations (NGOs) should be allowed to do so. In his letter to Falconer, World Food Programme chief James T. Morris stated that "from a legal perspective, only a recipient country, or, under very exceptional circumstances, the [UN] Secretary-General, may declare a food emergency triggering appeals for food



aid". UN agencies, as well as NGOs, he emphasised, simply do not have the right to do so.

Morris' letter went on to note that processes such as the 'consolidated appeals' run by the UN Office for the Coordination of Humanitarian Affairs (OCHA) are "merely coordinated fundraising mechanisms" that do not apply to all emergencies. For instance, current food emergencies in Sudan and the Congo are not covered by consolidated appeals.

Falconer observed that, in light of the legal and technical problems posed by a 'multilateral trigger' involving the declaration of emergencies, that step would have to remain a sovereign act of governments. Instead, multilateral support -- and thus qualification for the safe box -- could be assessed on the basis of the "status of the fundraising in relation to [the] emergency."

Falconer said that there appeared to be a "considerable centre of gravity" in favour of ensuring safe box eligibility for those emergencies where OCHA had launched a consolidated appeal. However, Members would also have to decide whether and how to take into consideration food emergencies that were not covered by this fundraising mechanism.

#### **Falconer asks questions about export credit, STEs**

The chair addressed the other aspects of export competition more briefly. With regard to export credits, Falconer pointed out that proposals on the table -- and thus reflected in brackets in the reference paper's draft disciplines -- include some that would effectively permit certain kinds of export credit payments to extend beyond 180 days, even though Members had explicitly agreed to cap the repayment period at this level in the July 2004 Framework (WT/L/579).

In the negotiations on STEs, Falconer said it was difficult to see what the developed countries that currently operate such entities -- Australia, Canada, and New Zealand -- were proposing to do differently from what they do now. Could it really be credible, he asked, that when asking Members to address the use of monopoly powers by STEs, ministers "were directing no operational change to the status quo on this issue?"

The EU and the US would like to eliminate the monopoly powers of STEs: the draft text in Falconer's reference paper therefore included a bracketed provision that would effectively prohibit STEs from having a monopoly over exports, possibly by 2013. At the 16 June meeting, Australia, New Zealand and Canada repeated their claim that Members need only to ensure that STEs do not evade export subsidy

commitments, not to challenge their existence as monopolies.

Trade negotiators are awaiting Falconer's initial draft modalities text, which they expect to be released shortly. A meeting has been scheduled to discuss it on 23 June.

ICTSD reporting.

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### **WTO TALKS ON FISHERIES INCH TOWARDS MIDDLE GROUND**

WTO Members signalled a slight narrowing of their differences on fisheries subsidies during meetings of the Negotiating Group on Rules from 12-16 June. The debate focused on key differences such as which kinds of grants contribute to overcapacity and overfishing, and how to provide special and differential treatment for developing countries. While several sources deemed the talks "constructive," broad disagreement remains, particularly over subsidies that directly lower the costs of fishing activities.

#### **Overfishing vs. overcapacity**

Proposals to limit fisheries subsidies are often characterised as more directly targeting either overcapacity or overfishing. In the first case, rules would address the subsidisation of fishing capacity, such as the construction or modification of fishing vessels. Disciplines on overfishing would address subsidies for fishing activities, such as provisions of fuel, ice, and bait.

In negotiations, many agreed that rules should constrain fishing capacity, but Members did not reach accord on how to deal with practices that lead to overfishing. Brazil and New Zealand would like to address subsidies aimed at both problems. A submission by the EU (TN/RL/GEN/134) and a joint one by Japan, Korea, and Taiwan (TN/RL/GEN/114/Rev.1) specifically target overcapacity by addressing fishing vessel construction, modification, and overseas transfers. Sources indicate that these countries believe that addressing overcapacity would inevitably curb problems with overfishing, because fewer boats would translate into less fishing.

However, several delegates commented that the problem is about "more than just boats." A recent report by environmental group WWF stated that "it is plain nonsense to propose rules that discourage overcapacity while allowing the direct subsidisation of overfishing itself." In the report, which caused a stir in the negotiations, the WWF called for WTO Members to ban the most damaging subsidies, subject the

remaining subsidies to effective disciplines, and make the rules enforceable.

Another major challenge for the group is how to devise rules on transparency with regard to fisheries subsidies. While several proposals would require countries to notify subsidies to the WTO, Members have not reached consensus on exact provisions. According to one source, "everyone agrees on the need for transparency, but once we start discussing actual language different perspectives emerge."

### **Moving forward by simplifying, clarifying, elaborating**

Nevertheless, forward movement was evidenced on several fronts. A new version of draft text for a potential agreement from Brazil (TN/RL/GEN/79/Rev.3), which has been revised based on comments from several Members, attempts to simplify the debate by replacing certain labels and categories of subsidies with more explicit language based on the aim of the subsidy (see BRIDGES Trade Biores, 19 May 2006, <http://www.ictsd.org/biores/06-05-19/story1.htm>). For example, the proposal distills the traditional three categories of subsidies (permitted, 'actionable' ones that could be legally challenged, and prohibited) into two -- prohibited ones and those that would "be exempted from the prohibition." In addition, the proposal replaces references to 'artisanal' and 'small-scale' fishing with more descriptive language, such as "fishing activities related to the subsistence of the fishermen and their families."

Another change in Brazil's proposal addresses the issue of whether a payment from one government for the right to fish in another government's jurisdiction (so-called 'access rights') constitutes a subsidy. Several small and vulnerable coastal economies have called for fees from selling access rights to be exempt from disciplines because they constitute an important source of government revenue. The revised proposal specifies that a subsidy would be deemed to exist in cases where a government purchases access rights and transfers them to its domestic fishing industry free-of-charge, as opposed to selling or auctioning them off.

New Zealand's submission (TN/RL/GEN/141) added to a list of exceptions to its proposed broad ban on fisheries subsidies, including those relating to: vessel decommissioning programmes; conservation activities; infrastructure; social programmes for fishermen; and disaster relief. The country also added provisions for 'artisanal' fishing (defined as traditional fishing activity related to the subsistence of fishermen and their families) and vessel and crew safety. One delegate perceived the expansion of the list as moving the

negotiations towards a more meaningful discussion about what specific payments would be prohibited.

### **S&D charts new course**

The discussion on special and differential treatment (S&D) also advanced slightly. S&D has posed a particular challenge for WTO members since some developing countries are major fish harvesters, and extending S&D to them on equal terms as other developing countries could undermine the effectiveness of any new fisheries rules.

One approach, proposed by Japan, Taiwan and Korea, has been to apply S&D only to those developing countries that account for less than a minimum percentage of the world market share of fish, or which have catches that fall below a certain weight threshold. In contrast, the EU would exempt developing countries from rules on subsidies providing they do not increase fishing capacity "to the extent that it is an impediment to the sustainable exploitation of fishery resources worldwide." Brazil would allow S&D for all developing countries, subject to certain conditions such as not allowing subsidies for fisheries that are overexploited, depleted, or recovering, according to the UN Food and Agriculture Organisation (FAO).

Argentina submitted an alternative proposal for the treatment of developing countries (TN/RL/GEN/138). Asserting that S&D should be "responsible," "selective," "limited" and "transparent," the proposal would allow developing countries to use subsidies for: fishing vessel construction, repair, and gear acquisition or improvement; fishing efforts that do not cause 'serious prejudice' to another WTO Member's interests; and 'artisanal' fisheries (defined as fishing activities relating to the subsistence of fishers and their families). Eligibility for S&D would be subject to certain conditions, such as compliance with notification and transparency provisions and the presence of a national fisheries management system. One source called the Argentine proposal "a good basis for moving forward."

### **EU subsidy package raises concerns**

The Rules Group adjourned only days before a meeting of EU fisheries ministers. On 19 June, the European Commission announced that it had approved a new European Fisheries Fund containing EUR 3.8 billion in subsidies over seven years, as part of the reform of the common fisheries policy. The agreement established certain categories of eligible subsidies, such as grants for the modernisation of fishing vessels. Some EU member states had opposed the plan on the grounds that it would promote overfishing (see BRIDGES Trade Biores, 2 June 2006, <http://www.ictsd.org/biores/06-06-02/story2.htm>). Organisations including the WWF have

expressed concern that the policy will compromise the competitiveness of the fishing industry, threaten the marine environment, and strongly affect the positions Brussels takes in WTO negotiations.

WWF's "The Best of Texts, the Worst of Texts" is available at [http://www.panda.org/news\\_facts/publications/index.cfm?uNewsID=72220](http://www.panda.org/news_facts/publications/index.cfm?uNewsID=72220)

ICTSD reporting; "Friends of Fish Denounce EU Aid Package," FINANCIAL TIMES, 17 June 2006; "WWF Statement On The Adoption Of The European Fisheries Fund," WWF, 19 June 2006; "The Best Of Texts, The Worst Of Texts," WWF, June 2006.

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### MEMBERS STEP UP DEMANDS ON GI EXTENSION, DISCLOSURE AS STALEMATE CONTINUES

WTO Members remain divided on how to address geographical indications as well as the relationship between biodiversity conservation and intellectual property protection, following discussions at multiple levels last week.

Echoing a late-May proposal from a group of developing countries, Norway (WT/GC/W/566) on 14 June called for amending the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) to make it mandatory for patent applicants to disclose any biological resources or associated traditional knowledge used in their inventions. Unlike the developing country proposal, however, Norway would not make breaches of the disclosure obligations punishable by the revocation of approved patents.

Although little has changed in Members' positions in the debate on whether the higher level of geographical indication (GI) protection currently accorded to wines and spirits should be extended to other products, some supporters of doing so, including the EU, Switzerland, and Bulgaria, have stepped up their demands for text-based negotiations.

Earlier in the month, Switzerland specifically linked its willingness to negotiate disclosure requirements to progress on GI extension (see BRIDGES Weekly, 7 June 2006, <http://www.ictsd.org/weekly/06-06-07/story2.htm>). Both issues have been the subject of informal consultations conducted by WTO Deputy Director-General Rufus Yerxa. Disclosure requirements have also featured with increasing prominence in the formal TRIPS Council as well.

### GI extension debate stagnates despite rigorous consultations

In spite of the fact that only six weeks remain before the end-July date for addressing GI extension set out in the Hong Kong Declaration, Yerxa described his 13 June consultations on the issue as 'repetitive.'

Switzerland, the EU, Thailand, Morocco, Turkey, Kenya, and Bulgaria urged Members to start text-based negotiations on GI extension. Developing countries that support GI extension say that it would help them gain price premiums in export markets with respect to agricultural products and handicrafts, such as Darjeeling tea and Cuban cigars (see BRIDGES Weekly, 22 March, 2006, <http://www.ictsd.org/weekly/06-03-22/story4.htm>). The EU stated that it was unfair to provide one level of protection to wines and spirits and another to all other products, and reaffirmed its earlier proposal on amending the TRIPS Agreement to remove this distinction (WT/GC/W/547). It also denied allegations that GI extension would entail substantial implementation costs and relabelling requirements.

One trade source suggested that China has informally expressed support for GI extension and may soon make its position formal, and that Brazil and India have also expressed willingness to discuss the issue.

On the opposite side of the debate, Australia, supported by the US and Canada, argued that text-based negotiations would be premature, since many questions regarding the Swiss and other proposals for GI extension remained unanswered. These include the implications for names considered to be generic in many countries (such as feta cheese), and potential effects on exports to third country markets. They also argued that there was not enough proof that the current level of protection afforded to products other than wines and spirits was inadequate.

Brazil also expressed concerns about the potential implications for generic names; such terms have existed for long periods of time in some markets. In countries like Brazil, this is often a result of substantial past immigration from Europe. Nevertheless, it recognised that discussions on GI extension and disclosure requirements were interrelated.

### Register for wines and spirits languishing

A 12-13 June meeting of the TRIPS Council 'special session,' in which Members are negotiating on a multilateral system of registration and notification of GIs for wines and spirits, also showed little progress.



Members continue to disagree on whether all of them should be required to participate in the multilateral register. Countries such as the EU want the protection of registered terms to be mandatory for all WTO Members; Hong Kong, in contrast, would make this the case only for countries that choose to participate in the register system. Still others, including Argentina, Australia, Canada, and the US believe that the register should simply be a database containing information on different countries' GIs, and that participant governments should have to do little more than consult it when ruling on GIs in their domestic markets.

Discussions revolved around a check list proposed by the chair on various aspects of a possible multilateral register, and a comparison of the three proposals for the register prepared by the WTO Secretariat (TN/IP/W/12). One delegate indicated that the consultations thus far "have been unable so far to generate common ground or convergence."

### **GI extension overtly linked to other negotiations**

Some of the most vocal proponents of GI extension have explicitly linked the issue to the other areas in the Doha Round negotiations, notably agriculture and non-agricultural market access (NAMA). This takes on extra significance given that Members are trying to agree on 'modalities' for both by the end of the month. For instance, Switzerland stated during the 13 June consultations that a clear result on GI extension would have to be part of any framework deal for cutting farm tariffs and subsidies. Bulgaria declared that it would not move forward on agriculture or NAMA modalities unless it was happy with the outcome on GI extension. In an informal 16 June submission to the agriculture negotiations, the EU repeated its position in favour of GI extension, specifying that they were seeking to prohibit the use of "a limited number of well known GIs" by anyone other than the right holders (JOB(06)/190).

Yerxa indicated on 13 June that he would continue meeting with individual delegations and small groups of Members to discuss GI extension.

### **Disclosure discussions inch forward**

Norway's formal call for a new TRIPS article on mandatory disclosure requirements has buttressed the position of countries including India, Brazil, Peru, Pakistan, Ecuador, Colombia, Sri Lanka, Cuba, Tanzania and Thailand that such an amendment is the best way to ensure mutual supportiveness between the TRIPS Agreement and the Convention on Biological Diversity (CBD).

However, the Norwegian proposal differs developing country proposal (WT/GC/W/564/Rev.1) on on some

significant points. Most importantly, while the developing countries would require domestic patent authorities to deny and revoke patents "when the applicant has, knowingly or with reasonable grounds to know, failed to comply" with the disclosure requirements, the Norwegian proposal specifically rejects the notion of revoking already-granted patents. Stating that "non-compliance with the disclosure obligation discovered post-grant should not affect the validity of the patent," it instead prescribes criminal sanctions or other administrative or legal measures that would not render the patent unenforceable. During the application stage, a breach of the disclosure requirements would be treated as a formal error, which would freeze the application process until the patent-seeker furnished the necessary information.

Furthermore, while the developing countries want patent applicants to be required to provide proof of "fair and equitable benefit-sharing arising from the commercial or other utilisation" of the resources used, Norway has excluded benefit sharing from its proposal, arguing that it is unnecessary and unfeasible to discuss it at the international level.

Norway calls for a requirement to disclose the supplier country of traditional knowledge, even if the knowledge in question is not related to genetic resources -- a suggestion frowned upon by the EU, which has voiced concerns about the definition and meaning of the term "traditional knowledge." Norway also suggests setting up a notification system under which patent offices would be required to forward all declarations of origin to the CBD's 'clearing-house mechanism'.

Countries such as India and Brazil expressed appreciation for the proposal, particularly given that it came from a developed country. They described the paper as another step towards starting text-based negotiations on the issue.

A developing country delegate suggested that the proposal had had a "sobering effect" on some developed country opponents of disclosure requirements such as Australia, New Zealand and Canada. The negotiator also hinted that the proposal had also nudged developing countries such as the Philippines and China further into the camp of the countries supporting disclosure requirements. However, a developed country trade negotiator denied any such effects arising from the Norwegian proposal.

Japan submitted a proposal (IP/C/W/572) on instituting a database to help patent examiners determine the veracity of 'inventive step' in patent applications involving traditional knowledge -- an essential part of determining whether an invention deserves a new patent. While the proposal was welcomed by US and

Korea, Brazil observed that unless accompanied by a disclosure requirement, a traditional knowledge database would simply make biopiracy easier. Japan countered that the database would only be available to patent examiners, not to the general public.

As with the GI extension issue, Yerxa suggested that he would organise consultations of various types to discuss disclosure requirements.

ICTSD reporting.

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## DEVELOPING COUNTRIES PRESENT VIEWS ON ENVIRONMENTAL GOODS

At an informal meeting of the WTO Committee on Trade and Environment Special Session (CTE-SS) on 12-13 June, several developing countries reiterated their objections to designating a finite list of specific 'environmental goods' for expedited trade liberalisation under Paragraph 31(iii) of the Doha Declaration.

The gathering was originally supposed to continue a product-by-product evaluation to determine which of the 480-odd goods that Members have proposed for such liberalisation truly qualify as 'environmental' (see BRIDGES Weekly, 17 May 2006, <http://www.ictsd.org/weekly/06-05-17/story3.htm>). These technical discussions have been marked by disagreement between developing and developed countries -- the former argue that a single potential non-environmental end use should suffice to disqualify a product from consideration; the latter counter that this would exclude all but a handful of items.

As planned, the meeting started with presentations by some of the 'friends of environmental goods' -- a group of mainly developed countries that support the 'list' approach -- about the products they had suggested for liberalisation. For instance, Japan made a presentation on hybrid cars; the US, on equipment for analysing water and air pollution. Switzerland spoke on 'environmentally preferable products' such as railway trains and bicycles, and whether or not they should be considered as environmental goods.

However, as the meeting progressed, many developing countries continued to express doubts about the effectiveness of the product-by-product evaluation, arguing that the discussions were going in circles. They reiterated that areas of concern to them, such as special and differential treatment, non-tariff barriers, and technology transfer, needed to be taken into account in the negotiations.

Developing countries have long been sceptical about the list approach, fearing that the products ultimately

slated for sped-up liberalisation would not be of export interest to them.

### Developing countries' concerns

Argentina, Brazil, Egypt, India, Mexico and South Africa, along with several other developing countries tabled an informal document detailing more systematic complaints and criticisms regarding the list approach, stressing the importance of only liberalising trade in environmental goods that serve a single environmental end-use.

The group of countries, referring to themselves as the 'friends of the environment and sustainable development', said that unless liberalisation was limited to these single end-use products, the Paragraph 31(iii) mandate could be used to reduce tariffs without environmental benefits, which would only benefit the economy of the exporting country. Better efforts need to be made, they suggested, to make sure liberalisation under the environmental goods mandate actually serves real environmental and developmental goals.

The sponsors of the paper said that the supporters of the 'list approach' had failed to show that the products they were proposing had only a single environmental end-use, and had also not succeeded in demonstrating any clear environmental or developmental benefits of liberalisation.

Instead, they said that in order to get clear environmental and developmental benefits, Members should focus on India's 'environmental project' approach.

### India presents refined 'project approach'

Under this approach, each Member country would set up a 'designated national authority' to authorise projects as 'environmental' and thus eligible for temporary market access concessions on goods and services used in them (see BRIDGES Trade BioRes, 23 June 2005, <http://www.ictsd.org/biores/05-06-24/story1.htm>). India defended its favoured methodology in a new submission (TN/TE/W/67).

The Indian paper argues that unlike the 'list approach', the project approach addresses non-tariff barriers and obstacles to environmental services, and would respond more effectively to changes in technology. The paper rejected criticisms that the project approach lacked predictability and transparency, pointing out that it would create multilaterally-agreed criteria for liberalising trade in environmental goods and services -- and that the domestic implementation of these criteria would be subject to WTO dispute settlement. The approach, it argued, would define boundaries within

which individual countries would address their national environmental goals along with global environmental objectives in a developmentally supportive way.

In response to allegations that the project approach would provide no new incentive to liberalise since countries can already unilaterally reduce tariffs for projects, India argued that concessions would have to be granted to all WTO Members equally, that is, through the 'most-favoured nation' principle. It also pointed out that the approach provided for 'temporal binding' -- any concessions agreed to would be temporarily bound for the duration of the project in question.

### A compromise?

Colombia also presented an informal 'non-paper' (JOB(06)149) which appeared to suggest a compromise. It outlines potential criteria for defining products with a single environmental use: they must be used either for improving the environment or reducing waste and the consumption of natural resources, and must have a "direct and verifiable" environmental application that complies with the objectives of multilateral environmental agreements (MEAs). For goods with dual and multiple uses, Colombia proposes that Members would only need to liberalise trade if they were used in a project, programme, plan or system deemed to have verifiable environmental benefits by a designated national authority.

The document aimed to bring together India's project approach, the list approach, and Argentina's "integrated" approach that would create a list of goods and services that would then be eligible for project-specific liberalisation (see BRIDGES Trade BioRes, 28 October 2005, <http://www.ictsd.org/biores/05-10-28/story1.htm>), while also addressing concerns about special and differential treatment and multiple use.

Sources expressed hope that the Colombian submission would be able to bridge the gaps between Members, but indicated that all of the new proposals needed to be further debated and refined.

Another proposal from Uruguay will be discussed at the next formal meeting of the CTE-SS, scheduled for 6-7 July.

ICTSD reporting.

## IN BRIEF

### EU TRADING PARTNERS SAY CHEMICALS LEGISLATION COULD HAVE "GRAVE CONSEQUENCES"

Thirteen of the EU's main trading partners, including several developing countries, have demanded that Brussels modify its proposed chemicals legislation to reduce its "potentially disruptive impact on international trade" and "grave consequences on developing economies".

The draft Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) rules were designed to protect consumers and the environment against the adverse effects of chemicals found in products like paint, detergents, cars and computers. Critics have alleged that the proposed legislation could constitute an "unnecessary barrier to trade," banned by Article 2.2 of the WTO Agreement on Technical Barriers to Trade (TBT; see BRIDGES Trade BioRes, 25 November 2005, <http://www.ictsd.org/biores/05-11-25/inbrief.htm#5>).

In an 8 June joint press statement, diplomats from India, Brazil, Mexico, Singapore, South Africa, Thailand, Chile, Israel, Korea, Malaysia, Australia, Japan and the US called on the EU to amend the legislation to reflect their concerns. In particular, the countries stressed they wanted a "more risk-based authorisation process" to determine which products would be subject to the registration and regulation requirements.

They said that some aspects of the draft legislation, such as high registration fees, technical requirements, and the inclusion of "everyday bulk commodities," could be particularly burdensome for small and medium-sized enterprises in developing countries. The countries also took aim against the 'substitution principle' in the draft legislation, which would require companies that wanted to use a chemical deemed hazardous to use another, safer chemical, if available.

Environmental group WWF said that the countries had failed to take account of revisions made to the bill after its first reading in the European Parliament -- changes, it argues, that address many of their concerns. EU officials insist that the draft regulations would not contravene WTO rules.

The draft legislation will go through its second parliamentary reading in October.

The joint press statement is available at [http://useu.usmission.gov/Dossiers/Chemicals/Jun0806\\_REACH\\_Statement.asp](http://useu.usmission.gov/Dossiers/Chemicals/Jun0806_REACH_Statement.asp)

ICTSD reporting; "US mounts coalition to defeat EU chemical safety reform (REACH)," EURACTIV, 9 June 2006; "US, others pressure EU to re-think chemicals bill," REUTERS, 9 June 2006; "EU chemicals bill under fire from US-led coalition," EUOBSERVER.COM, 9 June 2006; "U.S. Rallies 12 Nations to Pressure EU To Ease Burden of REACH Chemical Reform," WTO REPORTER, 12 June 2006.

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## WTO IN BRIEF

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### AID FOR TRADE TASK FORCE PROGRESSING TOWARDS RECOMMENDATIONS

The WTO Aid for Trade (A4T) Task Force is moving towards finalising the recommendations it is set to make to Members by the end of July. Chair Ambassador Mia Horn af Rantzien (Sweden) circulated a six-page draft recommendations text to the 13 members of the Task Force at its most recent meeting on 16 June.

The draft text would have A4T cover areas such as trade policy development (from the training of officials to support for the articulation of national policy) and compliance with trade obligations. It would also support efforts to boost countries' ability to take part in commerce, both through improving the business climate and building infrastructure such as roads, ports, and telecommunication networks. It repeatedly mentions the need to help countries better identify their trade-related needs. Task Force members are expected to complete any written comments on the text by the end of June, in time for its next meeting on 4 July.

Four days earlier on 12 June, the Task Force held a meeting open to the entire WTO Membership. At this 'open-ended' meeting, several international organisations made presentations about their views on A4T, including the UN Development Programme (UNDP), the World Bank, the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, and the International Monetary Fund (IMF). WTO Deputy Director-General Valentine Rugwabiza also made a statement.

The issue of whether A4T funds must come over and above existing aid money is becoming contentious.

Members including the EU, the US and Canada, argue that significant resources are already available, and should simply be better utilised to support trade activities. Developing countries counter that donors must make new additional commitments to support the A4T initiative. The link between A4T and the Doha negotiations is also proving controversial, with developing countries insisting that it is an important complement but not a substitute for the development objectives of the talks.

ICTSD reporting.

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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: 21-28 June

22 June, Washington DC, US: WASHINGTON INTERNATIONAL TRADE ASSOCIATION (WITA) PROFESSIONAL DEVELOPMENT SERIES: CUSTOMS LAWS. This instalment of WITA's professional development series will provide a general overview of customs laws, enforcement efforts and penalties, and customs rules negotiations, including rules of origin and how they work under varying trade agreements. For further information please contact [wita@wita.org](mailto:wita@wita.org).

23 June, London, UK: ENFORCING COMPETITION LAW. Chatham House's annual competition policy conference will convene a panel of UK and international experts to shed light on the impact of competition policy on businesses' future investment plans and trading patterns. The event will also examine the impact of globalisation and increased foreign investment and trade flows on national competition policies and regulatory practices. For further information please contact [conferences@chathamhouse.org.uk](mailto:conferences@chathamhouse.org.uk), or visit <http://www.chathamhouse.org.uk/index.php?id=5&cid=91>.

26 June, Geneva, Switzerland: ICTSD ROUNDTABLE ON GATS AND DOMESTIC REGULATION DISCIPLINES. Organised by the International Centre for Trade and Sustainable Development (ICTSD). This dialogue is intended to provide a forum for services trade negotiators and selected experts to have an informal, off-the-record discussion on potential draft



WTO disciplines on domestic services regulation. Julian Arkell will provide an overview of his new ICTSD working paper on the issue. The meeting comes as the Council for Trade in Services' Working Party on Domestic Regulation is set to start negotiations on a consolidated draft text on domestic regulation disciplines. For further information contact Heidi Ullrich, tel. +41 22 917 8846; e-mail: hullrich@ictsd.ch; internet: [http://www.ictsd.org/issarea/services/roundtable/2006-06-26/2006-06-26\\_DomReg\\_desc.htm](http://www.ictsd.org/issarea/services/roundtable/2006-06-26/2006-06-26_DomReg_desc.htm).

26 June - 7 July, Pietermaritzburg, South Africa: INTERNATIONAL ENVIRONMENTAL LAW-MAKING AND DIPLOMACY COURSE. The University of Joensuu (Finland) and the UN Environment Programme (UNEP) are organizing a short course on international environmental lawmaking and diplomacy in collaboration with the University of KwaZulu-Natal, South Africa. The course is designed for negotiators of environmental agreements. It also aims to foster North-South co-operation and take stock of recent developments in the negotiation and implementation of multilateral agreements. For more information contact: Department of Law, University of Joensuu; tel: +358-13-251-4893; e-mail: [Unepcourse@joensuu.fi](mailto:Unepcourse@joensuu.fi); internet: <http://www.joensuu.fi/unep/envlaw>.

26 June - 14 July, Beirut, Lebanon: TRAINING COURSES ON KEY ISSUES ON THE INTERNATIONAL DEVELOPMENT AGENDA. This course, organised by the UN Conference on Trade and Development (UNCTAD) and the United Nations Economic and Social Commission for Western Asia, will focus on the links between trade, investment and development, especially in the context of the current multilateral trade negotiations. The course is aimed at senior government officers who are involved in the formulation and implementation of national trade and development policies. Academics from research institutions and universities active in international economic issues are also encouraged to apply. For further information contact UNCTAD, e-mail: [mohan.panicker@unctad.org](mailto:mohan.panicker@unctad.org), internet: <http://www.unctad.org/Templates/Meeting.asp?intltemlD=2068&lang=1&m=11728&year=2006&month=5>.

28 June-1 July, Geneva, Switzerland: EXECUTIVE COMMITTEE OF THE CODEX ALIMENTARIUS COMMISSION (58th SESSION). Created in 1963 by the Food and Agriculture Organisation (FAO) and the World Health Organisation (WHO) to develop food standards, guidelines and related texts such as codes of practice under the Joint FAO/WHO Food Standards Programme, this session will address issues including strategic planning of the Codex Alimentarius Commission and proposals for the elaboration of new standards. For further information please contact K. Miyagishimi. For further information please contact the

Codex Secretariat at tel: (+39 06) 5705 2287; fax 5705 3369, email: [codex@fao.org](mailto:codex@fao.org).

## 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.

22 June: TRADE POLICY REVIEW BODY - CHINESE TAIPEI

22 June: COUNCIL FOR TRADE IN SERVICES

22 June: COMMITTEE ON SPECIFIC COMMITMENTS

23 June: COUNCIL FOR TRADE IN SERVICES - SPECIAL SESSION

27-29 June: WORKSHOP ON THE WTO AGREEMENT ON GOVERNMENT PROCUREMENT

28-30 June: COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES

## Other Upcoming Events

30 June, Geneva, Switzerland: 39TH EXECUTIVE SESSION OF THE UNCTAD TRADE AND DEVELOPMENT BOARD. The meeting will deliberate on the activities undertaken by the UN Conference on Trade and Development (UNCTAD) in favour of Africa to provide an overview of research and analysis undertaken by the organisation with regard to African development, as well as a summary of specific activities, including advisory services and technical cooperation, in each section falling under UNCTAD's mandate. For further information, e-mail: [meetings@unctad.org](mailto:meetings@unctad.org); internet: <http://www.unctad.org/Templates/Meeting.asp?intltemlD=1942&lang=1&m=11779&year=2006&month=6>.

11 - 14 July, Portsmouth, UK: INTERNATIONAL INSTITUTE FOR FISHERIES ECONOMICS AND TRADE (IIFET) BIENNIAL CONFERENCE. This event will provide a forum for professionals to discuss the current state of the world's fisheries and exchange ideas on the means to rebuild those that have been damaged by natural disasters or human activities. For



further information contact Nicola Waterman, tel: (+ 44 23) 9284 4087; fax: (+44 23) 9284 4614; email: nicola.waterman@port.ac.uk

## RESOURCES

**WHAT DETERMINES PROTECTION OF PROPERTY RIGHTS? AN ANALYSIS OF DIRECT AND INDIRECT EFFECTS.** By the World Bank, June 2006. Using cross-country data, the authors evaluate historical determinants of property rights protection. They examine four historical theories that focus on conceptually distinct causal variables believed to shape institutions: legal origin, endowments, ethnic diversity, and religion. The authors use directed acyclic graph methodology to attempt to identify which historical factors are direct determinants of property rights protection and which are not, and subject the outcomes to a battery of tests for robustness. The empirical results support ethnic fractionalisation as a robust determinant of property rights protection. Despite the attention it has received in the literature, the impact of legal origin on protection of property rights appears fragile and dependent on the inclusion of transition economies in the sample. To access this report visit [http://econ.worldbank.org/external/default/main?pagePK=64165259&piPK=64165421&theSitePK=469372&menuPK=64166093&entityID=000016406\\_20060607102405](http://econ.worldbank.org/external/default/main?pagePK=64165259&piPK=64165421&theSitePK=469372&menuPK=64166093&entityID=000016406_20060607102405).

**A NEW GUIDE TO UNCTAD TECHNICAL COOPERATION.** By the UN Conference on Trade and Development (UNCTAD), June 2006. This guide provides a summary of UNCTAD's assistance to developing countries in fields such as globalisation and development; international trade in goods, services and commodities; investment, technology and enterprise development; services infrastructure; and trade efficiency. UNCTAD's technical assistance is provided in the form of policy advice; training and training of trainers; the provision of trade- and investment-related data; the development of computer-based technical cooperation packages; and through institution building. Government officials of developing countries are the main beneficiaries, but many projects and programmes also target businesses, academia, and relevant members of civil society. To access this report, visit <http://www.unctad.org/Templates/webflyer.asp?docid=7061&intItemID=1528&lang=1>.

**IMMISERIZING FOREIGN AID: THE ROLE OF TARIFFS AND NONTRADED GOODS.** By Stephen Tokarick. International Monetary Fund, May 2006. International trade theory has pointed out that factor accumulation could immiserise a country if it is sufficiently biased toward the export sector or if it is biased toward an import competing sector in the

presence of tariff protection. This paper analyses the impact of aid, in the form of an increase in the capital stock used only in the non-traded sector, on real income. To access this paper, visit <http://www.imf.org/external/pubs/cat/longres.cfm?sk=19100.0>.

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

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*BRIDGES Weekly Trade News Digest* is made possible in 2001 – 2004 through the generous support of the Government of the United Kingdom (DFID). Additional support is provided by ICTSD's core donors: the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK), MISEREOR, NOVIB (NL), Oxfam (UK) and the Swiss Coalition of Development Organisations (Switzerland). The *Weekly* also benefits from support for the *BRIDGES* series of publications including: the Rockefeller Foundation, the John D. and Catherine T. MacArthur Foundation and Swiss Development Cooperation. ISSN 1563-0

