



INTERNATIONAL CENTRE FOR  
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# Bridges

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### LEAD STORIES

#### WORLD BANK, IMF, FINANCE MINISTERS CALL FOR REVIVING DOHA ROUND TALKS

Finance ministers from around the world as well as the heads of the World Bank and the International Monetary Fund called for resuscitating the struggling Doha Round negotiations, during the global financial institutions' 13-20 September annual meetings in Singapore.

Many of them warned that a total collapse of the global trade talks could give rise to a new wave of protectionism. In spite of projections that the global economy was set to expand by a healthy 5.1 percent this year, IMF chief Rodrigo de Rato warned on 19 September that growth rates risked going into decline if a global trade deal failed to be struck. "The world will either go forward to greater growth and broader opportunities, or backward, to narrow nationalism. We should not fool ourselves that there is a comfortable middle ground," he added. World Bank President Paul Wolfowitz expressed similar sentiments.

Two days earlier, UK Chancellor Gordon Brown and US Treasury Secretary Henry Paulson had sounded rare optimistic notes about the WTO negotiations. Brown said that his counterparts at the meeting were "fired up" to conclude a successful agreement, adding that there is a basis for a deal, and that countries are now seized of both the importance of a deal and the urgency of achieving one. The Times reports that Paulson also stressed the need to revive the talks, expressing confidence that an "acceptable deal" would be able to secure Congressional support.

The multilateral trade talks have been suspended since late July, when ministers from key trading nations failed to reach a deal on agriculture and industrial goods 'modalities' -- formulae and figures for tariff and subsidy cuts, as well as exceptions to them -- primarily due to differences on farm trade (see BRIDGES Weekly, 26 July 2006, <http://www.ictsd.org/weekly/06-07-26/story1.htm>).

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Missing the July deadline made it impossible for WTO Members to finalise a Doha Round package of legal agreements in time for the mid-2007 expiry of the Bush administration's mandate to negotiate trade agreements and submit them to Congress for a yes-or-no vote without the possibility of major amendments. However, many trade observers -- as well as senior US officials -- have suggested that if an agreement appears to be coming together by March 2007, Congress might be persuaded to extend the administration's trade promotion authority. Failing that, the negotiations would likely remain stagnant until 2009.

WTO Director-General Pascal Lamy, who attended the meeting, told Bloomberg that finance ministers, "whose basic business is to manage the risk in the global economy," were extremely concerned about the state of the Doha Round. He said that he was urging them to "step in a bit more" in order to give the talks the "political energy" they need in order to get going again.

### **Development Committee calls for relaunching talks**

The joint IMF-World Bank Development Committee, which met on 18 September, also deplored the suspension of the trade negotiations, describing it as "a setback in our effort towards achieving the [UN's] Millennium Development Goals." The committee, which is made up primarily of finance ministers from 25-odd developed and developing countries, issued a communiqué following the meeting calling upon "all WTO Members to avoid backsliding and provide trade ministers with the necessary flexibility to resume the negotiations by the end of the year."

The committee briefly touched upon aid for trade, welcoming the recommendations of the WTO Task Forces on Aid for Trade and the Integrated Framework (see BRIDGES Weekly, 2 August 2006, <http://www.ictsd.org/weekly/06-08-02/story3.htm>). It urged both the World Bank and the IMF to "continue their global advocacy role on trade and development, and to foster the integration of trade into country programmes."

In their communiqué, the ministers urged donor countries to make "concrete efforts" to increase overseas development assistance "towards the target of 0.7 percent of gross national income." They also called on the World Bank to explore, in cooperation with the Global Environment Facility, how it might better promote investment in clean, low-carbon energy sources in developing countries.

### **IMF members approve reforms to voting rights**

The summit also saw the vast majority of the IMF's 184 members approve a reform plan that increased the

voting power of China, Korea, Turkey, and Mexico, giving them a voice in the institution more reflective of their share in the global economy. Although the 23 countries that voted against the plan included Brazil and India, which saw their voting shares decrease in spite of increased economic clout, the changes are seen as a first step in a broader overhaul of voting power in the IMF. However, subsequent reforms are likely to be more difficult, since overrepresented countries, such as many smaller European ones, will come under pressure to give up some of their influence.

With the market for the IMF's traditional services as a lender of last resort for insolvent governments in decline, the institution has stepped up its surveillance of global economic imbalances. One of the IMF's particular sources of concern for international economic stability is the potentially volatile -- but thus far stable -- combination of large current account and budget deficits in the US coupled with huge foreign exchange surpluses in China and other Asian economies.

Trade and agriculture ministers from several WTO Member countries will resume discussions on the Doha Round in Australia from 20-22 September, alongside the summit of the Cairns Group of agricultural exporters.

ICTSD reporting; "IMF's Chief Calls for a Revival of Trade Talks," BLOOMBERG, 20 September 2006; "WTO chief seeks 'political energy' for trade talks," FINANCIAL EXPRESS, 19 September 2006; "India to carry forward campaign for IMF reform: Chidambaram," THE HINDU, 19 September 2006; "IMF Chief Says Growth to Suffer Without Trade Accord," BLOOMBERG, 19 September 2006; "US hints at fresh concessions," GUARDIAN, 18 September 2006; "UK and US in push to save global trade talks," THE TIMES, 18 September 2006; "IMF: Restart world trade talks," DEUTSCHE PRESSE-AGENTUR, 19 September 2006; "IMF main members back plan for wide reforms," FINANCIAL TIMES, 19 September 2006.

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## **OTHER STORIES**

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### **WIPO COMMITTEE APPROVES BROADCAST TREATY AMIDST DISAGREEMENT**

In spite of persistent differences over its content, a potential new treaty to update the rights of broadcasters over their transmissions received the backing of a World Intellectual Property Organisation (WIPO) committee on 13 September.

After discussions from 11-13 September, the chair of WIPO's Standing Committee on Copyright and Related Rights (SCCR) decided that there was sufficient consensus on the proposed agreement to send it to a 'diplomatic conference,' the final stage for the negotiation of a treaty. Thus, even though the meeting left several member states feeling unsettled, the committee will ask WIPO's General Assembly, which kicks off on 25 September, to convene one in July 2007. Chair Jukka Liedes (Finland) suggested that countries could discuss their remaining disagreements in the interim, specifically alongside a January 2007 preparatory meeting for the diplomatic conference.

### Differences on text persist

The nature and scope of rights conferred by the proposed treaty remain a source of controversy. As it stands, the draft text would confer on broadcasting and cablecasting organisations exclusive rights over anything they transmit -- equivalent to a new intellectual property right.

US and EU broadcasters, who have strongly backed the negotiations, say that they need such protections to prevent their signals from being stolen and retransmitted on a large scale.

Sceptics, from the high-tech industry, civil society, and many developing countries, warn that if the treaty's scope remains wide, it could end up substantially raising the costs of using broadcasted material for personal or educational purposes, and could restrict the entry of information into the public domain. Prior to the meeting, several non-governmental organizations (NGOs) and major multinational companies, including Dell, Intel, and Sony, released a joint statement saying that there was "no justification" for a new treaty. Some suggest that the broadcast industry is simply trying to protect itself by stymieing innovation in new digital technologies, as it unsuccessfully attempted to do with the VCR in the 1980s.

During the talks in Geneva, negotiators observed that even such central terms as "signal" and "broadcast" had not been clearly defined, rendering it hard to clearly determine the precise scope of the treaty. Developing countries including Brazil, India, Iran and Argentina reiterated that any implicit or direct reference to webcasting and simulcasting should be specifically excluded from protection under an eventual treaty. The two forms of transmission over the internet were split off from the negotiations at the SCCR's last meeting in May, in the face of US opposition (see BRIDGES Weekly, 10 May 2006, <http://www.ictsd.org/weekly/06-05-10/story3.htm>). At the recent meeting, most developing countries stressed that broadcasting should be understood in the traditional sense, thereby

excluding activities such as transmission over the internet.

An important point of contention was whether or not technological protection measures (TPMs; for example, 'broadcast flags' that make transmissions unrecordable) should be included within the scope of the draft treaty. The treaty currently contains an option to exclude TPMs, which has placated many developing countries. The US and some other developed countries, on the other hand, would like to see such measures covered by the treaty.

Supporters of narrowing the scope of treaty rights and excluding TPMs argue that both are necessary to protect access to knowledge, information in the public domain, and personal use. Countries such as South Africa stressed that any treaty would need to maintain an appropriate balance between the economic interests of the broadcasting organisations and the freedom of expression of individuals. Other governments cautioned that a treaty might adversely affect competition.

To address these concerns, many countries asked for the flexibility to determine limitations and exceptions to treaty obligations, in order to suit specific national needs and conditions. They emphasised the need for the policy space to draft provisions reflective of their own priorities and interests. Yet again, member states differed widely, and the issue was passed on to the diplomatic conference -- in the event, of course, that the General Assembly agrees to convene one.

### Diplomatic conference scheduled for July 2007

Numerous countries expressed their disagreement over the initiative to call for a diplomatic conference, both inside and outside the meeting rooms. Nevertheless, Liedes deemed members to have consented "by silence" at the end of the meeting to recommend convening one from 7 July to 1 August 2007. He said that the draft proposal (SCCR/15/2) would constitute the working basis for this diplomatic conference, which would aim at finalising a broadcast treaty, with 'broadcasting' to be understood in the traditional sense.

These conclusions elicited negative reactions from developing country negotiators, who argued that the draft proposed treaty was far from ready to form the basis of a diplomatic conference, given the divergence of views on its content. India stated that since three meetings of the SCCR had failed to produce consensus, this would likely happen at the diplomatic conference as well. The US, too, expressed reservations on making the draft proposal the basis for the conference, stating that there were numerous uncertainties in it that would first need to be resolved. WIPO meetings generally operate on the basis of

consensus. On being questioned by countries such as India about the level of support for the committee's decision, Lieder said that the call for a diplomatic conference on the treaty was no more a recommendation for the General Assembly to decide on.

Though unable to voice their opinions during the meetings, civil society and industry representatives expressed serious objections to the treaty.

A representative of a performers' organization in Europe noted that member states were considering updating broadcasters' rights under the 1961 Rome Convention while performers' rights had been in cold storage for about as many years.

The Consumer Project on Technology's Thiru Balasubramaniam was particularly critical of the way in which Lieder deemed the draft text approved. "We feel that the chair, Jukka Lieder, deserves a red card for his conduct during the negotiations, he said. "For the second consecutive time, he silenced the voice of non-governmental organizations -- public interest and industry alike." The SCCR chair, Balasubramaniam added, "steamrolled over the procedural and substantive concerns expressed by the US, India, Bolivia, Argentina, Iran and Brazil through a byzantine 'silent approval' vote. Proceeding to a diplomatic conference with a 108 page text riddled with inconsistencies is a recipe for disaster."

The future of the proposed broadcast treaty will be determined by the upcoming WIPO General Assembly, which is also set to consider the fate of a series of proposals to integrate developmental concerns into every aspect of the organisation's functioning.

ICTSD reporting; "WIPO: Broadcast Treaty Moving Forward Despite Objections" GWEN HINZE and THIRU BALASUBRAMANIAM (<http://www.eff.org/deeplinks/archives/004913.php>), 16 September; "WIPO Broadcasting Treaty Advances Past Disagreements," INTELLECTUAL PROPERTY WATCH, 14 September 2006; "Proposed Treaty on TV Signals Spurs Criticism," LA TIMES, 13 September 2006.

## IN BRIEF

### JAPAN, PHILIPPINES SIGN FTA WITH PROVISIONS FOR LABOUR MOVEMENT

Japan and the Philippines have agreed to a comprehensive free trade agreement (FTA) that contains provisions for Filipino workers -- especially

nurses -- to pursue employment and training in Asia's largest economy.

The accord, signed on 9 September in Helsinki, had been held up for almost two years by disagreements over auto and steel tariffs, foreign investment rules, and the number of Filipino temporary workers Tokyo was willing to admit.

Under the agreement, a certain number of Filipino nurses and caregivers will be permitted to go to Japan for work, professional education, or language training for different fixed durations up to four years, provided that they are deemed sufficiently proficient in Japanese. Although the FTA text contains no specific figures, Japanese press reports indicate that Tokyo has agreed to accept 400-500 nurses and caregivers annually when the pact comes into force next year, a number that could rise in the future.

Japan has one of the world's most rapidly aging societies, thanks to low birth rates and levels of immigration. The USD 10.7 billion in remittances sent home by the 8 million Filipinos who work abroad -- almost a tenth of the population -- are one of their country's most important sources of revenue.

Over the next four years, the FTA will eliminate tariffs on more than 90 percent of bilateral goods trade. The Philippines will be able to retain some tariffs on Japanese automobiles. Japan agreed to increased access for some Filipino exports to its heavily-protected agricultural market, through lower tariffs and expanded import quotas. These include bananas, chicken, ice cream, molasses, and pork products. Rice and sugar, however, have been excluded.

Notably, the treaty's chapter on investment rules did not include finalised provisions for arbitrating investor-state disputes. International arbitration for such disputes has been a hallmark of Japan's recent bilateral trade and investment pacts. However, Manila has found international arbitration under its own bilateral investment treaties to be punishingly expensive, and did not want it to be part of the new agreement.

The FTA text can be found at: <http://www.mofa.go.jp/region/asia-paci/philippine/epa0609/index.html>.

"Tokyo concessions bared," MANILA STANDARD, 13 September 2006; "Japan to set upper limits in accepting Philippine nurses under FTA," KYODO NEWS, 31 August 2006; "Japan, RP sign trade pact, allowing flow of Filipino nurses," AGENCE FRANCE PRESSE, 10 September 2006; "Philippine FTA to reshape health care," JAPAN TIMES, 13 September 2006; "Japan and the Philippines leave dispute settlement mechanism

unresolved in EPA," INVESTMENT TREATY NEWS, 20 September 2006.

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### SOUTH AFRICAN IMPORT QUOTAS ON CHINESE CLOTHING SPLIT RETAILERS, UNIONS

South Africa's decision to impose import quotas on Chinese textiles and clothing has ignited a firestorm of controversy, pitting trade unions and the government against retailers.

On 1 September, Trade and Industry Minister Mandisi Mpahlwa announced a quota-based import licence system for some 31 (of a total of 36) categories of Chinese clothing and textiles in the government gazette. The measures were set to enter into force on 28 September and expire at the end of 2008. The government is aiming to reduce Chinese imports by about one-third. South Africa's International Trade Administration Commission described the restrictions as "emanating from" a June memorandum of understanding on textile trade between the two governments. WTO rules ban most quantitative trade restrictions, but China's accession terms allowed other Members to legally limit Chinese textile imports.

The South African clothing industry has shed tens of thousands of jobs since the end of quotas on international textiles trade in 2005, which opened the door to cheap imports, especially from China.

The ruling African National Congress' decision was welcomed by union groups, including the influential Congress of South African Trade Unions (COSATU), as did some church groups and the Communist party. Some manufacturers said that it would boost employment in the struggling sector.

However, the move was immediately panned by clothing retailers such as Woolworths, Truworths, and Mr Price, who claimed that it would push up clothing costs by some 20-25 percent, and simply drive purchasers to third countries. They also said that it may leave store shelves empty, since South African domestic capacity might not be able to immediately make up the shortfall.

Opposition party Democratic Alliance said that the move was taken without sufficient consultation with stakeholders, or consideration of its effects. Even the Clothing Trade Council, a clothing manufacturers' group which supports quotas in principle, complained that the government had acted precipitously and would cause disruption to the industry.

The government announced on 14 September that the implementation of the import restrictions would be pushed back to 1 January 2007, to give importers and the industry more time to adjust.

ICTSD reporting; "DTI and Retailers Clash Over Quotas," SUNDAY TIMES (Johannesburg), 10 September 2006; "As Mpahlwa Rides Roughshod Over Retailers, Who Knows What's Next?", BUSINESS DAY, 11 September 2006; "Textile restrictions could mean empty shelves," CAPE TIMES, 4 September 2006; "S Africa delays date for China import quotas," REUTERS, 14 September 2006; "Retailers Want Import Quotas to Be Scrapped," 7 September 2006; "South Africans air mixed reactions to textile deal with China," XINHUA, 5 September 2006.

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### WTO IN BRIEF

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#### US, EU, CANADA JOIN FORCES TO CHALLENGE CHINA ON AUTO PARTS

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On 15 September, the US, the EU, and Canada launched a legal challenge against China's tariff treatment of imported auto parts. Claiming that Beijing is violating WTO obligations, the three Members formally requested the WTO to establish a panel to adjudicate the dispute.

"We have tried again and again to find an acceptable negotiated solution to this issue, and without Chinese engagement, we have no alternative but to take this course of action," said EU Trade Commissioner Peter Mandelson.

The three countries allege that China is imposing unfair charges on auto parts imported for the assembly of complete vehicles in the country. Under regulations implemented by China on 1 April 2005, imported auto parts are subject to the higher duties normally applied to finished vehicles -- 25 percent rather than 10 percent -- unless they are destined for vehicles that will meet certain local content requirements.

The three countries claim that the measures unfairly discriminate against imported auto parts, and discourage domestic automobile manufacturers in China from using imported auto parts when assembling vehicles.

"China has demonstrated no willingness to remove its unfair charges," explained US Trade Representative Susan Schwab. "We are committed to providing a level playing field for US exporters to China, and as we have made clear, we will not hesitate to pursue dispute settlement if necessary."



China asserts that its actions are in line with WTO rules and explained that the regulations were meant to keep 'criminal elements' from exploiting the different tariff rates for whole vehicles and auto parts and to protect consumers.

The dispute was initiated by the US and EU in March when they filed a request for consultations. Canada filed a similar request in April. The Dispute Settlement Body (DSB) will take up the requests on 28 September.

This is the first case formally filed with the WTO against China since it joined in 2001.

ICTSD reporting; "United States Requests WTO Panel in Challenge of China's Treatment of U.S. Auto Parts," USTR Press Release, 15 September 2006;

"China criticizes WTO auto parts case" REUTERS, 17 September 2006.

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## EVENTS & RESOURCES

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### EVENTS

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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 [Upcoming](mailto:Upcoming)

#### Events: 21-27 September

25-26 Geneva, Switzerland: WTO PUBLIC FORUM. The theme of this year's WTO's annual forum for civil society representatives is "What WTO for the 21st century?" For further information, internet: [http://www.wto.org/english/forums\\_e/public\\_forum\\_e/forum06\\_e.htm](http://www.wto.org/english/forums_e/public_forum_e/forum06_e.htm).

26 September, Geneva, Switzerland: MEASURING DIFFERENT FUTURES FOR THE GLOBAL TRADING SYSTEM: IMPLICATIONS FOR SUSTAINABLE DEVELOPMENT. Organised by the International Centre for Trade and Sustainable Development (ICTSD). This session, at the WTO Public Forum, will focus on the potential futures for global trade. The Doha Round negotiations have been deemed dead, forsaken, sick and more recently, curable, by the media and pundits alike. What's been missing, however, is a hard-headed assessment of each of these scenarios and discussion about their potential repercussions for sustainable development. ICTSD will bring together top modellers to critique current projections of welfare gains arising from the Doha Round trade negotiations and look at how realistically to measure the likely effects of different future scenarios. Presenters will include

Kimberly Elliot (IIE and CGD), Antoine Bouet (IFPRI), and Colin Kirkpatrick (IARC). For more information, contact Cécile de Gardelle, tel: (41-22) 917 87 55; email: [cdegardelle@ictsd.ch](mailto:cdegardelle@ictsd.ch); internet: [www.ictsd.org](http://www.ictsd.org).

26 September, Rotterdam, The Netherlands: CORPORATE SOCIAL RESPONSIBILITY (CSR) IN PRODUCTION AND INTERNATIONAL TRADE. The Netherlands Ministry of Economic Affairs, Directorate-General for Foreign Economic Relations is organising this seminar, which follows-up on the work that the Organisation for Economic Co-Operation and Development (OECD) started this year to study the relationship between trade, corporate social responsibility and consumers concerns. To register for this event please visit: <https://www.atp.nl/congresses/csrseminar/>. For further information contact Lex Kouwenberg, tel: +31 (0)70.3766.733; fax: +31 (0)70.4272.770; email: [WorkshopCSR@atp.nl](mailto:WorkshopCSR@atp.nl); Martin Riemslog Baas, [M.F.T.RiemslogBaas@minez.nl](mailto:M.F.T.RiemslogBaas@minez.nl); or Irina van der Sluijs, [I.T.T.J.vanderSluijs@minez.nl](mailto:I.T.T.J.vanderSluijs@minez.nl).

#### 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.

25-26 September: WTO PUBLIC FORUM 2006

27 September: TRADE POLICY REVIEW BODY - CONGO

27 September: COMMITTEE ON TRADE AND DEVELOPMENT - DEDICATED SESSION

27-28 September: BEEF HORMONES DISPUTE PANEL HEARING (OPEN TO PUBLIC)

#### Other Upcoming Events

5-6 October, Santa Cruz de la Sierra, Bolivia: FIRST INTER-AMERICAN MEETING OF MINISTERS AND HIGH-LEVEL AUTHORITIES OF SUSTAINABLE DEVELOPMENT. This meeting is organized by the Organization of American States (OAS). Participants will identify and advance concrete partnerships at the regional and hemispheric level to integrate environmental considerations into development, poverty alleviation, social and economic policies. The meeting

will take into account progress in implementing sustainable development and identify specific opportunities for cooperation among OAS member states. For more information, Joaquin Tamayo, OAS; tel: +202 458 3506; fax: +202 458 3560; e-mail: JTamayo@oas.org; internet: [http://www.oas.org/dsd/MinisterialMeeting/ReunionInterAm\\_eng\\_v1.htm](http://www.oas.org/dsd/MinisterialMeeting/ReunionInterAm_eng_v1.htm)

## RESOURCES

**MAKING OR MISSING THE LINKS? THE POLITICS OF TRADE REFORM AND POVERTY REDUCTION.** By the Panos Institute, August 2006. This briefing explores the polarised debate on the links between trade liberalisation, economic growth and poverty reduction, looking at the possible effects of trade reforms on the agricultural, manufacturing and service sectors. It explores the costs and benefits of trade reforms for different people in developing countries and asks what the options are for making trade work in favour of the poor. To access this brief, <http://www.panos.org.uk/PDF/reports/prsptoolkit3.pdf>.

**LET THEIR PEOPLE COME: BREAKING THE GRIDLOCK ON GLOBAL LABOR MOBILITY.** By Lant Pritchett. Center for Global Development, 2006. In this controversial book, Pritchett examines the potentials and perils of greater cross-border mobility of unskilled labour -- within poor world regions and between poor and rich countries. He argues that irresistible demographic forces for greater international labour mobility are being checked by immovable anti-immigration ideas of rich-country citizens. He highlights the difficult political and ethical issues that the movement of people across national borders presents to the current system and proposes breaking the gridlock through policies that support development while also being politically acceptable in rich countries. To access this resource visit: <http://www.cgdev.org/content/publications/detail/10174/>.

**ECOLABELS AND FISH TRADE: MARINE STEWARDSHIP COUNCIL CERTIFICATION AND THE SA HAKE INDUSTRY.** By Stefano Ponte. Trade Law Centre for Southern Africa (tralac), 2006. Yet, the case study of Marine Stewardship Council (MSC) certification of the hake industry in South Africa illustrates that ecolabelling is sought in the context of competitive pressures, political economies, and specific interpretations of conservation, not simply on the basis of value-free science or systemic management alone. Developing country fisheries, and small-scale ones in particular, have been marginalised in the MSC system. The paper concludes that independent auditing, transparency of standard-setting, accountability, and the need for standards to be based on 'good science',

are not enough to facilitate certification in small-scale developing country fisheries. What is needed are special systems of compliance and verification that cater to their needs. Until this happens, and until premiums are not paid at the producer level, MSC and similar initiatives will keep putting 'sustainability' at the service of commercial interests. To access this paper, <http://www.tralac.org/scripts/content.php?id=5212>.

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