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LEAD STORIES

WIPO GENERAL ASSEMBLY FINDS WAY FORWARD ON BROADCAST TREATY, DEVELOPMENT AGENDA

World Intellectual Property Organization (WIPO) members managed to agree on how to address a series of divisive issues during a recent meeting of the institution's senior decision-making body.

WIPO's annual General Assembly, which ran from 25 September to 3 October, established terms for the negotiation of a potential treaty on broadcasters' rights, and decided on how to proceed with work on a series of proposals calling for a 'development agenda' to be integrated into every aspect of the institution's functioning. It also agreed to postpone talks on another proposed treaty -- this one on the harmonisation of countries' national patent systems. Work on the protection of traditional knowledge and genetic resources is set to continue as before.

The assembly elected Ambassador Enrique Manalo (Philippines) as its chair.

Focus of broadcast treaty limited to signal theft

In a rare instance of cooperation, the US and developing countries such as Chile and India worked together to broker a deal to limit the scope of the proposed broadcast treaty to combating signal theft, instead of the more expansive rights that broadcasters had originally been seeking. The treaty will be based on a 'signal-based approach' that targets the unauthorised interception and redistribution of broadcast signals.

On the basis of this narrower mandate, WIPO member states decided to convene a 'diplomatic conference' from 19 November-7 December 2007 to finalise and adopt a new international treaty to protect broadcasters and cablecasters -- provided they manage to clarify outstanding issues at two meetings in the interim, scheduled for January and June. If, during these two meetings, governments cannot reach an agreement on what a 'signal-based approach' would entail, the 2007 General Assembly will have to decide what to do.

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Discussions on updating broadcasters' rights started in 1997.

In mid-September, the chair of the Standing Committee on Copyrights (SCCR), the WIPO committee responsible for the broadcast treaty, decided that there was enough consensus on the draft agreement for the General Assembly to call a diplomatic conference next July (see BRIDGES Weekly, 20 September 2006, <http://www.ictsd.org/weekly/06-09-20/story2.htm>). This drew fire from several developing countries and the US, as well as several civil society groups, which argued that move was premature in light of persistent divisions on the draft treaty text.

As it stood, the draft text would have given broadcasting and cablecasting organisations exclusive rights over anything they transmit -- equivalent to a new intellectual property right. Critics warned that such rights over recording and retransmission could substantially raise the costs of using broadcasted material for personal or educational purposes, inhibit creativity, and restrict the entry of information into the public domain. They argued that this 'rights-based approach' went well beyond what was necessary to simply prohibit the theft of signals, which has cost broadcasters and cablecasters advertising and sales revenues.

Once the General Assembly started, the US and the developing countries reiterated their objections to holding a diplomatic conference on the controversial draft broadcast treaty text, prompting Chair Manalo to request Jukka Leides (Finland), the chair of the SCCR, to hold intensive informal consultations to explore possibilities for a compromise.

The decision to limit the scope of protection of the treaty to signal theft was welcomed by those who found the original draft too far-reaching. Thiru Balasubramaniam of the Consumer Project on Technology welcomed WIPO members' decision "to pursue a signal-based approach in this treaty in lieu of granting dangerous new entitlements to broadcasters." "As we made clear to the WIPO General Assembly," he added, "convening a diplomatic conference at this stage would have been premature."

In addition to fleshing out the details of a 'signal-based approach,' negotiators will use the January and June preparatory meetings of the SCCR to discuss issues on which there is no consensus -- for example, whether the treaty should cover technological protection measures such as 'broadcast flags' that make transmissions unrecordable. The two meetings will aim to amend the existing draft treaty in order to submit a new basic agreement proposal to the diplomatic conference.

Development agenda discussions to continue

Finding themselves unable to agree on a common WIPO development agenda, member states resolved to extend the mandate of the committee in which proposals on the issue are being discussed for the coming year. Some observers saw the commitment to continue this work as the recent General Assembly's most noteworthy accomplishment.

The development agenda negotiations spring from a September 2004 proposal from the 'Friends of Development' (FoD*), a 14-member group of developing countries, calling for wide-ranging changes to integrate UN developmental objectives into every aspect of WIPO's mandate and functioning (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/story1.htm>).

However, countries have been unable to agree on how to embed a development agenda in WIPO's existing framework. The June meeting of WIPO's committee on the issue, the Provisional Committee on Proposals Related to a WIPO Development Agenda (PCDA), broke down with negotiators unable to agree even on a set of recommendations for how to proceed, leaving the matter to the recent General Assembly (see BRIDGES Weekly, 5 July 2006, <http://www.ictsd.org/weekly/06-07-05/story1.htm>).

The forum in which to have discussions on the development agenda has been contentious, as has been a timeframe for producing tangible results. Developing countries have feared that limiting these discussions to a single committee would leave them sidelined. The US, on the other hand, supported having the issue discussed within the existing committee.

During the General Assembly, Argentina, on behalf of the FoD, complained about the lack of progress in the PCDA. It pushed the group's June summary of its own proposals and suggestions for reaching concrete recommendations as a suitable basis for future discussions. It indicated that the FoD group was open to consultations with the 'Group B' (primarily developed) countries. An alternative basis for going forward was a proposal by the Kyrgyz Republic, which closely followed PCDA Chair Paraguayan Ambassador Rigoberto Gauto Vielman's suggestion to focus first on proposals enjoying a high level of consensus -- an idea which had been heavily criticised by many developing countries at the June PCDA meeting, since they wanted all submissions treated equally.

Due to members' differences, General Assembly Chair Manalo called for informal consultations. After several rounds of discussions, negotiators struck a compromise on 2 October, deciding to renew the PCDA's mandate

for another year. The committee will hold two 5-day sessions to discuss the 111 proposals made thus far on the development agenda. The first will examine the 40 proposals identified by Gauto Vielman's controversial June proposal as enjoying more widespread support; the second will focus on the remaining 71 proposals. WIPO members directed the PCDA to streamline proposals to avoid duplication, and to separate proposals that require action from those that outline general principles. They also empowered the chair of the PCDA to work with member governments, rather than the WIPO Secretariat, to prepare the initial working documents of the committee.

The PCDA is now mandated to make recommendations to the 2007 General Assembly for action on the proposals that garner agreement, and to set out a framework for continuing work on the remainder.

Patent harmonisation deferred to next General Assembly

The stalemate in the Standing Committee on Patents (SCP) on a potential treaty on patent harmonisation persisted through the General Assembly. Discussions in the committee have been adrift since April, when a meeting collapsed in acrimony due to differences between developed and developing countries on the terms of a treaty seeking to require states to harmonise their distinct national patent systems (see BRIDGES Weekly, 26 April 2006, <http://www.ictsd.org/weekly/06-04-26/story6.htm>). Ultimately, members simply agreed to defer discussions on the 'substantive patent law treaty' for a year.

Broadly speaking, developing countries fear that the wider definition of patentability sought by developed countries could require them to extend patent protection to inventions currently deemed unworthy of it because of their relatively low level of 'inventiveness' or lack of clear industrial applicability. They argue that this would be detrimental to innovation and the public interest, and have pushed for any treaty to address development concerns including exemptions to patentability, as well as compulsory disclosure and benefit-sharing for any genetic material or traditional knowledge used in an invention.

These divisions emerged once again at the General Assembly. Developed countries wanted the SCP to start work on a limited list of priority issues related to patent law -- specifically, the definitions of 'prior art,' grace period, novelty and 'inventive step.' The FoD opposed this, saying that the committee should also address a broader range of issues, including development and policy space for flexibilities; exclusions from patentability; exceptions to patent rights; anti-competitive practices; disclosure of origin;

prior informed consent, disclosure and access and benefit sharing; and effective mechanisms to challenge the validity of patents. Other countries against the proposed work plan included Chile, India, Indonesia, and Pakistan. India called for a "holistic approach" that would adequately address public interest concerns.

Brazil emphasised that patent law harmonisation should not come at the expense of developing countries. It also pointed to growing concerns about the patent system even in rich countries, and proposed carrying out impact assessment studies before proceeding with talks on harmonisation or norm setting.

Although the US expressly disagreed with the FoD's arguments, contending that they went beyond the SCP's scope, it suggested that in the absence of consensus, members could reconsider the issue at the next General Assembly. Chair Manalo called upon delegations to submit proposals for the future work of the SCP before December 2006. Informal consultations will be held in the first half of 2007 with the aim of recommending a work plan for the committee to that year's General Assembly.

Work on traditional knowledge to proceed

Member states agreed to have the Intergovernmental Committee on Traditional Knowledge, Folklore and Genetic Resources (IGC) continue its work on how best to protect such intellectual property. Many developing countries called for the establishment of a legally binding instrument to prevent the misappropriation of resources and biopiracy (the uncompensated and undisclosed use of genetic materials). On the other hand, developed countries such as the US and the EU acknowledged the significance of the issue but called for further discussion.

*The Friends of Development are Argentina, Bolivia, Brazil, Cuba, Dominican Republic, Ecuador, Egypt, Iran, Kenya, Peru, Sierra Leone, South Africa, Tanzania, Uruguay and Venezuela.

ICTSD reporting; "International Broadcast Treaty faces hurdles," FINANCIAL TIMES, 3 October 2006; "WIPO Debates Direction, Priorities for 2007," ELECTRONIC FRONTIER FOUNDATION, 28 September 2006; "WIPO: Diplomatic Conference on broadcast treaty premature," SOUTH-NORTH DEVELOPMENT MONITOR (SUNS), 29 September 2006; "WIPO: Some doubts on broadcast treaty after Assembly Decision," SOUTH-NORTH DEVELOPMENT MONITOR (SUNS), 3 October 2006; "Decisions taken on Development Agenda, patents and broadcasting," SOUTH-NORTH DEVELOPMENT MONITOR (SUNS), 3 October 2006.

WTO: BIOTECH PANEL LARGELY CONFIRMS INTERIM FINDINGS AGAINST EU

A WTO dispute panel has confirmed its initial finding against the EU's application of its approval process for genetically modified organisms (GMOs). The panel's final report, made public on 29 September, largely reiterated its February interim ruling on the complaint brought by the US, Argentina and Canada against EU-wide and national moratoria on the approval of new biotech products (see BRIDGES Weekly, 8 February, <http://www.ictsd.org/weekly/06-02-08/story1.htm>). The parties to the dispute have so far left it open whether they would appeal the ruling.

The report, which ran to over 2000 pages and had already been distributed to the parties in May, strongly rebuked the civil society groups that had leaked the interim report earlier in the year, deploring their behaviour as "unacceptable."

US government officials and farm groups welcomed the panel's ruling. US Trade Representative Susan Schwab described it as favouring "science-based policy-making over the unjustified, anti-biotech policies adopted in the EU." Brussels appeared nonchalant about the ruling, suggesting that it would have little in the way of actual implications for its current rules and procedures.

Several civil society groups sharply criticised the decision for undermining international environmental law.

Panel requests EU to bring measures in line with WTO rules

The panel assessed three issues for their compliance with WTO rules: (1) the EU's alleged general moratorium on biotech approvals, (2) its failure to approve a number of specific biotech products (referred to as 'product-specific measures'), and (3) national-level bans in several EU member states on the marketing and import of specific biotech products which had already been approved at the EU-wide level.

The panel concluded that general and product-specific moratoria had led to an "undue delay" in the completion of the EU's approval procedures for biotech products, thus breaching Brussels' obligations under the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS).

In the only significant departure from its interim report, the panel requested the EU to bring the moratoria in line with the provisions of the SPS Agreement "if, and to the extent that" these measures have "not already

ceased to exist." The interim ruling had refrained from making any recommendations for future action, arguing that the moratoria -- as they existed in August 2003 when the panel was established -- had ended. The panel's earlier ruling had also specified that it had not attempted to assess whether any amended or new moratoria were now in place. The US insists that the moratoria continue to exist in the shape of "unjustified, politically-motivated delays" in the processing of applications.

The panel rejected the EU's defence of the national-level bans as precautionary measures, arguing that sufficient scientific evidence was in fact available to carry out an adequate risk assessment. Article 5.7 of the SPS Agreement permits WTO Members to provisionally adopt SPS measures in the absence of sufficient evidence. The report called on the EU to bring the measures in conformity with WTO rules. This would imply revoking the national-level bans or providing an SPS Agreement-compliant risk assessment justifying the measures.

Mutual criticism from panel and civil society groups

In a strongly worded statement, the panel sharply criticised the civil society groups that had leaked the interim report, specifically naming Friends of the Earth Europe (FOEE) and the Institute for Agriculture and Trade Policy (IATP). It warned that these breaches of confidentiality threatened to "damage the integrity of the WTO dispute settlement system as a whole." The panel also noted that it had accepted the *amicus curiae* ('friends of the court') briefs that both organisations had submitted in the case. "In the light of this, it is surprising and disturbing that the same NGOs... found it appropriate to disclose, on their own website, interim findings and conclusions of the Panel which were clearly designated as confidential."

In response to the panel's criticism, FOEE noted the panel decision had in fact not taken any points raised by NGOs into consideration, highlighting again "how the WTO treats the general public with disdain." "If the WTO, as a bare minimum, made itself more transparent, democratic and open, then there would be no need for documents to be leaked and published unofficially," said Adrian Bebb, FOEE's GMO campaigner. "Friends of the Earth acted in the public interest and would not hesitate to do it again," he added.

Several civil society groups, including Greenpeace, FOEE and IATP, criticised the panel's ruling for undermining the Cartagena Protocol on Biosafety and the precautionary approach. In particular, they attacked the panel's conclusion that it was not obliged to take into account the Protocol or the Convention on

Biological Diversity since not all the parties to the dispute were also parties to these agreements. The panel had stressed, however, that it did have the option of taking other treaties into account -- as the Appellate Body did in the famous 'shrimp-turtle' case when it referred to international agreements that the US had not signed in support of Washington's own argument for restricting trade. In the present dispute, however, the panel concluded it was not "necessary or appropriate" to rely on other treaties to interpret the WTO agreements at issue.

"The WTO is the wrong forum to deal with environmental trade disputes and the international community must find an alternative before another case occurs," said Sonja Meister from FOEE. Greenpeace accused the panel of 'missing the point' after failing to consider relevant environmental rules, accusing the WTO of taking "international environmental law backwards by failing to support the precautionary approach."

It remains unclear whether any of the parties to the dispute will challenge the ruling. The parties have 60 days to lodge an appeal.

The final ruling and other documents related to the dispute are available at <http://www.trade-environment.org/page/theme/tewto/biotechcase.htm>.

ICTSD reporting; "US Trade Representative Susan Schwab and US Agriculture Secretary Mike Johanns announce favourable ruling in WTO case on agricultural biotechnology," US TRADE REPRESENTATIVE PRESS RELEASE, 29 September 2006; "WTO undermines right to act with precaution," GREENPEACE, 29 September 2006; "No winners, only losers in biotech trade war", FRIENDS OF THE EARTH EUROPE, 29 September 2006.

OTHER STORIES

MANDELSON, US OFFICIALS HOLD "QUIET TALKS" ON DOHA ROUND

At the end of three days of "quiet exploratory talks" in Washington from 27-29 September, EU Trade Commissioner Peter Mandelson expressed the hope that all players in the frozen Doha Round trade talks would show the "flexibility" needed to bring the negotiations to fruition.

Mandelson met with top officials from the Bush administration, as well as with senior members of Congress and industry representatives. In a short

statement following the meetings, he said that the administration shared his commitment to the "tough challenge" of successfully resurrecting the talks. "I hope that this visit will give us renewed energy to work together to get it done, by showing flexibility ourselves and persuading others to do likewise."

The Doha Round negotiations have been suspended since late July, when ministers from key trading nations failed to reach a deal on tariff and subsidy cuts, primarily due to differences on farm trade (see BRIDGES Weekly, 26 July 2006, <http://www.ictsd.org/weekly/06-07-26/story1.htm>).

The blame game over the collapse between the EU and the US has been particularly intense. Brussels argues Washington has not cut its farm subsidy ceiling deeply enough; the US counters that it would have done so if only the EU had offered up greater access to its own agricultural markets. WTO Director-General Pascal Lamy has said that countries would have to offer new concessions in order for the talks to resume.

Mandelson's trip marked his first to Washington since the talks broke down, although he had met US Trade Representative Susan Schwab at larger gatherings elsewhere in the interim. Reuters reports that Sean Spicer, a spokesperson with the USTR's office, indicated that Mandelson and Schwab had a useful meeting, even though they did not come forward with new offers. "This was not a negotiation. It was never intended to be one," he said. Spicer added that the meeting was simply an opportunity for the two to understand each other's negotiating positions, and to "frankly bat some ideas and thoughts around."

Congressional officials pessimistic

In addition to Schwab, Mandelson met with officials including Secretary of State Condoleezza Rice, Agriculture Secretary Mike Johanns, and Treasury Secretary Henry Paulson. He also met the chairs of powerful Congressional committees, such as Senator Saxby Chambliss (Republican-Georgia), and Senator Charles Grassley (Republican-Iowa).

Grassley, who chairs the Senate Finance Committee, said that his meeting with Mandelson, though "very friendly," left him "very pessimistic" about the Doha Round. He complained about the EU trade chief's suggestion that a unilateral concession by Washington might help galvanise the negotiations. "The US [is] always getting hit over the head that we ought to make another offer," Grassley continued. "When is enough enough?"

Senate Agriculture Committee Chair Chambliss took a similar view, saying that the talks would remain

stalemated until the EU moved further on farm tariff cuts. The US has been seeking an average farm tariff reduction of roughly 66 percent by developed countries. The EU has offered cuts estimated at between 39 and 46 percent. Although Brussels did suggest in July that it was willing to make some limited additional concessions, pushing the figure up to about 51 percent, it has yet to table them formally.

Mandelson also met with the leaders of influential farm and industry lobby groups. Bob Stallman, who heads the American Farm Bureau Federation, said that his discussions with Mandelson did not suggest that any breakthroughs were in the offing. "I didn't hear anything today that changed my opinion of how the process is going," he told reporters after the meeting. Stallman's group opposes reducing existing subsidy spending in the absence of a Doha Round agreement, arguing that doing so would reduce the US' leverage to convince other countries to lower their own tariffs and subsidies.

Manufacturing lobby sees some cause for hope

National Association of Manufacturers head John Engler, however, struck a more upbeat note, saying that there were "grounds for optimism" about a compromise. He said that Mandelson had indicated "willingness to do more in terms of farm tariff cuts and greater flexibility if the US is willing to do more," just as Schwab had demonstrated in talks a few days earlier that she would be "prepared to put more on the table if others put more agricultural market access on the table." Engler urged the US and the EU to "stop accepting the developing country view that agriculture has to be settled before we can even talk about manufactured goods and services," saying that "as long as the talks are agriculture-only, there will be tough sledding."

Prior to her meeting with Mandelson, Schwab suggested that quiet confidence-building measures between negotiators were necessary before the talks could get going again. This would also involve technical work on issues such as exceptions for developed and developing countries to full tariff cuts on agricultural products. One Geneva-based developing country trade diplomat described this as an attempt by Washington to dodge the pressure to make new concessions, and instead shift the onus back onto developing countries.

Meanwhile, a new report from the Chicago Council on Global Affairs has argued for major changes to US farm subsidy programmes. The independent task force of thirty US policy specialists and former trade officials recommends shifting the bulk of existing agricultural support away from a handful of 'programme' commodities such as wheat, feed grains, cotton, and rice, towards a blend of minimally trade-distorting

('green box' compliant) investments in environmental protection, research, and a multi-commodity revenue insurance mechanism that would not distort production. They argue that these sector-wide reforms will be needed to ensure the long-term competitiveness and sustainability of the US agriculture and food systems. Nevertheless, the Financial Times reports that at the conference where the study was released, two former US trade representatives rejected the notion that Washington should unilaterally come forward with new subsidy cuts.

The Chicago Council on Global Affairs report is available at <http://www.thechicagocouncil.org/UserFiles/File/Task%20Force%20Reports/Agriculture%20Task%20Force%20report.pdf>.

ICTSD reporting; "Chances 'bleak' for Doha Revival," REUTERS, 27 September 2006; "EU's Mandelson urges flexibility to reach WTO deal," REUTERS, 30 September 2006; "Prelude to protectionism? Washington free traders struggle to hold the line," FINANCIAL TIMES, 2 October 2006. "Stalemate Can be Broken, says Engler after meeting with US, European Negotiators," NATIONAL ASSOCIATION OF MANUFACTURERS PRESS RELEASE, 29 September 2006.

DSU ROUNDUP: US COTTON; CHINA AUTO PARTS; US SHRIMP AD DUTIES

Although the Doha Round negotiations remain at a halt, the WTO dispute settlement system is working at full pace.

Compliance panel created in US-Brazil cotton case

At its 28 September meeting, the Dispute Settlement Body (DSB) established a panel to determine whether the US had indeed complied with an 18-month old ruling against its cotton subsidy programmes, in response to a request from Brazil. The US had blocked Brazil's first request for a compliance panel at an earlier September DSB meeting, but WTO rules prevent Members from doing so a second time (see BRIDGES Weekly, 13 September 2006, <http://www.ictsd.org/weekly/06-09-13/story2.htm>).

In March 2005, the Appellate Body confirmed that some US cotton subsidy and export credit programmes violated its WTO commitments and distorted world cotton prices enough to cause 'serious prejudice' to Brazil's trade interests. It set deadlines for compliance later that year. The US and Brazil reached procedural

agreements to suspend the latter's requests to impose retaliatory tariffs, following promises from Washington that it was moving to implement the required reforms (see BRIDGES Weekly, 23 November 2005, <http://www.ictsd.org/weekly/05-11-23/WTOinbrief.htm>).

Brazil now contends that the US has failed to adequately comply with the ruling -- charges hotly denied by the US. Washington points out that it has canceled the prohibited 'Step 2' payment programme -- subsidies to US mills and exporters to buy more expensive domestically-produced cotton. Brazil counters that the US has taken no action to reform certain export credit programs that had been deemed WTO-incompatible. As a result, it has turned once again to the dispute settlement system.

China blocks panel request in auto parts case

At the same DSB meeting, China blocked an initial request from the US, the EU and Canada for a panel to examine its tariff treatment of imported auto parts (see BRIDGES Weekly, 20 September 2006, <http://www.ictsd.org/weekly/06-09-20/wtoinbrief.htm>). The claimants charge that China's tariff policies discriminate against imported auto parts, and, as a consequence, discourage domestic auto manufacturers from using imported parts. This marks the first formal filing against China since its accession to the WTO in 2001. Previous spats have been settled through informal consultations or in the pre-litigation phase. Trade analysts say that the economic potential of China's huge auto industry has the full attention of the complaining Members, and expect them to file an unblockable second request in the near future unless an understanding is reached shortly.

US blocks Thai request in shrimp antidumping case

Thailand, too, contributed to the line of panel requests when it formally challenged the US in yet another case targetting Washington's use of the so-called 'zeroing' methodology when determining the antidumping duties it has levied on Thai shrimp imports since January 2005. The US claims that Thailand is dumping shrimp on the US market, i.e., exporting it at prices below those in its own domestic market.

Bangkok argues that zeroing distorts the calculations and is inconsistent with the WTO Anti-dumping Agreement, because it ignores ('zeroes out') instances where prices are lower at home than in the export market, and takes into account only cases where the 'dumping margins' are positive, i.e., instances where shrimp prices are higher in Thailand than the US. The Appellate Body has previously ruled against the US' zeroing methodology. Thailand is also challenging the 'bond' requirement which forces exporters to give the

US government more than 10 percent of the value of annual exports to hold for one year (see BRIDGES Trade BioRes 28 April 2006, <http://www.ictsd.org/biores/06-04-28/inbrief.htm>). The US blocked the initial request; it will not be able to do so a second time.

The next DSB meeting is scheduled for 26 October.

ICTSD reporting.

IN BRIEF

NEW UNCTAD REPORT BACKS CALLS FOR A 'MARSHALL PLAN' FOR AFRICA

The UN Conference on Trade and Development (UNCTAD) has endorsed calls for a Marshall Plan for Africa, in a report that also cautions that an improved framework for dealing with foreign assistance will be necessary if large increases in aid are to actually help the continent meet its development objectives.

The Trade and Development Board, UNCTAD's governing body, released the 2006 Economic Development in Africa report, "Doubling Aid: Making the 'Big Push' Work," on 20 September. It addresses the issues of aid effectiveness, the absorptive capacities of aid recipients, and whether aid can increase growth and help to reduce poverty.

From analyses of earlier aid policies and their effectiveness -- more precisely, their lack thereof -- the report concludes the current aid system is fraught with unpredictability, politicisation, lack of transparency, and high transaction costs. These flaws, compounded by unrealistic demands on recipient institutions, prevent countries from optimising assistance funds and promote further chaos in the aid system. Even with the current proposals to double aid to Africa by 2010, the continent is already behind on meeting the UN's Millennium Development Goals (MDGs). Economic growth rates there have increased due to high energy and mineral prices, but little has been done to reduce poverty and inequality, or boost employment.

British Prime Minister Tony Blair and Gordon Brown, his finance minister, have both called for a Marshall Plan for Africa. Like the US-funded reconstruction of Western Europe after the Second World War, this proposes to direct large amounts of aid at specific objectives.

UNCTAD says the new aid framework must ensure that aid is used to encourage and supplement national resource mobilisation so as to meet development goals.

It would require potential aid recipients to produce clear development plans indicating how and where aid would be used in a given amount of time. Aid would be released dependent on targets' being met, but over a longer time period and in a more flexible manner than possible under the rules of the International Monetary Fund. Trade liberalisation would also be gradual and asymmetric.

"Economic Development in Africa. Doubling Aid: Making the 'Big Push' Work" is available online at <http://www.unctad.org/Templates/WebFlyer.asp?intItemID=3937&lang=1>.

CHINA-CHILE FREE TRADE AGREEMENT ENTERS INTO FORCE

The goods-only free trade agreement (FTA) between China and Chile went into effect on 1 October 2006. The deal is expected to remove tariffs on 97 percent of bilateral goods trade within ten years.

With the entry into force of the agreement, China will eliminate tariffs on 2834 categories of Chilean goods exports, including copper. Chile has agreed to give duty free access to 5891 types of commodities from China, including fruits and vegetables as well as medical and electrical equipment. This amounts to 92 percent of Chilean exports and 50 percent of Chinese exports, reports Dow Jones.

However, the high percentages of trade covered by the deal -- which reflect the fact that the accord has liberalised tariffs on the most heavily traded commodities -- mask the fact that both countries will maintain tariffs on over 7000 categories of goods, according to Xinhua. These are thought likely to be the subject of future negotiations.

The FTA, which was signed in November 2005, marked the first such agreement between China and a Latin American country. Negotiations on the pact began in November 2004.

According to the Chinese Ministry of Commerce, bilateral trade between the two countries has been growing at an average annual rate of 20 percent since 2000. Trade volumes reached USD 7.13 billion in 2005, with China's imports standing USD 2.15 billion and Chile's at almost USD 5 billion. China sources 50 percent of its imported copper from Chile, making it the South American country's second-largest trading partner.

The two countries are expected to soon start negotiations on liberalising bilateral investment flows and services trade.

"China, Chile put free trade agreement into effect," PEOPLE'S DAILY ONLINE, 1 October 2006; "Chile-China Free Trade Agreement promulgated by President Michelle Bachelet," EMBASSY OF CHILE IN THE UNITED STATES - ECONOMIC DEPARTMENT, 4 October 2006; "China, Chile To Start Services Free Trade Talks Next Month," 10 September 2006; "China/Chile free trade agreement becomes effective," MERCOPRESS, 1 October 2006; "China, Chile put free trade agreement into effect," XINHUA, 1 October 2006.

WTO IN BRIEF

BEEF HORMONES DISPUTE PANEL HOLDS SECOND PUBLIC HEARING

The second public panel hearing in the longstanding WTO dispute on beef hormones among the EU, the US, and Canada took place on 2-3 October. As for the first panel hearing in September 2005, the proceedings were broadcast through closed-circuit television to an audience at WTO headquarters in Geneva. They remain the only WTO dispute proceedings ever to be opened to the public.

The panels are evaluating the EU's parallel challenges against continued retaliatory sanctions on its exports imposed by the US and Canada. The original hormones case dates back to the late 1990s, when the US and Canada successfully challenged the EU's import ban on hormone-treated beef on the basis that it was not based on a proper scientific risk assessment. Following appeals, they received the authority to impose trade sanctions against the EU in 1999. In 2005, after presenting new scientific evidence in an attempt to convince the US and Canada to end their retaliatory tariffs, the EU requested the establishment of a panel to rule on the matter. All three countries asked for the proceedings to be opened to the public (see BRIDGES Weekly, 7 September 2005, <http://www.ictsd.org/weekly/05-09-07/story1.htm>).

Also open to the public was a 26-27 September meeting of scientific experts appointed by the panel, which both the parties and the panel members used to clarify technical details about the case -- notably about risk assessment.

During the hearing, the parties opened with prepared statements, and proceeded to question each other. As before, the US and Canada questioned the compliance of the EU's risk assessment procedure with the WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures. The panel also posed questions to the parties, in particular about the effects

of hormone-treated beef on sensitive groups such as prepubescent children.

As in 2005, few attended the hearing, primarily delegates, in spite of the oft-voiced need for greater transparency in WTO dispute settlement.

ICTSD reporting.

EVENTS & RESOURCES

EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web calendar at: <http://www.ictsd.org/cal/index.htm>. If you would like to submit an event, please email 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.

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: cdgardelle@ictsd.ch; internet: 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; Martin Riemslag Baas, M.F.T.RiemslagBaas@minez.nl; or Irina van der Sluijs, 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. 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

12-16 December, Haikou City, Hainan Province, China: THE EAST ASIAN SEAS (EAS) CONGRESS 2006. This event will bring together international organisations, experts and multi-sector stakeholders to exchange knowledge and build capacity in developing strategies to implement the Millennium Development Goals and WSSD goals for the region's coasts and oceans. With the central theme, "One Ocean, One People, One Vision," the five-day event will feature several key activities designed to enhance regional cooperation for the benefit of the Seas of East Asia. For more information contact The EAS Congree Secretariat, tel: + 632 9 202211; e-mail: congress@pemsea.org.

RESOURCES

MAKING GLOBALIZATION WORK. By Joseph Stiglitz. W.W. Norton, September 2006. An imaginative and, above all, practical vision for a successful and equitable

world, Nobel Prize winner Joseph E. Stiglitz's 'Making Globalization Work' draws equally from his academic expertise and his time spent on the ground in dozens of countries around the world. In clear language and compelling anecdotes, Stiglitz focuses on policies that truly work, offering fresh new thinking about the questions that shape the globalization debate, including a plan to restructure a global financial system made unstable by America's debt, ideas for how countries can grow without degrading the environment, a framework for free and fair global trade, and much more. Throughout, Stiglitz reveals that economic globalization continues to outpace both the political structures and the moral sensitivity required to ensure a just and sustainable world. And he makes plain the real work that all nations must undertake to realize that goal. For more information see <http://www.wwnorton.com/catalog/fall06/006122.htm>.

MODERNIZING AMERICA'S FOOD AND FARM POLICY: VISION FOR A NEW DIRECTION.

By Catherine Bertini, August Schumacher Jr., and Robert L. Thompson, (cochairs). Chicago Council on Global Affairs, September 2006. The Chicago Council on Global Affairs convened an Agriculture Task Force in September 2005, bringing together thirty prominent leaders and policy specialists from Chicago, the Midwest and elsewhere in the US. The Task Force's goal was to develop findings and recommendations on how to achieve meaningful, sector-wide reform focused on ensuring the long-term competitiveness and sustainability of the US agriculture and food systems. It recommended that Congress should end trade-distorting subsidies, suggesting that this could be done by shifting the bulk of agricultural support away from a handful of 'programme' commodities towards a blend of minimally trade-distorting ('green box' compliant) investments in environmental protection, research, and a multi-commodity revenue insurance mechanism that would not distort production. To access this report visit:

<http://www.thechicagocouncil.org/UserFiles/File/Task%20Force%20Reports/Agriculture%20Task%20Force%20report.pdf>

RESTRUCTURING UGANDA'S COFFEE INDUSTRY: WHY GOING BACK TO THE BASICS MATTERS.

By John Baffes. World Bank, October 2006. After experiencing a boom during the mid-1990s, the performance of Uganda's coffee industry has been disappointing. Most existing analyses see the sector's problems as deteriorating quality, poor worldwide marketing, a weak regulatory framework, and poor infrastructure. Recommendations range from setting up a coffee auction to increasing the share of specialty coffees. This paper concludes that such advice has been largely inconsistent with the facts of the Ugandan coffee industry. It argues that the coffee wilt disease

and the effectiveness of the coffee replanting program are the two key issues on which policymakers and the donor community should focus their activities and allocate their resources. To access this report visit: http://www-wds.worldbank.org/external/default/WDSContentServer/1W3P/IB/2006/09/29/000016406_20060929161027/Rendered/PDF/wps4020.pdf.

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