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LEAD STORIES

DOHA ROUND: THE 'TIME OUT' IS OVER, BUT WILL NEGOTIATIONS RESUME?

The troubled Doha Round negotiations are showing signs of life, after a hiatus of three and a half months. WTO Director-General Pascal Lamy has called an informal meeting of the Trade Negotiations Committee (TNC) on the morning of 16 November. The stated purpose of the heads-of-delegation level gathering is to "discuss the situation in the DDA [Doha Development Agenda] negotiations."

This will be the first session of the committee charged with overseeing the Doha Round negotiations since July, when the talks were suspended due to key governments' persistent inability to agree on cuts to farm subsidies and tariffs (see BRIDGES Weekly, 26 July 2006, <http://www.ictsd.org/weekly/06-07-26/story1.htm>). At the time, Lamy said that the suspension was a 'time-out' that would end only when Members came forward with new concessions. However, there is no evidence that this has happened in the interim.

Nevertheless, a top negotiator welcomed the development, saying that a "fair number of Members feel that the suspension has fulfilled its purpose, or at least outlived its usefulness." Getting delegates to talk was better than the alternative: "no process, no discussion, no outcome."

Stirring, but not shaken

Delegates say that the meeting, along with stepped-up informal discussions, suggests that the negotiations are likely to restart in the foreseeable future, though they offer differing opinions on when and how this might happen.

One senior trade diplomat suggested that several Members would use the informal TNC to "agitate for the resumption of business as usual." This would entail resuming work in all of the Doha Round negotiating committees, which have not met formally since the talks

were frozen. Another suggested that low-key discussions might start across the board in about ten days' time, initially limited to Geneva-based officials and only later upgraded to the ministerial level.

A third said that Members still needed to decide on how to revive the talks, particularly since it was far from apparent that deadlock-breaking offers of tariff or subsidy cuts would be forthcoming.

In recent weeks, Lamy has met with delegations as well as the chairs of the negotiating groups, who have been conducting 'quiet diplomacy' of their own. Sources suggest that a 10 November 'green room' meeting to which Lamy invited some 20-odd influential Members -- including Brazil, the EU, the US, Japan, Australia, New Zealand, Canada, and India -- was pivotal in his decision to convene the informal TNC.

According to one WTO ambassador, participants at that meeting broadly fell into two camps. Those in the first were reluctant to restart formal negotiations, arguing that no new concessions had been made. Resuming the talks, they said, would quickly lead to the old impasse -- this time perhaps for good.

The rest, who ultimately carried the argument, countered that the suspension had not done what it was intended to do. Instead of shocking countries into softening their stances, it had had the contrary effect of taking pressure off governments altogether. They argued that a resumption would at the very least force key Members to say out loud that they had nothing new to bring to the table.

Chairs, Members step up informal consultations

Sources report that the chairs of negotiating groups such as agriculture, industrial goods, services, and trade facilitation have been meeting informally with delegations, largely in their personal capacity. These discussions have not attempted to address the substantive disagreements in the negotiations, but focused instead on exploring how the talks could be given a boost.

The most prominent of these informal gatherings was organised by New Zealand Ambassador Crawford Falconer on 10 November, when he invited the entire membership to discuss the agriculture negotiations (see related story, this article). At the meeting, some delegates said that similar meetings should be held for the other issues under negotiation.

One delegate described how the chairs' consultations could potentially pave the way for restarted negotiations. Meetings with individual delegations or very small groups of Members over the next week or so

could steadily give way to larger numbers of countries. This would progress until the entire membership could be brought together by the end of December. "It is necessary to get this monkey -- the burden of suspension -- off our back by Christmas," the negotiator said.

The sense of urgency is driven in part by the July 2007 expiry of the US presidential administration's mandate to negotiate trade agreements and submit them to Congress for a take-it-or-leave-it vote without the possibility of major amendments.

Some Geneva-based negotiators believe that it may be possible to secure a short term extension of this 'trade promotion authority' (TPA) to cover the end of the Doha Round negotiations, even with the newly Democratic Congress (see related story, this issue). However, in order to get the Bush administration and Congress interested, there will have to be "hard evidence of a doable deal by the end of March," said one. Another delegate cautioned that there were no guarantees that attempts to win Congressional support would ultimately succeed, adding that "[TPA extension] will be on our minds, but it will not be what we are working for."

APEC ministers call for resumption

Hours before boarding a plane to return to Geneva for the 16 November TNC meeting, Lamy discussed how to resuscitate the negotiations with trade ministers from Pacific Rim countries at the Asia-Pacific Economic Cooperation (APEC) forum in Hanoi. He later told a group of business leaders that all of the ministers "expressed a sense of urgency and joined in calling for a rapid restart of the negotiating engines in Geneva."

Agence France Presse reports that draft versions of the summit communiqué on trade call on governments to "spare no efforts to break the current deadlock" in the Doha Round negotiations. APEC's 21 members include China, Japan, Korea, the US, Canada, and Australia.

Sutherland urges pragmatism

Former WTO Director-General Peter Sutherland has also joined the call for a swift resumption of negotiations. In a speech at Chatham House on 14 November, he urged Washington and Brussels to take the lead in reviving the talks in the coming weeks.

Furthermore, Sutherland argued that once negotiations resume, WTO Members would do well to agree on an achievable, if relatively low-ambition Doha Round deal, in the interest of preserving the multilateral trading system.

Sutherland, who is now chair of BP and Goldman Sachs International, warned that "pushing relentlessly for a more and more ambitious deal" carried "no guarantee of success -- and a big risk of failure." He argued that the cost of failure was potentially prohibitive, since "if the Doha Development Agenda goes out of the window so, eventually, may the effective functioning of the multilateral trading system."

In sharp contrast, he said that a more modest agreement based on what is currently "politically bearable" could be within grasp by next spring. It would, he explained, take the proposals and quietly-promised additional concessions from last July, and supplement them with "respectable services commitments, some minor rulemaking, [and] a big agreement on trade facilitation, all supported by aid for trade."

Sutherland emphasised that such a deal, though dismissed as 'Doha light' by some, would be "well worth having and would deliver some creditable development goals." More significantly, "it would show that multilateralism can deliver, before all credibility is lost."

The text of Peter Sutherland's speech is available at http://www.chathamhouse.org.uk/pdf/meeting_transcript_s/141106sutherland.pdf.

ICTSD reporting; "WTO chief joins Asia Pacific drive to rescue trade talks," AGENCE FRANCE PRESSE, 15 November 2006.

WTO AG TALKS: CHAIR TURNS ON ENGINE, BUT CAR NOT YET IN GEAR

Farm trade negotiators in Geneva have held a series of informal meetings to explore the possibilities for restarting the suspended Doha Round talks. Many delegates appear to believe that the negotiations are stirring after a gap of nearly four months, and that preliminary moves must be made in the coming weeks if progress is to be achieved in early 2007, in time for the constraints imposed by the US' political timetable.

Ambassador Crawford Falconer (New Zealand) on 10 November convened an informal meeting, open to all delegations, to discuss the Doha Round agriculture talks. Although Falconer is the chair of these negotiations, he stressed that the invitation was in his personal capacity. This was the first gathering of agriculture negotiators from all WTO Members since the round was 'suspended' in July due to differences on farm subsidy and tariff cuts.

No decision has yet been taken to restart the talks. However, at a 'green room' meeting with WTO Director-General Pascal Lamy, also on 10 November, a number

of ambassadors are believed to have expressed the view that the 'period of reflection' initiated by the suspension of talks had not delivered any concrete results. They suggested that it might be best to quietly resume work in the various negotiating groups (see related story, this issue). An informal meeting of WTO heads of delegation -- the first since July -- has been scheduled for 16 November to discuss the overall state of the Doha Round negotiations.

Falconer: progress impossible if Members not talking

Delegates report that at the meeting he convened, Falconer said that he felt uncomfortable that no process existed for Members to talk to each other if they wished to do so. He emphasised that progress was impossible if Members were not talking, even though the simple fact of meeting was also no guarantee of breakthroughs.

Falconer's meeting was supposed to be a 'transparency forum' for Members to discuss their activities since the suspension of the talks. While some Members have been meeting informally, smaller delegations may not necessarily have been kept abreast of developments. The coordinators of different groups in the agriculture negotiations -- including Brazil for the G-20, Indonesia for the G-33, and Switzerland for the G-10 -- described their respective blocs' recent discussions. However, they did not say anything new, according to a number of trade delegates.

Trade sources indicate that negotiators congratulated Falconer for taking the initiative to hold the informal meeting. However, they added that if future meetings were to be held on agriculture, similar ones should also be convened on other parts of the negotiating agenda. Falconer reportedly emphasised that other areas were beyond his mandate, and that delegates could contact the relevant chairs if they wanted such meetings.

The day before his 'transparency forum,' Falconer had convened a 'fireside chat' with a select group of ambassadors. He reported on this discussion to the larger meeting. Trade sources familiar with the meeting indicated that the focus was similar to the meeting on the 10 November -- rather than specific negotiating issues, discussions centred more on potential processes for how the negotiations might be restarted, and the possible value of holding informal meetings of the full membership.

Members have also been discussing the extent to which the negotiations could be considered to be restarting "with a capital 'R'" or not, in a reference to the degree of formality and structure of future talks.

Schwab reiterates conditions for breaking deadlock

The US midterm Congressional elections had been looming over the negotiations. Some delegates suggested that it was no accident that Falconer's meeting had been held after the 7 November election day. However, US Trade Representative Susan Schwab argued in a 9 November article in the Wall Street Journal that the outcome of the elections would not change Washington's stance in the negotiations. Broadly restating the US' standard position, she wrote that "to break the current deadlock, we need commitments that take us beyond current positions in four key areas." These are: "substantial improvements" by the EU, Japan and other G-10 countries in agricultural tariff cuts, especially for 'sensitive products' that would be exempted from the full tariff cuts; deeper cuts in agricultural tariffs by 'major developing countries', including for sheltered 'special products'; deeper EU and US reductions in trade-distorting support; and cuts in industrial tariffs by developed and major developing countries.

Several Geneva-based negotiators believe that the dominant issue now is the expiry of the US president's trade promotion authority in July 2007. This allows him to negotiate deals and submit them for a yes-or-no vote by Congress, without the possibility of amendment. The delegates say that a very narrow 'window of opportunity' exists for the talks to restart and make progress, beginning in January 2007 and ending around March or April. At the end of this short period, negotiators would have to have made sufficient progress to convince Congress that it would be worthwhile for them to extend the president's trade promotion authority. Given the limited time available next year, initial groundwork for the negotiations would have to take place now, trade sources claimed.

Although no attempts had been made to address the specific issues that have proved so intractable in the negotiations, the agriculture chair has taken the necessary initial steps to ensure that talks can begin more easily once the political will to do so has been established. "Crawford has turned on the engine to warm up the car a bit, but it's not yet in gear," said one delegate.

Delegates reported that Falconer has now invited all Members to attend another such informal meeting on 20 November.

ICTSD reporting.

**DEMOCRATIC WIN TO AFFECT US
TRADE POLICY—BUT HOW?**

The Democratic party won a comprehensive victory in the US midterm Congressional elections on 7 November. This much is beyond dispute. What it might mean for Washington's trade policy as Democrats prepare for the 2008 presidential election, however, has left observers searching for answers.

Most analyses in the press suggest that the US legislature's already-shaky support for bilateral and multilateral trade talks will be further weakened by the Democrats' ascent to power in both the House of Representatives and the Senate. In particular, the Republican Bush administration is now believed to be even less likely to get Congress to extend its 'fast-track' negotiating authority past the scheduled expiry date next July. Without this, chances to conclude the struggling Doha Round negotiations in the next year or two would virtually disappear, even if WTO Members manage to revive the talks early in 2007.

Senior Democrats have already vowed to vote against the US' free trade agreement (FTA) with Peru unless new labour protections are added to it. This opposition means that the Bush administration may not try to get the accord approved in the 'lame-duck' session before the new Congress is sworn in next January.

The new Congress will also be charged with working with the White House to map out agricultural subsidy spending from 2007.

Democrats lukewarm to trade?

Divided government is not a new phenomenon in US politics. The party in the White House has not controlled Congress for more than half of the past 50 years. This did not prevent the development of the bulk of the multilateral rules that now govern world trade.

Republicans are currently considered to be more supportive of free trade than the Democrats with their connections to organised labour. However, the Bush administration in March 2002 imposed extra steel tariffs that were widely derided as protectionist, and later deemed illegal by the WTO. A Republican Congress put together the 2002 farm bill that substantially increased subsidy payments. Historically, it has in fact been the Democratic party that has been more supportive of international trade rules.

Nevertheless, some trade analysts have found reason to believe that the newly-elected Congressional Democrats may be different from their Clinton-era predecessors who approved the Uruguay Round

accords and the North American Free Trade Agreement (NAFTA) in the early 1990s.

US campaign group Public Citizen contended that public anxiety about trade helped tip the balance in nearly three dozen closely-contested House and Senate races. It hailed the election result as a victory for active opponents of the "US trade status quo of NAFTA, WTO and fast track." Exit polls conducted on election day suggested that concerns about corruption and the war in Iraq were foremost in voters' minds, but that they were also worried about outsourcing and job losses.

Two researchers at the University of St. Gallen in Switzerland estimated that 16 'trade-friendly' House legislators, as well as five senators, were to be replaced by newcomers who are, "at best, described as 'trade-sceptic'." Their conclusions were based on a study of campaign rhetoric and incumbents' voting records on the WTO and the Central American Free Trade Agreement (CAFTA).

TPA: anti-bilaterals need not equal anti-Doha?

According to Simon Evenett and Michael Meier, the authors of the Swiss study, Democratic candidates mentioned trade far more often than Republicans on the campaign trail. Several brought up concerns about job losses, unfair trade, and labour and environmental standards. "All of the new Democratic senators had bad things to say about trade reform," added Evenett and Meier. However, they pointed out that while many Democrats criticised recent bilateral FTAs, especially CAFTA, "very few... made critical references to the WTO or the Doha Round."

Kimberly Elliott, a senior fellow at the Washington-based Peterson Institute for International Economics and the Center for Global Development, drew a similar distinction between the Doha Round and bilateral talks, particularly those with smaller economies such as Peru and Colombia. "My reading of Congressional votes is that multilateral negotiations have never been as controversial as FTAs with low-wage countries with poor labour practices," she argued.

In an interview with Bridges, Elliott pointed out that in recent FTA debates in the US, many of the strictly protectionist arguments -- for minimising imports of sugar and textiles, for example -- came from Republicans. Democrats, by comparison, focused more on environmental and labour standards. She suggested that though Democrats might try to block small bilateral deals, they would be less likely to endanger multilateral negotiations over such concerns, given solid opposition from the vast majority of developing countries.

A short-term extension of the Bush administration's 'trade promotion authority' (TPA) for the Doha Round remained possible with the new Congress, according to Elliott. "The scenario is not all that different from before. There needs to be a resumption of the talks, and there needs to be enough on the table to get the people in charge interested." She said that though trade might not be a priority for the Bush administration, it could be an area in which concrete achievements are possible. Sherman Katz, a senior associate at the Carnegie Endowment for International Peace in Washington, suggested that the administration might be more willing to expend political capital on trying to extend its TPA if a Doha Round deal or a major FTA with Korea seemed in the offing.

TPA gives the presidential administration the ability to submit a trade agreement package for Congressional approval -- or rejection -- without the possibility of making specific changes. In the absence of TPA, the US would still be free to negotiate trade accords. However, many countries would cease to see it as a credible partner with which to conclude a deal, since Congress would then be free to make specific changes to the agreement.

The WTO negotiations have been suspended since late July, when governments proved unable to agree on farm subsidy and tariff cuts. They are now starting to show signs of life, and Geneva-based trade diplomats believe that there is a window of opportunity until around March 2007 for Members to assemble a 'blueprint' for a Doha Round deal that would offer gains sufficient to entice Congress into extending TPA. However, many blame the impasse on the US' refusal to offer deeper reductions to its farm subsidies, and have argued that Washington must make new overtures in order to revive the talks. The passing of the election may have relieved some of the pressure to not announce subsidy cuts. The Bush administration has maintained in recent months that the US would not budge unless other countries modified their negotiating stances too (see related article, this issue).

Committee chairs to play important roles

Whatever the views of some of the newcomers to the Democratic caucus, a greater role in determining the party's policy on trade will be played by the veteran members who are poised to assume leadership of the powerful Congressional committees responsible for trade and farm policy. Committee chairs wield substantial influence in determining which pieces of legislation make it through to a vote by the entire legislature.

In the week since the election, Democratic leaders have vowed to pursue bipartisan cooperation, in contrast to what they describe as the Republicans' more confrontational style of government.

Charles Rangel, the New York Democrat likely to become the next chair of the House Ways and Means Committee responsible for trade and tax policy, has suggested that he would be open to extending TPA if the administration responded to some Democratic concerns. Like most laws, TPA is subject to Congressional horse trading. Rangel has called for greater cooperation between Congress and the administration on trade issues.

According to the Washington Post, Montana Senator Max Baucus, who is likely to take over the Senate Finance Committee, has said that any legislation prolonging the president's fast-track powers would have to "strengthen labour and environmental provisions in some way to win broader Democratic support." Washington publication Inside US Trade reported on 10 November that he would also want TPA extension to be contingent on expanded support for trade adjustment, better enforcement of existing trade agreements, and increased export promotion efforts. Baucus has been a vocal supporter of providing extra unemployment benefits and retraining funds for people who have lost their jobs due to trade liberalisation.

Rangel and Baucus are currently supporting the administration's thus-far unsuccessful efforts to get permanent normal trading relations for Vietnam approved by the lame duck outgoing Congress. Democrats and Republicans have traded blame for the setback, prompting fears about the viability of bipartisan cooperation on trade (see related story, this issue). Despite his opposition to the Peru FTA, which he wants modified to match International Labour Organization standards, Rangel has expressed support for prolonging trade preferences for African and Andean countries, as well as the Generalised System of Preferences.

Bipartisanship will be essential for agreement on any trade issues, pointed out the Peterson Institute's Elliott. "There are fewer pro-trade Democrats than pro-trade Republicans. [They're] going to have to reach out across the aisle and be bipartisan. You're not going to get support for trade agreements from a majority of the majority" as the Republicans were trying to do, she explained.

Elliott suggested that a TPA extension law containing beefed up language on labour and environmental objectives could win the support of many Democrats. At the same time, Congressional Republicans would not be uncomfortable about how the Bush administration would use such a mandate, as they were when they

denied former President Bill Clinton's request for fast-track power in the 1990s. She felt it unlikely that the Democrats would vote against extending the president's TPA for no reason other than to deny victory to a White House with which their relations have been less than cordial.

Clinton's trade representative Charlene Barshefsky told the Wall Street Journal that the Democrats and the Republicans could work together to push the Doha Round forward. "I see tougher sailing ahead, but not necessarily history-altering events," she said about the election.

Some of the toughest sailing will involve US agriculture subsidies. The Democratic Congress' willingness to accept reduced domestic farm support will affect Washington's ability to propose new subsidy cuts in the Doha Round talks. Mike Johanns, the Bush administration's agriculture secretary, has warned that failing to reform certain subsidy programmes could leave the US vulnerable to lawsuits at the WTO. However, the probable new chair of the House Agriculture Committee, Minnesota's Collin Peterson, has thus far called for only minor changes to the high level of spending in the Republicans' 2002 farm bill. This is presumably not the sort of bipartisan consensus that most WTO Members had been hoping for.

Many members of the Democratic caucus have blamed outsourcing and trade agreements for job losses and stagnating median wages. Some of them voted against normalising trade relations with China. Two high-profile Democrats have threatened Beijing with punitive tariffs unless it revalues its currency.

It is too early to know whether these views will carry into power. Politicians everywhere tend to be more shrill in opposition. The Democrats' 31-page campaign platform complained about "jobs shipped overseas," but promised only to end subsidies that give companies an incentive to outsource -- not to restrict outsourcing itself. It did not mention the word 'trade.'

The Swiss Institute for International Economics and Applied Economic Research study is available at http://www.evenett.com/US_Congr_Elections.pdf.

The Public Citizen report is available at http://www.citizen.org/hot_issues/issue.cfm?ID=1471.

ICTSD reporting; "Election pushes globalization to forefront," USA TODAY, 14 November 2006; "Democrats beat Bush with an economy drive," THE OBSERVER, 12 November 2006; "Democratic Gains Raise Roadblocks to Free-Trade Push," WALL STREET JOURNAL, 13 November 2006; "Election Alters Trade Climate," WASHINGTON POST, 14 November 2006; "Free trade is the real election

casualty," FINANCIAL TIMES, 8 November 2006; "USDA chief wants Congress to reshape farm supports," REUTERS, 14 November 2006.

OTHER NEWS

THE DOHA DECLARATION ON TRIPS AND PUBLIC HEALTH, FIVE YEARS ON

Government officials, businesses and civil society groups alike are this week commemorating the fifth anniversary of the adoption of the Doha Declaration on the WTO TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2).

Signed by WTO Members on 14 November 2001 at the global trade body's fourth Ministerial Conference in Doha, Qatar, the declaration aimed to address concerns that the patent protections and other rules set out in the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) could raise the price of pharmaceuticals. Hailed at the time as "a giant victory" for access to affordable medicine, it was said to be proof that the multilateral trading system could respond to global public health concerns.

Five years down the road, although most concur that the declaration was an important milestone, many remain deeply concerned about the impact of intellectual property rules on access to medicine.

"The Doha Declaration said all the right things but to date has delivered virtually nothing to poor patients," said Celine Chaveriat of Oxfam International. "We've gone backwards in five years." Guy Willis of the International Federation of Pharmaceutical Manufacturers & Associations disagreed. He told Bridges that that the "Doha Declaration represents a balanced approach" and that developments over the last five years have "helped to clarify the declaration."

Adopted in conjunction with the launch of the Doha Round trade talks, the declaration marked international consensus just two months after the terrorist attacks of 11 September 2001. It came at a time when concern over intellectual property rights' effects on access to medicines was higher than ever before. Fears of a possible outbreak had rich country governments threatening to override patents on anthrax drugs. Major legal battles over South Africa and Brazil's attempts to make treatment more affordable for their millions of HIV/AIDS patients had thrust the issue to the forefront of the WTO agenda.

In the declaration, government agreed that the "TRIPS Agreement does not and should not prevent Members

from taking measures to protect public health." Recognising "the gravity of public health problems" that poor countries face, especially due to epidemics such as HIV/AIDS, tuberculosis, and malaria, they stressed that the agreement "can and should be interpreted and implemented in a manner supportive of WTO Members' right to protect public health and . . . promote access to medicines for all."

The declaration aimed to clarify ambiguities in WTO intellectual property rules about countries' ability to produce and import affordable drugs. It reaffirmed Members' rights to "determine what constitutes a national emergency or other circumstances of extreme urgency," and to "to determine the grounds" for granting 'compulsory licences' authorising the production of patented medicines without the consent of the patent holder.

Although the TRIPS Agreement permitted governments to use compulsory licences, Article 31(f) specified that the generic copies of patented drugs thus produced could only be sold on a country's domestic market. This rendered compulsory licensing useless for countries lacking sufficient pharmaceutical manufacturing capacity, no matter how severe their public health problems. The declaration instructed Members to find "an expeditious solution to this problem" by the end of 2002.

In addition, the Doha declaration reaffirmed Members' right to export and import legitimate medicines at lower prices. Known as 'parallel trade' or parallel import/export," the legitimacy of this practice had been questioned by some countries.

Finally, it specified that least developed countries could delay implementation of the TRIPS agreement with respect to pharmaceuticals until January 2016.

Speaking in 2001, James Love of Consumer Project on Technology called the declaration the "strongest and most important international statement yet on the need to refashion national patent laws to protect public health interests." Oxfam's Michael Bailey added that the principles set out within the document would make it "much harder for the US and drug companies to bully poor countries over their patent policies."

However, five years later, the struggle to improve countries' access to medicines continues.

It took WTO Members until August 2003 -- long after the 2002 deadline in the Doha declaration -- to reach an accord on helping countries lacking manufacturing capacity to make use of compulsory licenses. The so-called '30 August 2003 decision' was effectively a temporary waiver of the requirement that medicines produced under compulsory licence be restricted to the

domestic market, pending an amendment of the TRIPS agreement (see BRIDGES Weekly, 4 September 2003, <http://www.ictsd.org/weekly/03-09-04/wtoinbrief.htm#1>). Even at the time, critics charged that its numerous requirements set an impracticably high bar for the legal importation of drugs produced under compulsory licences.

So far, not a single country has used the waiver. Nevertheless, in December 2005, WTO Members agreed to make the 30 August 2003 decision a permanent amendment to the TRIPS agreement. The amendment will enter into force when two-thirds of the WTO's 150 Members ratify it. To date, three countries have ratified the amendment: the US, Switzerland, and El Salvador. In the meantime, the waiver decision remains in effect.

Some have explained that since developing countries were allowed to delay patent protection for pharmaceutical products until January 2005, the full effect of the agreement has not been realised. The mechanism "hasn't been used because it's too early," clarified one WTO official. "It will come up when there is a single supplier in the market," which will be the case once developing countries and LDCs fully implement their TRIPS commitments.

At a 14 November meeting in Geneva to commemorate the fifth anniversary of the declaration, Ellen 't Hoen of the Campaign for Access to Essential Medicines suggested that since some major generics producers such as India are now providing patent protection for newer medicines, their prices are being driven up. "It should alarm us," she said. "We're getting back to where we were five years ago."

Third World Network's Sangeeta Shashikant said that five years after Doha, WTO rules were far from the only trade-related threat to access to medicine. She pointed to the impact of bilateral and regional free trade agreements (FTAs) on "limiting the grounds on which governments can issue compulsory licences," for example, to cases of national emergency, government non-commercial use, and to address anti-competitive practices. She also warned that new protections for clinical test data in FTAs delay generics from coming to market. Added Oxfam's Jennifer Brant, "What's the point in having the Doha declaration if it's being chipped away?"

"The Doha declaration was of politically symbolic importance by making people stop and think about it," said Guilherme de Aguiar Patriota, a Brazilian trade diplomat. Since then, however, multinational corporations had steadily engaged in "damage control," quietly eroding the impact of the declaration. He added that dissatisfaction with the WTO process had motivated countries such as Brazil and Kenya to

propose setting up a global framework for research and development in the World Health Organization.

One trade expert suggested that the declaration had served to open the eyes of the WHO to the effects of intellectual property rules. In recent years, the WHO has commissioned high-level investigations into the relationship between intellectual property, innovation, and public health.

ICTSD reporting; "Views on the Draft Declaration on the TRIPS Agreement and Public Health," CONSUMER PROJECT ON TECHNOLOGY, 13 November 2001; "Views on the TRIPS Agreement and Public Health: 5 Years down the Road," CONSUMER PROJECT ON TECHNOLOGY, 14 November 2006.

IN BRIEF

US CONGRESS REJECTS VIETNAM TRADE DEAL, DELAYS VOTE

The US Congress on 13 November unexpectedly rejected a measure to permanently normalise trade relations with Vietnam. The Bush administration had hoped to have the bill passed by 18 November, when President George W. Bush will attend an Asia-Pacific Economic Cooperation (APEC) summit in Hanoi.

Republican House leadership brought the bill to a vote under special procedures that allow laws to be passed without debate if approved by a two-thirds majority. However, only 221 representatives voted in favor of it -- well above half the members in the 435-seat legislature, but 32 votes short of the necessary margin.

Both Republicans and Democrats who had been expected to support the bill defected. Some Republicans have blamed Democratic protectionism inflamed by a late push by organised labour lobbyists for the defeat. However, the Wall Street Journal reports that the Bush administration was also not expecting to lose the support of 66 Republicans -- twice as many as anticipated, and two times the margin of the defeat.

The next opportunity for Congress to ratify the bill is in early December, before Vietnam joins the WTO. US Trade Representative Susan Schwab has expressed optimism that it will be approved. "Had they used normal procedures, the [yes] vote would have been overwhelming," she said. "The fact is that there was strong bilateral support for PNTR [permanent normalised trade relations] in the House."

Granting Vietnam PNTR would repeal a 1975 law that requires an annual review of the country's political and economic practices. If Congress fails to approve it before Vietnam joins the WTO in late December, Hanoi will not be obliged to provide US businesses with the increased investment opportunities in its telecommunications, financial services, and energy sectors that it promised during its accession process. Meanwhile, Vietnamese exports would face restrictions in the US.

Many wonder if the struggles over the vote foreshadow problems that will occur when the newly-elected Democratic-controlled Congress convenes next year. Many Democrats won Congressional seats this November on promises to oppose trade agreements that threaten US jobs (see related article, this issue).

"Bush Handed Setback on Vietnam Trade Issue," INTERNATIONAL HERALD TRIBUNE, 14 November 2006; "Top US Trade Official Downplays Failure of Trade Bill with Vietnam," DEUTSCHE PRESSE-AGENTUR, 15 November 2006; "US Congress Rejects Vietnam Trade Deal," 14 November 2006; "Vietnam, Business Dismay at Failed U.S. Trade Bill," REUTERS, 14 November 2006; "Vietnam Trade Bill Grinds to a Halt," USA TODAY, 15 November 2006; "Vietnam Trade Bill Stumbles in House," THE NEW YORK TIMES, 14 November 2006; "Bush Won't Bring Vietnam Deal To Asia Summit," WALL STREET JOURNAL, 15 November 2006.

KOREA, ASEAN EXTEND DEADLINE IN SERVICES AND INVESTMENT NEGOTIATIONS

Korea and the Association of Southeast Asian Nations (ASEAN) are considering pushing back the deadline for a deal in their ongoing trade negotiations on services and investment from December 2006 to November 2007, following talks in Brunei Darussalam from 31 October-1 November.

At the meeting, both Korea and ASEAN restated their goal of liberalising bilateral services trade and investment flows enough to propel a significant expansion in the two sectors. According to information on the Korean foreign affairs and trade ministry's website, the two sides have agreed in principle to hold six rounds of negotiations in 2007, beginning in Myanmar in late January.

Korea signed a goods-only free trade agreement (FTA) with nine of the ten ASEAN member countries last May. Under the accord, duties are to be lowered on 90 percent of all manufactured goods traded by 2010. However, Thailand stayed out of the agreement,

objecting to Korea's insistence on maintaining high levels of protection for rice and other agricultural products. Thailand is the world's number one rice exporter. Although the two nations indicated a desire to re-start trade negotiations in August, they have yet to do so.

In October, Korea reiterated that it would retain the right to impose special safeguard measures -- the ability to slap temporary duties on products whose import volumes are rising sharply -- after the industrial goods FTA goes into effect. These measures are designed to give the government time to deal with import surges by protecting local companies for a transition period of one to three years. Korea aims to negotiate similar safeguard measures in its FTA talks with the US, India and Canada.

"ASEAN Signs FTA with South Korea After Thailand Opts Out," THE NATION, 16 May 2006; "Outcomes of the 15th Round of Korea-ASEAN FTA Negotiations," KOREAN MINISTRY OF FOREIGN AFFAIRS AND TRADE, 4 November 2006; "S. Korea to Introduce Import Safeguards for FTA with ASEAN," ASIA PULSE, 16 October 2006; "Thailand Hopes to Resume FTA Talks with S. Korea Before Next ASEAN Summit," BERNAMA, 26 August 2006.

UN PANEL CALLS FOR REFORMS TO ENVIRONMENT, DEVELOPMENT POLICY

A high-level panel on UN reform has published a report saying that streamlining UN country operations on development, environment, and humanitarian assistance could save as much as a fifth of expenditures for more productive use.

Presented last week, the UN Secretary General's High-Level Panel's report, "Delivering as One," recommends consolidating UN operations under the control of a single programme in each country, alongside the creation of new oversight groups. The panel plans to begin with five to-be-determined pilot countries, and expand to all nations by 2012.

Co-chaired by the prime ministers of Mozambique, Norway, and Pakistan along with Gordon Brown, the British finance minister, the panel's report acknowledges that the expansion of multilateral institutions and bureaucracies since the UN's founding 60 years ago has resulted in overlapping or contradictory mandates, and insufficient coordination in pursuing common goals. In unusually harsh language, it said "The UN's status as a central actor in the multilateral system is undermined by lack of focus on results, thereby failing... the poorest and most vulnerable. [Its] work on development and environment is often fragmented and weak. Inefficient and ineffective

governance and unpredictable funding have contributed to policy incoherence, duplication and operational ineffectiveness."

The report concluded that the two main groups responsible for supervising and coordinating action for sustainable development -- the Economic and Social Council (Ecosoc) and the Commission on Sustainable Development (CSD) -- were falling short of their goals. Moreover, the UN Development Programme (UNDP), which should be the foremost body in developing countries, not only lacked the power to regulate other agencies but often competed with them.

The panel thus called for a new oversight body for UN operations, proposing a UN Sustainable Development Board elected from governments and answerable to Ecosoc.

It also urged a stronger focus on gender equality, recommending that the three existing UN women's groups be merged into a more powerful agency under a new under-secretary general.

WWF hailed the report as a "step in the right direction" towards placing environmental concerns "at the centre of development decision making."

Incoming UN Secretary-General Ban Ki-moon has said that implementing the report will be one of his top three priorities. His term begins in January 2007.

To access the report visit:
<http://www.un.org/events/panel/resources/pdfs/HLP-SWC-FinalReport.pdf>.

"Some way but not all way on UN reform," BBC NEWS, 11 November 2006; "Inefficient UN 'punching well below its weight,'" MAIL & GUARDIAN ONLINE, 10 November 2006; "UN seeks to unify efforts," UNITED PRESS INTERNATIONAL, 10 November 2006.

WTO IN BRIEF

RUSSIA, US TO CONCLUDE WTO ACCESSION DEAL

Russia and the US are ready to sign a bilateral agreement on the former's accession to the WTO, trade officials from both countries indicated on 10 October. After 13 years of negotiations, they will formally sign the accord at the 18-19 November Asia-Pacific Economic Cooperation (APEC) summit in Hanoi. The agreement will remove one of the last major obstacles for Russia to complete its WTO accession bid.

Russia is the largest world economy still outside of the WTO. The US had been the last major WTO Member with which Russia needed to conclude a bilateral entry agreement. Moscow's talks with Costa Rica, Moldova and Georgia are still in the works, with the latter two subject to political tensions (see BRIDGES Weekly, 25 October 2006, <http://www.ictsd.org/weekly/06-10-25/story2.htm>). After finalising all of its bilateral market access deals, Russia will still need to finish multilateral negotiations in the WTO working party on its membership in order to complete its package of accession agreements.

Negotiations had been stalled over Washington's dissatisfaction with Russia's market access for US meat exports, liberalisation of financial services, and commitment to combating counterfeiting and piracy. On 10 November, however, both US Trade Representative Susan Schwab and Russian Economic Development and Trade Minister German Gref said that the two nations had agreed "in principle" to all the terms of an agreement.

The US has already stated that it plans to coax further commitments from Russia during the multilateral accession process, especially in the field of intellectual property rights.

Even after Russia completes its accession negotiations, the US Congress will have to permanently normalise trade relations with the country in order for US producers to fully benefit from its new liberalisation commitments. Some analysts speculate that the newly Democratic Congress may be reluctant to rescind a 1975 law that subjects Russia's trading status to annual review.

"EU Welcomes Russia-US WTO Deal, but Urges Amendments," MOSNEWS, 13 November 2006; "Russia and US Reach Deal on WTO," THE FINANCIAL TIMES, 10 November 2006; "Russia and US 'Reach Deal on WTO'" REUTERS, 10 November 2006; "Russia, U.S. Could Sign WTO Deal in Vietnam Next Weekend," RIA NOVOSTI, 13 November 2006; "US and Russia Work to Finalize Bilateral Negotiations," USTR NEWS RELEASE, 10 November 2006.

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 events@ictsd.ch.

Upcoming Events: 16-22 November

16 November, Washington, DC: WTO DISPUTE SETTLEMENT -- AN UPDATE BY THE WTO'S LEGAL ADVISOR. Organised by the Washington International Trade Association. The WTO Dispute Settlement Understanding (DSU) provides a structured, treaty-based process for the timely settlement of trade disputes arising among the WTO's 149 Members. Since the WTO's inception in 1995, 350 cases have been initiated under WTO dispute settlement procedures and 120 panels have been composed to adjudicate cases not otherwise resolved prior to the initiation of litigation proceedings. In the past several years, however, fewer cases have been brought to the WTO. Is this a long-term trend or just a short-term phenomenon? Bruce Wilson, Director, WTO Legal Affairs Division, will offer an updated look at the Dispute Settlement Understanding and a discussion of pending DSU reform proposals. For more information, e-mail: events@wita.org; internet: http://www.wita.org/index.php?tg=addon/4/form&idx=2&id_app=25&id_step=79&id_form=62&form_row=481&popup=0&parent_id_form=40&parent_id_step=78&form_menu=&trt_step=1&form_value=WTO%2BDispute%2BSettlement%2B-%2BAn%2BUpdate%2Bby%2Bthe%2BWTO%2527s%2BLegal%2BAdvisor.

16-17 November, Terrassa, Spain: FIRST INTERNATIONAL CONFERENCE ON SUSTAINABILITY MEASUREMENT AND MODELING. The conference, hosted by the UN Educational, Scientific, and Cultural Organisation (UNESCO) Chair in Sustainability, will launch a forum for organisations, institutions, and experts to further integrate their knowledge and ideas related to sustainability measurement and modeling. Dialogue will focus on the creation of measurements, models and evaluations for sustainable development. For more information, phone: +34 934 017 441; e-mail: icsmm@cimne.upc.edu; internet: <http://congress.cimne.upc.es/icsmm06/frontal/default.asp>.

18-19 November, Melbourne, Australia: MEETING OF G-20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS. The G-20 is an informal forum that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international economic and financial institutions, the G-20 helps to support growth and development across the globe. For more information see internet: <http://www.g20.org/Public/Melb2006/index.jsp>.

20-21 November, Paris, France: OECD GLOBAL FORUM ON AGRICULTURE: POLICY DEVELOPMENTS IN NON-MEMBER ECONOMIES. Organised by the Organization for Economic Cooperation and Development (OECD). This forum will discuss agricultural policy developments in Brazil, China, South Africa, India, Russia, Ukraine, Bulgaria and Romania. Country reports including updated estimates of agricultural support will be presented by the Secretariat and discussed with country experts and government officials. Country representatives will comment on expected future directions of agricultural policy reform. The Forum will also discuss the lessons learned from past reforms in developing and OECD countries, as well as current market prospects and trade issues. A special session will focus on the latest developments and new activities by the OECD, the World Bank and the FAO in the measurement and interpretation of agricultural support. For more information see internet: <http://www.oecd.org/agr/meet/apnme> (login: meetings, password: apnme) or e-mail: wayne.jones@oecd.org.

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.

16 November: INFORMAL TRADE NEGOTIATIONS COMMITTEE (HEADS OF DELEGATION LEVEL)

20-24 November: GENEVA WEEK (NON-RESIDENT MEMBERS AND OBSERVERS)

20 November: COUNCIL FOR TRADE IN GOODS

21 November: DISPUTE SETTLEMENT BODY

22-24 November: TRADE POLICY REVIEW BODY - COLOMBIA

Other Upcoming Events

29 November-1 December, Geneva, Switzerland. UNCTAD INTERGOVERNMENTAL EXPERT MEETING ON THE PARTICIPATION OF DEVELOPING COUNTRIES IN NEW DYNAMIC SECTORS OF WORLD TRADE: REVIEW OF THE ENERGY SECTOR. This meeting, organized by the UN Conference on Trade and Development (UNCTAD), aims to promote participation of developing countries in

dynamic and new sectors of world trade. It will focus on the challenges posed to developing countries by a changing international energy economy. Issues of particular consideration will be the need to diversify energy sources, and the need to secure access to reliable and reasonably-priced energy in order to reduce poverty and promote sustainable development. For more information see <http://www.unctad.org/Templates/meeting.asp?intItemID=2068&lang=1&m=11907&info=not>. tel: +41 (0)22 917 56 42 or +41 (0)22 917 58 65; fax: +41 (0)22 917 00 44, e-mail: khalil.rahman@unctad.org or victor.ognitvsev@unctad.org.

7-8 December, Amsterdam: FIRST ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) FORUM ON AFRICAN DEBT MANAGEMENT AND BOND MARKETS. Organized under the aegis of the OECD Working Party on Debt Management (WPDM) and sponsored by the Swedish International Development Cooperation Agency (SIDA), the forum will focus on specific local African problems, challenges, and debt management issues. It also aims to acquaint African Debt Managers with OECD best practices in public debt management and government securities, as well as to include them in the OECD WPDM-led global network of debt managers. The Africa Forum initiative will enhance collaboration and address critical issues about ensuring sustainable debt management. Participation is by invitation only. For more information see internet http://www.oecd.org/document/44/0,2340,en_2649_279_94977_37361964_1_1_1_1,00.html or e-mail hans.blommenstein@oecd.org or jocelene.fouassier@oecd.org.

RESOURCES

BIOFUELS PRODUCTION, TRADE AND SUSTAINABLE DEVELOPMENT: EMERGING ISSUES. By Annie Dufey. International Institute for Environment and Development, November 2006. Concerns about global warming, high oil prices and energy security have all contributed to a renewed global interest in biofuels as an alternative to oil for transport. This interest is reflected in the rapid expansion of biofuel markets. But what are the implications of this expansion for sustainable development? This paper seeks to provide a preliminary identification of the main sustainable development issues involved in the debate about the production and trade of biofuels. For more information about accessing this report, visit <http://www.iied.org/pubs/display.php?o=15504IIED&n=2&l=6&a=A%20Dufey&x=Y>.

DOING BUSINESS 2007: HOW TO REFORM. World Bank and International Finance Corporation, September 2006. This volume is the fourth in a series

of annual reports investigating global regulations that enhance business activity and those that constrain it. This year's report measures quantitative indicators of business regulations and analyzes their enforcement across 175 countries, from Afghanistan to Zimbabwe, over time. The ten indicators are: starting a business, dealing with licences, hiring and firing, registering property, getting credit, protecting investors, trading across borders, paying taxes, enforcing contracts, and closing a business. The indicators are used to analyze economic and social outcomes, such as informality, corruption, unemployment, and poverty. The report is meant to enable policymakers to measure regulatory performance in comparison to other countries, to learn from the comparisons, and to prioritize reforms. For information on how to access this report, visit http://publications.worldbank.org/ecommerce/catalog/product?item_id=5363808.

THE MAGNITUDE AND DISTRIBUTION OF FUEL SUBSIDIES: EVIDENCE FROM BOLIVIA, GHANA, JORDAN, MALI, AND SRI LANKA. By David Coady et al. International Monetary Fund, November 2006. With the recent jump in world oil prices, the issue of petroleum product pricing has become increasingly important in developing countries. Because many governments are reluctant to pass these price increases onto energy users, energy price subsidies are absorbing an increasing share of scarce public resources. This paper identifies the issues that need to be discussed when analyzing the fiscal and social costs of fuel subsidies. Using examples from analyses recently undertaken for five countries, it also identifies the magnitude of consumer subsidies and their fiscal implications. The results of the analysis show that in all of these countries energy subsidies have significant social and fiscal costs and are badly targeted. To access this paper, visit <http://www.imf.org/external/pubs/cat/longres.cfm?sk=19912>.

INTERNATIONAL TRADE STATISTICS, 2006. WTO, November 2006. This annual report provides comprehensive, comparable and up-to-date statistics on trade in merchandise and commercial services in 2005. It contains detailed assessments of world trade flows by country, region and main product groups or service categories. To access the report, visit http://www.wto.org/english/res_e/statis_e/statis_e.htm.

ON THE MOVE

Margaret Chan of Hong Kong is to become the next Director-General of the World Health Organization. On 9 November, the World Health Assembly, the WHO's top decision making body, formally approved her nomination. She succeeds Lee Jong-wook, who died suddenly last May. A former director of Hong Kong's

department of health, Chan will leave her current job as the WHO's Assistant Director-General for communicable diseases to take the post. She becomes the first Chinese national to head a major UN agency.

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Contributors to this issue of **BRIDGES Weekly Trade News Digest**® are Trineesh Biswas, Jonathan Hepburn, Kaitlin Mackenzie, Diane Raub, Gina Vea, and David Vivas. Editor: Trineesh Biswas. Director: Ricardo Meléndez-Ortiz. ICTSD is an independent, not-for-profit organisation based at: 7, chemin de Balexert, 1219 Geneva, Switzerland, tel: (+41-22) 917-8492; fax: 917-8093.

Excerpts from **BRIDGES Weekly Trade News Digest**® may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

BRIDGES Weekly Trade News Digest is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK) and NOVIB (NL). **BRIDGES Weekly** also benefits from support for the **BRIDGES** series of publications from donors including the Rockefeller Foundation and the Swiss Agency for Development and Cooperation.

ISSN 1563-003X

