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NOTE TO SUBSCRIBERS

This is the last issue of BRIDGES Weekly Trade News Digest for 2006. The first issue of 2007 -- Vol. 11, No. 1 -- will be published on 17 January. The Weekly team would like to thank our contributors and funders for the critical assistance they provide. We would also like to thank our readers for their interest and feedback and wish you all the best for the holiday season and 2007.

LEAD STORIES

LAMY: CONCLUDING ROUND IN 2007 NOT OUT OF REACH YET

Concluding the Doha Round negotiations in 2007 is still possible, WTO Director-General Pascal Lamy told Members on 14 December, but only if countries come forward with concrete new concessions early in the new year.

"New flexibilities have been announced by major players in general terms," he said to the year-end session of the General Council, referring to the hints by some governments that they would be willing to soften their bargaining positions. "The challenge remains to translate this political will and these flexibilities signals into substantive changes in position, which are necessary in order to unblock the process."

If this does not happen, the WTO chief warned the institution's top permanent decision-making body that the talks risked total collapse. "Failure could be just around the corner, but we need not turn that corner." He told reporters later that 2007 would be a "defining year for the organisation."

In his report to delegations on the state of the Doha Round, Lamy pointed to the various gatherings convened by the chairs of the different negotiating groups since mid-November, when he authorised a 'soft relaunch' of the talks following their July suspension over differences on farm trade (see BRIDGES Weekly,

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22 November 2006, <http://www.ictsd.org/weekly/06-11-22/story1.htm>). "While no real changes in numbers, notably in agriculture domestic support or tariff protection have shown up in these discussions so far," he acknowledged, "an increasing level of engagement is starting to appear." He took this to mean that Members are now more willing than before "to enter into discussions on substance."

Lamy has already indicated that 'fully-fledged' negotiations, including those at the ministerial level, can only truly restart once governments explicitly offer deeper subsidy or tariff cuts, and moderate what they want in exchange. Nevertheless, he told delegates that in order to be properly prepared for this, they will need to increase the pace of informal work after the end-of-year break "in order to exploit the window of opportunity that remains ahead of us in the first quarter of next year." He urged Members to each play "their part" in ensuring the success of the round, reminding them that the costs of failure would be substantial.

The limited 'window of opportunity' arises from the looming end-June expiry of the US presidential administration's 'trade promotion authority' (TPA), and with it, the ability to negotiate trade deals and submit them to Congress for a yes-or-no vote without the possibility of amendment. Countries are reluctant to sign trade deals with Washington in the absence of TPA, since this would leave Congress free to make changes to the negotiated package. Like senior trade officials from many countries, Lamy believes that sufficient progress in the negotiations in early 2007 might help the Bush administration win Congressional support for extending TPA.

Delegations call for progress

Several delegations intervened to express satisfaction that the talks had resumed, though most deplored the lack of concrete progress. As is typical in such meetings, they stressed their commitment to the round, often highlighting a handful of their respective priorities.

Some, such as Argentina, Chile, and Japan, warned that the total collapse of the negotiations was a real possibility. A failure, they contended, would threaten the credibility of the multilateral trading system and risk giving rise to a wave of protectionism. Mexico said that countries have not revealed their true cards, and could go further than they had been suggesting in the recent informal discussions.

India claimed that in spite of the absence of a breakthrough on agriculture, Members had been making a sincere attempt to better understand each others' positions. However, Brazil noted that technical discussions had limits. Speaking for the G-20, it said

that developed countries would have to give some sort of a signal -- implying concessions -- to determine how the talks would proceed.

On behalf of the G-33 group, Indonesia stressed the need for developing countries to receive flexibilities to shield certain products from the full force of tariff reduction, and to protect farmers from the effects of import surges. The extent to which Members, both developed and developing, will be able to shelter products from liberalisation has been an extremely contentious issue in the negotiations. Australia, speaking for the Cairns Group of farm exporters, a bloc that includes both G-33 members and countries firmly opposed to the G-33's demands, said that the group it leads had been working to refine views on these flexibilities.

Benin, representing the African Group, reminded Members that any Doha Round deal would have to address the needs of net food-importing developing countries and the beneficiaries of longstanding trade preferences that stand to be hurt by multilateral liberalisation. It also stressed that any deal must include strong special and differential treatment rules, in addition to robust provisions for technical assistance and financial support. South Africa, on behalf of the NAMA-11 group, noted that development issues, though they were supposed to be the primary focus of the negotiations, had been left behind by the focus on agriculture and industrial tariffs.

How can Members offer new concessions together?

Key Member countries have said that they are willing to be flexible in order to break the deadlock on the negotiations -- so long as their trading partners are, too. The question, Lamy pointed out at a press conference on 15 December, is "who moves first?"

The WTO chief acknowledged that "no one" is going to simply come forward and specify numbers detailing how much more they are willing to offer and how much less they are willing to accept in return.

Instead, Lamy described the ongoing process of informal technical analyses, and explained how he hoped it would give countries the confidence to table new bargaining positions. He said that since "there is a tradeoff between ambition and flexibility" -- in other words, the deeper the overall tariff and subsidy cuts, the more flexibilities Members will demand to shelter specific products from reforms -- trade officials can "play" with different pairs of numbers to examine potential compromises. Countries would also have to test these different scenarios with influential domestic constituencies, to assess what they could tolerate.

These exchanges, Lamy went on, need to produce a series of well investigated "options, tests, and sensitivities." This way, countries will be able to develop "reasonable confidence that [any new concessions] are not going to be pocketed immediately and not reciprocated," as well as some assurance that their offers have at least a substantial overlap with other countries' moderated demands.

He concluded that "hopefully all this will result in a stage where people feel comfortable enough to come back to the negotiating table with something more than what was there in July," with the added benefit that potential concessions would have been 'pre-tested.'

Such discussions have been taking place "on a much more precise basis" than when ministers met in July, Lamy said, approvingly noting that bilateral exchanges among key Members such as the EU, the US, India, Brazil and Japan were occurring more frequently. He conceded that the 'pre-testing' process would take a great deal of time. Nevertheless, he said, "it's cooking."

Lamy nonetheless downplayed expectations for the 'mini-ministerial' meeting scheduled to take place in late January on the sidelines of the World Economic Forum in Davos. Describing the gathering as a 'Swiss tradition' for officials who would have been at the summit anyway, he said that he did not "foresee that people will come to the table to negotiate numbers." Top officials from some major Members are expected to meet bilaterally early next year.

Lamy not planning to propose compromise text

In response to questions about whether he was considering the 'nuclear option' of international trade negotiations -- trying to break the deadlock by going over the heads of negotiators to produce a potential compromise text of his own -- the head of the WTO maintained that he had no plans to do so. "I haven't changed my position on this," he said. "A text by the [director-general] is a last resort option."

The precedent for this comes from 1991, when the then-Director-General of the GATT, Arthur Dunkel, drafted a comprehensive agreement text in an eventually successful attempt to break a deadlock in the Uruguay Round negotiations. Though roundly pilloried at the time, especially in developing countries, the 'Dunkel draft' eventually provided much of the basis for the final agreement concluded three years later.

Lamy insisted that such a manoeuvre would be "very risky," and would sit uneasily with the 'bottom-up' principles of the WTO. "I'm not going to spend my Christmas break drafting a compromise text," he said.

ICTSD reporting.

GC: IN SPEECH ON AID FOR TRADE, LAMY STRESSES MONITORING AND EVALUATION

In a speech to WTO Members on aid for trade, Director-General Pascal Lamy highlighted the importance of monitoring and evaluation to ensuring that trade-related assistance efforts are effective. The aim was not to turn the WTO into a development agency, he said. Instead, he envisioned a scenario in which the WTO would focus on helping the wide range of existing international donors to better understand recipient countries' trade-specific needs.

Transparency and evaluation, Lamy explained, would be crucial to ensuring that aid for trade promises are being kept and delivering the expected results. If assistance is failing to deliver, evaluation would be necessary to determine what needs to change. He outlined some of the WTO Secretariat's current views on how a monitoring mechanism could function at the multilateral, regional, and country level.

In October, Members endorsed the recommendation's of the Aid for Trade Task Force (WT/AFT/1, see BRIDGES Weekly, 11 October 2006, <http://www.ictsd.org/weekly/06-10-11/story2.htm>). That panel had been set up in accordance with the Hong Kong Ministerial Declaration, with the mandate to provide Members with recommendations for how aid for trade "might contribute most effectively to the development dimension of the Doha Development Agenda." Its report set out a detailed course of action for aid for trade, with guidelines for funding, identifying recipients' priorities, and monitoring (see BRIDGES Weekly, 2 August 2006, <http://www.ictsd.org/weekly/06-08-02/story3.htm>). Aid for trade work is at least in principle separate from the ongoing Doha Round negotiations.

Sources report that Lamy said that the WTO's role in aid for trade should centre on promoting coherence: to play the role of a catalyst to ensure that the various organisations involved in trade-related assistance actually do the work that recipient countries need done. He stressed that there was no need to set up new mechanisms for delivering aid. Existing ones need to be used more effectively.

The WTO chief said that Members would have to agree on a definition of aid for trade in order to monitor it. He acknowledged that this would be difficult, since the line between trade-related assistance and overall aid is a blurry one. For instance, infrastructure aid could well

boost countries' ability to participate in international commerce. Yet, all infrastructure spending should not end up eligible to be classified as aid for trade.

According to sources who attended the meeting, Lamy described a three-level monitoring process, based on a new paper prepared by the Secretariat (JOB(06)/262). To avoid duplicating work already being done elsewhere, he suggested that a broad global picture of aid for trade flows could be drawn based largely upon the existing database maintained by the Organisation for Economic Cooperation and Development's development assistance committee (OECD-DAC). Regular progress reports by multilateral, regional, and bilateral development agencies would provide a second level of monitoring. The final level would come from country-based monitoring and evaluation, to assess what the money actually achieves on the ground in each recipient country

The Secretariat's document acknowledged that the WTO would have to rely on data from other agencies and organisations, which could taint any effectiveness assessment. Nevertheless, the WTO would be uniquely placed to collect all the data related to aid for trade activities and analyse their real impacts. The monitoring process, it said, should be two-fold: quantitative, in terms of assessing commitments and pledges versus actual disbursements; and qualitative, such as measuring the actual impact of activities on trade growth, export diversification, poverty reduction and so on.

Also playing a role in monitoring would be the expert committee whose creation was recommended by the Task Force, Lamy said. He suggested that it should comprise a network of donor agencies, international organisations and private sector representatives. Sources say he indicated that civil society should be part of this process, although he did not specify whether this would be as part of the committee.

In his remarks to delegates, Lamy reported that major donor countries told him that they remained committed to the large pledges of aid for trade that they made at the time of the Hong Kong Ministerial Conference in December 2005. He said that non-traditional donors -- including developing countries -- were also eager to participate. He stressed the need for additional, dedicated financing for aid for trade, and told recipient countries that for such efforts to truly be 'demand driven,' they too have much work to do: specifically, to develop the projects and business plans that will be put into place.

Lamy said that the Secretariat was working towards including a general assessment of aid for trade -- for donors and recipients alike -- in future Trade Policy

Reviews. He also proposed an annual debate on aid for trade in the General Council, starting next autumn. The Committee on Trade and Development would set the groundwork for this, holding a series of meetings to discuss aid for trade in the run-up to the debate. He also suggested that public seminars open to the media and civil society could be organised in order to increase transparency about aid for trade work.

Members gave Lamy's speech a generally positive reaction, especially on the point that the WTO should restrict itself to the role of monitor and catalyst. The African Group in particular stressed the need for 'additionality,' that is, for aid for trade resources to come over and above existing promises of overall assistance. Members urged the director-general to translate the Secretariat's ideas into something concrete as soon as possible.

ICTSD reporting.

OTHER STORIES

DISCORD OVER IMPLEMENTATION RECORD MARKS CHINA'S FIVE-YEAR ANNIVERSARY IN WTO

China this month marks the fifth anniversary of its accession to the WTO. On 11 December, five years to the day since it joined the global trade body, Beijing announced a regulation removing several restrictions on foreign ownership in its banking sector. This is one of the last pieces of the unprecedented market access commitments that China agreed to make in order to convince countries to accept its bid to join the organisation.

At the WTO in recent months, Members have been grilling China about its implementation and enforcement of the entire range of its obligations, under a multilateral review mechanism specially created for the country during its long accession negotiations.

Since joining the WTO, the country has continued its meteoric economic rise, deepening its integration into the global marketplace. Already a major exporter, China has emerged as one of the world's leading importers of goods, registering a 30.8 percent annual import growth over the past five years. However, the news is not all rosy: a new study by World Bank economists found that the poorest 10 percent of China's population have actually seen their real incomes decline, with a 2.4 percent drop in the two years to 2003. Average incomes for China's richest decile rose by more than 16 percent over the same period.

China sees big achievements

In a written interview with China Daily earlier this month, WTO Director-General Pascal Lamy praised China's efforts over the past five years to honour its accession commitments.

Beijing has overhauled over 2000 laws and regulations and scrutinised new ones to ensure their conformity with WTO disciplines. It has also enhanced the transparency of its overall trade and economic regime, abolishing quantitative restrictions on trade in goods and improving tariff-rate quota administration and import licensing systems. China's restrictions on which companies can engage in foreign trade have been lifted. The Chinese government has also rebuilt its legal regime for the protection and enforcement of intellectual property rights.

China now has one of the world's most liberalized import regimes; its average applied tariff has been reduced to 9.9 percent. Binding caps on industrial tariffs average 9 percent; those on agricultural products, 15.3 percent. Meanwhile, China has also opened several services sectors to foreign providers.

A Chinese official told Bridges, that though China, like many other countries, has benefited from the multilateral trading system in the past five years, this does not mean WTO has been the main factor in its economic growth. This growth, the official said, reflects the continued openness-oriented reforms China has followed since 1978, when it started to relax controls on the economy. Although still a developing country with a comparatively low per capita GDP, China is now one of the biggest markets and importers of the world, particularly for goods and services from other developing countries.

The Chinese government is also proud of the steps it has taken to promote economic and commercial cooperation with other developing countries, such as the China-Africa Cooperation Forum summit in Beijing in November (see BRIDGES Weekly, 8 November 2006, <http://www.ictsd.org/weekly/06-11-08/story1.htm>).

Major trade partners are not satisfied

At a 14 December meeting of the WTO General Council, the 'Transitional Review Mechanism,' which annually monitors China's implementation of WTO commitments, concluded its fifth year of activities.

In this year's scrutiny, delegations subjected China to intense questioning about its industrial subsidies and intellectual property rights enforcement. The US and the EU alleged that China's notification of subsidies was incomplete, failing to include all support

programmes or to contain information on support provided by local and regional authorities to numerous sectors. The EU, Japan, and the US also expressed great concern over intellectual property rights infringements and weak enforcement of legislation.

At the General Council meeting, the US repeated some of these concerns, describing Beijing's implementing record as mixed. Sources suggest that the EU and Japan complained that China had not been very cooperative about answering their questions.

Outside the WTO, US Trade Representative Susan Schwab submitted a 100-page report on China's international economic standing to Congress on 11 December. The report harshly criticised China for failing to meet WTO commitments to open up its economy and to prevent the piracy of foreign goods. Among its main grievances were limits on the services that foreign-owned banks are allowed to offer, restrictions on the sale of some farm goods, and a lax government attitude toward the counterfeiting of software, videos, pharmaceuticals and other goods were. Schwab also said the US "will not hesitate to exercise its WTO rights" in dispute settlement as a last resort, "as it would with any other mature trading partner." Top US officials have long argued that China's carefully-managed currency exchange rate artificially makes its exports more competitive, and have urged Beijing to let the currency appreciate.

EU Trade Commissioner Peter Mandelson recently issued a warning echoing Schwab's. "China has reached a stage in its development when the rest of the world is entitled to ask for more from China," he said.

China responds to criticism

In a statement published on its website the Chinese Ministry of Commerce expressed regret over the US report. "Many allegations by the US side are not objective, complete or in line with the facts," it said. "We urge the US side to look at and deal with problems in the bilateral trade relationship in a manner that is objective and true to the facts."

In response to criticism raised in Transitional Review Mechanism under the WTO, Li Enheng, China's deputy permanent representative to the WTO, said that most of questions "were already effectively addressed in the subsidiary bodies of the General Council... Other issues raised by a couple of Members are outside of the mandate of the WTO and China's commitments."

"Certainly there is nothing perfect in the world," he told the General Council meeting "Even some veteran developed Members have serious problems in performing their obligations in the WTO in areas such

as the implementation of the special and differential treatment they committed to the developing countries, and compliance with DSB rulings”.

He noted that the mechanism also called for reviewing the implementation of some specific commitments by other Members with respect to China, such as the lifting of certain quantitative restrictions on Chinese products.

ICTSD reporting; “Poor getting poorer: World Bank,” CHINA ECONOMIC REVIEW, 22 November 2006; “China sticks to ‘softly, softly’ approach after five years in WTO,” AGENCE FRANCE PRESSE, 6 December, 2006; “Five Years On, Nation Rises to WTO Challenge,” CHINA DAILY, 11 December 2006; “China bites back on U.S. view of its WTO scorecard,” REUTERS, 15 December.

FISH SUBSIDIES TALKS RESUME, WITH FOCUS ON ROLE OF FAO

Months after the Doha Round negotiations were suspended in July, WTO Members on 12 December restarted informal discussions on how to discipline fisheries subsidies. The largely technical debate focused on the possible role of external input, notably from the UN Food and Agriculture Organisation (FAO), in developing and implementing new rules.

In this context, Members picked up several issues that they had raised before, in particular proposals suggested that FAO data and guidelines could play a role in ensuring that subsidised fishing permitted to developing countries under special and differential treatment (S&D) remains within sustainable limits.

Fisheries management and the FAO Code of Conduct

Some Members have suggested allowing developing countries to provide certain subsidies, including those that enhance the capacity of fishing fleets, on the condition that a fisheries management scheme has been put in place. This has raised the question of how to ensure that such schemes are effective.

Brazil, for instance, in earlier proposals had suggested using membership in regional fisheries management organisations (RFMOs) as a condition, but dropped the idea in response to widespread scepticism (see BRIDGES Trade BioRes, 3 April 2006, <http://www.ictsd.org/biores/06-04-03/inbrief.htm#1>).

Argentina in June proposed that countries wishing to provide subsidies under S&D should be required to implement national management systems “in keeping with” the FAO Code of Conduct for Responsible

Fisheries (see BRIDGES Trade BioRes, 30 June 2006, <http://www.ictsd.org/biores/06-06-30/story1.htm>).

At the recent meeting, some Members worried that a direct cross-reference to the Code could effectively turn a voluntary instrument into a mandatory requirement. Moreover, should a dispute arise, it could be left to the WTO to rule on compliance with the Code, which would exceed the competence and mandate of the trade body.

Argentina clarified that the Code should simply be seen as a standard -- similar to those already referred to in the agreements on the Application of Sanitary and Phytosanitary Measures (SPS) and on Technical Barriers to Trade (TBT) -- which Members were free, but not obliged to follow.

Others pointed out that only some of the Code's provisions actually dealt with management-related issues. Thus, rather than referring to the Code, they suggested identifying the relevant elements and integrating them directly into the WTO disciplines.

Assessing stock levels

Another key issue in the discussion related to the availability and reliability of data on stock levels necessary to prove that stocks are high enough to allow developing countries to expand their capacity under the S&D provisions.

Brazil, for instance, had proposed allowing the provision of capacity-enhancing subsidies only for those fisheries that are not ‘patently at risk’, i.e. that are not judged ‘overexploited’, ‘depleted’ or ‘recovering’ by the FAO. Argentina had suggested that such subsidies should only be permitted for the fishing of ‘surplus species’, that is, those for which the catch capacities of the fishing fleet were below the maximum allowable catch.

The EU in particular noted that international data was too unreliable to make such judgements. Moreover, since the FAO draws extensively on data supplied by individual countries, some Members feared that strong reliance on the FAO could perversely create a disincentive for Members to submit their data. Relying entirely on national data, on the other, would effectively mean that Members would police themselves.

As a compromise, the possibility of using both international and national data was raised. For instance, capacity-enhancing subsidies would not be allowed for any fishery deemed depleted and overexploited by the FAO. For the remaining fisheries -- only a few given that three quarters of global fish stocks are already at risk -- countries would calculate their

surplus themselves, which in the case of a dispute could be cross-checked with international data.

With regard to Argentina's proposal to determine surplus "in accordance with" the UN Convention on the Law of the Sea (UNCLOS), Members wondered about the implications of referring to other treaties, which would require potential dispute panels to examine compliance with these agreements.

De minimis proposal again under attack

While most of the discussion at the meeting was of a technical nature, the majority of Members came out strongly against a 'de minimis' proposal put forward by Japan, Korea and Taiwan. These countries had suggested allowing S&D only to those developing countries that account for less than a minimum percentage of the world market share of fish, or which have catches that fall below a certain weight threshold. Most Members felt that such an approach was too static and did not adequately respond to the environmental and developmental objectives of the negotiations.

No additional informal or regular meetings of the Rules Group have so far been scheduled.

ICTSD reporting.

IN BRIEF

EU MEMBER STATES BACK AUSTRIAN BAN ON BIOTECH PRODUCTS

In a resounding defeat for the European Commission, a large majority of EU member states on 18 December voted in support of Austria's right to ban two genetically modified maize varieties. While these crops have already been approved at the EU-wide level, Austria has invoked the safeguard clause under the EU's approval procedures -- allowing member states to adopt safeguard measures 'as a result of new or additional information' -- to justify the ban.

Of the 25 member states, only the UK, the Netherlands, the Czech Republic and Sweden backed the Commission's proposal to instruct Austria to lift the ban. A similar proposal had been defeated in 2004, but the Commission had hoped that a recent WTO ruling against the national-level biotech bans would provide the necessary political backing for its initiative.

The WTO ruling called on the Commission to bring the national marketing and import bans instituted by Austria, France, Germany, Greece, Italy and

Luxembourg in line with WTO obligations after concluding that they could not be justified as precautionary measures and were not based on an adequate risk assessment (see BRIDGES Weekly, 4 October 2006, <http://www.ictsd.org/weekly/06-10-04/story2.htm>).

Following member states' rejection of its proposal, the Commission will now need to consider alternative options for implementing the ruling, which could include judicial action or requesting Austria to provide a risk assessment that complies with WTO requirements.

ICTSD reporting; "Austria allowed to keep its ban on GM corn", FINANCIAL TIMES, 19 December 2006.

WTO IN BRIEF

MEMBERS APPROVE TRANSPARENCY MECHANISM FOR FTAs

In a rare instance of consensus in the troubled Doha Round negotiations, WTO Members voted on 14 December to endorse a new transparency mechanism for scrutinising each other's bilateral and regional free-trade agreements. They will now be required to notify the WTO whenever they launch FTA negotiations or conclude accords.

The text of the agreement (TN/RL/18) had been finalised in July, in the Negotiating Group on Rules (see BRIDGES Weekly, 5 July 2006, <http://www.ictsd.org/weekly/06-07-05/story3.htm>). At the General Council meeting, Members decided to adopt it on a 'provisional basis.' This means that they will implement the decision, see how it functions, and determine whether they want any modifications. In theory, it should be replaced by a permanent mechanism as part of an eventual Doha Round agreement.

Under the mechanism, as soon as countries ratify an FTA, they will have to submit to the WTO Secretariat the full text of the agreement along with the schedules detailing the specific liberalisation commitments made therein. The Secretariat will use this to prepare a "factual presentation" on each accord to be made public and discussed by Members in the Committee on Regional Trade Agreements. FTAs exclusively among developing countries will be looked at in the Committee on Trade and Development.

At a press conference the following day, WTO Director-General Pascal Lamy pointed to the complex and growing array of bilateral trade accords, and said that

with the adoption of the transparency mechanism, "this hazy situation... will now be considerably clearer." He described the agreement as a sign that "even if we have quite a bit of turbulence on the overall negotiation we can still move forward step-by-step on issues of very important systemic consequences."

At the same meeting, Members also agreed to a proposal from Brazil and India (WT/GC/W/574) to consider whether to develop a comparable transparency mechanism for examining unilateral trade preference schemes. They instructed the Committee on Trade and Development to look into the matter and report back to the General Council within six months.

ICTSD reporting; "General Council establishes transparency mechanism for regional trade agreements," WTO NEWS, 15 December 2006.

ENVIRONMENT NEGOTIATIONS LOW ON PRIORITY LIST OF WTO MEMBERS

Doha Round environment Chair Ambassador Toufiq Ali (Bangladesh) expressed concern about the slow progress of the talks at a 19 December informal meeting, after Members used the first gathering of the negotiating group since the July suspension largely to restate their positions.

With regard to the Doha mandate to expedite trade liberalisation for 'environmental goods and services', some countries such as India, Egypt, Thailand, Brazil and Chile proposed that Members should work on a compromise between two main approaches proposed for doing so. The so-called 'list' approach would identify specific goods and earmark them for liberalisation; the 'project' approach would temporarily liberalise trade in environmental goods and services used in approved environmental projects. These countries, which favour the latter approach, added that they would elaborate on how to operationalise it within the WTO system (see BRIDGES Weekly 14 July 2006, <http://www.ictsd.org/biores/06-07-14/story1.htm>).

On the other side, countries, such as Canada, Korea and Japan, which favour the 'list' approach, proposed to shorten the potential environmental goods lists put forward by nine Members (and compiled into an informal document by the WTO Secretariat in November 2005, TN/TE/W/63), which they suggested could enable negotiators to reach agreement.

To help move the negotiations forward, the chair suggested holding informal consultations to discuss technical issues related to environmental goods, such as special & differential treatment and non-tariff barriers. He also proposed informal talks on other

aspects of the trade and environment mandate, including information exchange between the WTO and secretariats of multilateral environmental agreements (MEAs) and criteria for observer status.

In a related development, EU Trade Commissioner Peter Mandelson on 18 December called for eliminating tariffs on climate-change related goods such as renewable energy technology, saying that this would help combat global warming and encourage investment in further innovation.

ICTSD reporting.

CONSULTATIONS LAUNCHED IN EU-ECUADOR BANANA DISPUTE

The EU and Ecuador on 14 December started WTO consultations in an attempt to resolve their decade-long dispute over trade in bananas. During these discussions, the first step in WTO dispute settlement procedures, They will examine Ecuador's claim that the EU's banana import regime is discriminatory, and in violation of past WTO rulings.

Sources report that the first consultation was attended by high-level officials, and conducted in a friendly manner. Both sides said that they wished to resolve the matter swiftly and amicably, and without having to go to formal adjudication.

The banana import rules in question are the EU's 176 euro per tonne duty on bananas, along with a 750,000 tonne duty-free quota for bananas from African, Caribbean, and Pacific (ACP) countries, mostly former colonies (see BRIDGES Weekly, 22 November, 2006, <http://www.ictsd.org/weekly/06-11-22/story4.htm>).

Several banana producing countries have now filed to join the consultations, following Colombia's 30 November request to do so (see BRIDGES Weekly, 6 December 2006, <http://www.ictsd.org/weekly/06-12-06/wtoinbrief.htm>). To date, they include Jamaica, Cameroon, Dominica, Cote d'Ivoire, St. Lucia, Saint Vincent and the Grenadines, Suriname, Belize, Panama and Dominican Republic. The US, home to major banana companies, has also joined the case.

On the other hand, some other banana producers have not sought to join the consultations, notably Costa Rica, a past participant in the dispute with the EU. Trade observers speculate that its reluctance could be linked to the fact that it has seen a significant increase in its share of the EU banana market since Brussels introduced the new import regime at the start of 2006.

The next meeting between the parties is expected to be convened early next year.

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 events@ictsd.ch.

Upcoming Events: 21 December - 17 January

21-22 December, New Delhi, India: PROJECT REVIEW MEETING ON WTO DOHA ROUND & SOUTH ASIA: LINKING CIVIL SOCIETY WITH TRADE NEGOTIATIONS. Organised jointly by the Consumer Unity and Trust Society's Centre for International Trade, Economics & Environment (CUTS- CITEE), Oxfam Novib, and the Netherlands. The meeting addresses a project named the "South Asia Forum for International Trade" (SAFIT-II), which aims to establish the linkages between the civil society organizations (CSOs) and research institutions while and conducting advocacy work with the governments. One of the primary goals of the project is to generate negotiating inputs based on civil society views and generate negotiating inputs and assist the South Asian trade negotiators and policy makers while taking into account the position of and civil society for the successful completion of the Doha Round. The objective of the meeting is to bring together the project associates (project partners, experts and other stakeholders) to review the preparatory phase activities of the project. It will provide an opportunity to the respective partners to present their draft research papers. It will also help in finalising the draft research papers and simultaneously ensure the coordination and coherence of future activities, taking account of the priorities of the project countries. Internet: <http://www.cuts-citee.org/events.htm>.

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.

15-17 January: TRADE POLICY REVIEW BODY - CHAD

Other Upcoming Events

24-28 January, Davos, Switzerland: WORLD ECONOMIC FORUM ANNUAL MEETING 2007: SHAPING THE GLOBAL AGENDA, THE SHIFTING POWER EQUATION. Be it in geopolitics from west to east, or in business from producers to consumers, power is shifting at a tremendous pace, raising questions of how we are to organize and operate in a changing global environment. The This year's World Economic Forum Annual Meetings summit is a unique opportunity for will bring together leaders from all walks of life -- business, government, the media, academia, the arts and civil society -- to examine global shifts in power -- in geopolitics from west to east, as well as in business from producers to consumers. They will address questions of how to organise and operate in a changing global environment, and seek to this shift and shape the 2007 global agenda. Internet: <http://www.weforum.org/en/index.htm>.

RESOURCES

TRIPS, ACCESS TO MEDICINES AND DEVELOPING NATIONS: TOWARDS AN OPEN SOURCE SOLUTION. By Krishna Ravi Srinivas. Indian Institute of Management-Bangalore Working Paper 248, November 2006. The extent to which intellectual property rights (IPRs) facilitate or hinder the development of new drugs and access to medicine for neglected diseases in developing nations is a controversial issue. The harmonisation of the global IP regime under the norms of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) has eliminated many of the options earlier available to developing nations, such as only granting process (rather than product) patents. A report on the problem by the WHO Commission on Intellectual Property Rights, Innovation and Public Health (CIPRH) has suggested some solutions to the vexing question of IPRs and access to drugs in developing nations. This paper analyses the potential and pitfalls of one particular solution -- using an open source model as a potential model for drug discovery. It points out that this model could be useful for developing nations, and suggests that developing nations should give this model serious consideration and try to use it to promote the development of medicines for neglected and most neglected diseases. The paper says that while open source model is not a panacea, it is certainly a model worth examining and encouraging. Available online at

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=952435.

SUSPENSION OF THE DOHA ROUND TALKS: THE COST OF IMPLICATIONS FOR INDIA. By Pradeep S. Mehta and Pranav Kumar. CUTS International, October 2006. This briefing paper from the Consumer Unity and Trust Society (CUTS) analyses the potential costs for India of a failure of the Doha Round. The authors argue that India should make all efforts to revive and conclude the Doha Round of negotiations, as overall the country will gain much from multilateral liberalisation; and that India should seek a balance between market access and development dimensions of international trade while taking the Doha Round of negotiations forward. To access this paper, visit <http://www.cuts-citee.org/pdf/BP06-WTO-4.pdf>.

FISHERIES, INTERNATIONAL TRADE AND SUSTAINABLE DEVELOPMENT: POLICY DISCUSSION PAPER. International Centre for Trade and Sustainable Development (ICTSD), October 2006. This policy discussion paper aims to provide policymakers, scientists, advocacy groups, journalists and those engaged in the fishing industry with an overview of the key linkages, tensions and policy debates at the intersection of fisheries and international trade. The paper does not advocate a particular perspective or make recommendations. Instead, it simply endeavours to highlight different views and policy options. Part One of the paper reviews the key economic, environmental and social factors that influence the management, harvest, production and trade of fisheries resources, calling attention to trade trends and the precarious state of fish stocks. Part Two reviews the key trade-related areas of international policy debate relevant to the fisheries sector: tariff liberalisation; safeguards and anti-dumping; standards and other non-tariff barriers; ecolabelling; subsidies; access agreements; and trade-related measures to promote fisheries management and environmental protection. The paper concludes with a summary of the linkages between trade policy issues and sustainable development priorities, and a set of proposals for further research. To access the paper visit http://www.trade-environment.org/page/ictsd/projects/fish_pp.htm.

based at: 7, ch. 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.

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