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### LEAD STORIES

AG CHAIR PLANS NEW PAPER TO SPUR  
DISCUSSIONS, BUT IS WORRIED NEGOTIATORS  
LOSING HOPE 1  
US DEMOCRATS UNVEIL TRADE POLICY, DAYS  
BEFORE KEY DEADLINE 3  
US PROPOSAL CALLS FOR MAJOR CUTS TO  
COMMERCIAL FISHING SUBSIDIES 5

### OTHER STORIES

CHINA SUBSIDY CONSULTATIONS FAIL TO EASE  
TRADE TENSIONS WITH US, MEXICO 7  
EU BANANA IMPORT RULES CHALLENGED AGAIN,  
THIS TIME BY COLOMBIA 8  
SPECIAL AND DIFFERENTIAL TREATMENT  
NEGOTIATIONS MAKE LITTLE PROGRESS 9

### IN BRIEF

US-MALAYSIA FTA WILL MISS END-MARCH  
DEADLINE 10  
US AND SOUTH KOREAN NEGOTIATORS WORK  
FURIOUSLY TO MEET DEADLINE 10

### WTO IN BRIEF

AID FOR TRADE ADVISORY COMMITTEE MEETS  
FOR FIRST TIME 11

### EVENTS & RESOURCES

EVENTS 12  
RESOURCES 13

### LEAD STORIES

#### AG CHAIR PLANS NEW PAPER TO SPUR DISCUSSIONS, BUT IS WORRIED NEGOTIATORS LOSING HOPE

The chair of the troubled WTO negotiations on agriculture told delegates on 23 March that he hopes to present them with a new paper in mid-April that could serve as a focus for future discussions. Ambassador Crawford Falconer (New Zealand) has also acknowledged that there was a risk that Members might simply give up on the talks.

Speaking to journalists after a meeting of the negotiating committee, Falconer acknowledged that negotiators' morale was at a low ebb, as deep divisions persist on cutting farm subsidies and tariffs. "The danger is energy just running out", he said, reports Agence France Presse. "That's not there yet but I can see that kind of sceptical resignation in a lot of eyes at the moment."

WTO Members are becoming increasingly frustrated at the lack of visible progress in the informal consultations that have been taking place among the 'group of four' countries – Brazil, India, the US, and the EU – whose differences will need to be ironed out for any broader deal to be possible.

Many developing countries, as well as WTO Director-General Pascal Lamy, have called for the negotiations to be 'multilateralised', and for the process to be as inclusive and transparent as possible (see BRIDGES Weekly, 14 March 2007, <http://www.ictsd.org/weekly/07-03-14/story4.htm>).

However, there have been few practical ideas on how this could be accomplished. The 'reference paper' that Falconer has said he intends to circulate to Members between 13-20 April might serve to bring the focus of discussions back to the multilateral negotiating committee at WTO headquarters in Geneva.

During WTO Members' last big push for an agreement in the months leading up to June 2006, Falconer issued a series of 'reference papers' spelling out areas of convergence and divergence on different issues in the

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negotiations. He ultimately produced a compendium draft 'modalities' document (see BRIDGES Weekly, 28 June 2006, <http://www.ictsd.org/weekly/06-06-28/story2.htm>). Instead of containing formulae and figures for an eventual agreement, the 74-page text reflected almost every proposal that Members had tabled, pointing to hundreds of unresolved differences covering all negotiating areas. Falconer has indicated that he intends to come up with new 'reference papers', sources said, although he has not yet indicated the topics he will start with.

The chair of the negotiations has frankly acknowledged that Members have accomplished little in terms of figuring out how to bridge their divides. Referring to the recent committee meeting, he was quoted as saying that "apart from some people appealing for help from Harry Potter, I had no new ideas in that room."

Trade sources note that Falconer is taking a risk in producing a new reference paper despite the absence of clear signals from the 'group of four' major players or even other Members about what they would like to see in it. One delegate suggested that papers from the chairs of the negotiating groups would nevertheless be less risky than another potential eventuality: a draft compromise by Pascal Lamy. The negotiator said that a text from Lamy was not likely at this juncture, and could only come after the chairs prepare texts of their own.

### **Cairns Group proposal on tropical products: EU critical**

At the meeting, the EU criticised the Cairns Group's recent proposal for deep tariff cuts to a range of tropical products, arguing it was too ambitious (see BRIDGES Weekly, 14 March 2007, <http://www.ictsd.org/weekly/07-03-14/story1.htm>). The EU claimed that the list of products on which the group was seeking tariff elimination or 85 percent cuts was too long, covering two-fifths of its agricultural tariff lines. It also said that the proposed list should not have included temperate zone products such as rice, sugar, onions, flowers and tobacco.

The EU was unhappy that the proposal seeks to prevent developed countries from designating tropical products as 'sensitive' to shield them from standard tariff cuts. It also pointed out that the proposal would lead to the erosion of trade preferences currently enjoyed by the African, Caribbean and Pacific (ACP) group countries. Cote d'Ivoire expressed support for the EU on this point. ACP countries want developed countries to be able to designate products on the Cairns Group's list, such as sugar and bananas, as sensitive in order to be able to preserve as much of their margin of preference as possible.

Other developing countries sought to emphasise that the negotiating mandates on preference erosion and the liberalisation of tropical products were separate and should not be linked.

### **Greater consensus on Cairns Group sensitive product proposal**

There was less controversy over the Cairns Group paper on sensitive products, which both developed and developing countries will be able to slate for shallower tariff cuts in return for expanded import quotas (see BRIDGES Weekly, 14 March 2007, <http://www.ictsd.org/weekly/07-03-14/story1.htm>). However, the EU did object to the proposal for quota expansion to be based on domestic consumption, rather than on existing import volumes.

More contentious was a US suggestion that Members explore the possibility of using tariff rate quotas to achieve more predictable market access. Brazil, Uruguay and other delegations objected vociferously, arguing that quotas are a last resort that might provide predictability, but would not bring about the "fair and market-oriented agricultural trading system" for which WTO Members are supposed to aim. They have stressed that new quotas ultimately created must be open to all Members on an equal basis, and not allotted to individual countries to guarantee them a certain level of exports (see BRIDGES Weekly, 28 February 2007, <http://www.ictsd.org/weekly/07-02-28/story2.htm>).

### **Recently-Acceded Members paper, G-10 Declaration**

Sources say that two other proposals were discussed only in passing. One was a declaration by the G-10 group of countries with highly-protected agricultural sectors. The declaration primarily restated the group's own concerns, expressing opposition to the introduction of a maximum 'cap' on high tariffs, and arguing that "due consideration should be given to G-10's inequitably heavy burden in tariff reductions."

The other was a request from a group of recently-acceded Members (RAMs), including China, for smaller tariff cuts and longer implementation periods than other developing countries. While some Members expressed sympathy with the RAMs, which had to make substantial liberalisation commitments in order to join the WTO, others such as Mexico and Uruguay expressed concern that the proposal went too far.

More debate was likely at the next informal meeting to which all Members are invited, which is currently scheduled for 13 April, trade sources suggested.

**Fireside chat focuses on special products, SSM**

At the meeting, Falconer reported to delegates on the outcome of an informal 'fireside chat' among two dozen ambassadors he had hosted on 16 March. Although this was intended to address developing country concerns more broadly, participants were reluctant to examine the issue of the tariff reduction formula in the absence of clarity about the cuts that developed countries' will likely have to undertake.

Instead, discussions focused on 'special products' and the 'special safeguard mechanism'; two controversial types of flexibilities for developing countries alone. While the former would allow them to cut a limited number of tariffs more gently on the basis of food security, livelihood security, and rural development concerns, the latter would provide them with a quick defence against import surges.

The G-33 group of developing countries has been the strongest proponents of both flexibilities. It has sought to allow developing countries to designate 20 percent of all agricultural tariff lines as 'special'. Some exporting countries have been critical of the G-33's demands, fearing diminished opportunities for export growth.

Negotiators did not shift their positions at the meeting, Falconer reported. Members would need to decide whether the underlying problems had a basis in commercial concerns, or were instead entirely political, he said. Only if it was the former could a solution be found by examining the effects of different proposals, he explained.

**G-33 agrees new list of indicators for 'special products'**

In a related development, ministers from the G-33 agreed on a trimmed-down list of indicators that could help in the selection of special products, at their 20-21 March meeting in Jakarta (see BRIDGES Weekly, 21 March, <http://www.ictsd.org/weekly/07-03-21/story1.htm>). One delegate from the bloc said that the shorter list is intended to be more capable of commanding consensus, while remaining sufficiently broad enough to enable countries to address their legitimate development concerns.

The G-33 has traditionally argued that the indicators must be illustrative and non-binding, rather than a compulsory benchmark to which prospective special products would have to conform.

The G-33's new list contains 12 separate indicators, down from the 17 that the group had identified in late 2005. Some have been cut altogether; others have simply been condensed. For instance, one indicator,

dealing with a product's importance as proportionate to the total value of agricultural production or household agricultural income, regroups what had been separate indicators in the earlier version of the list. Another, dealing with a potential special product's importance to "vulnerable populations such as tribal communities, ethnic groups, women, aged people, or disadvantaged producers" is now summarised by reference to "disadvantaged or vulnerable communities and women."

As many Geneva-based delegates from the group were still returning from Jakarta at the time of the 23 March meeting, the rest of the WTO membership did not have a chance to discuss the new proposal with them. However, the issue could be on the agenda for the 13 April meeting, sources suggested.

Falconer said that the next fireside chat, on export competition, will be held around 30 March.

ICTSD reporting; "Deadlocked trade wizards call Harry Potter to the rescue," AGENCE FRANCE PRESSE, 24 March 2007.

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**US DEMOCRATS UNVEIL TRADE POLICY, DAYS BEFORE KEY DEADLINE**

Congressional Democratic leaders on 27 March unveiled a set of policy principles that they want incorporated into several pending free trade agreements (FTAs), as well as the country's broader trade agenda.

In return for their votes in Congress, Democrats are seeking to modify the US model for FTAs – and change some already-negotiated ones – to include stronger provisions on labour and environmental standards, and to safeguard partner countries' ability to produce affordable generic medicines.

Republicans in the administration and Congress have in the past been lukewarm to such demands, but have recently suggested that a compromise might be possible. What is not clear is whether this can be achieved in time for a key deadline at the end of the month.

"We are on the brink of restoring bipartisanship to American trade policy," said Charles Rangel, the New York Democrat who chairs the House Ways and Means Committee, through which all trade legislation must pass before Congress can vote on it. "The policies that we've outlined today should send a clear message that this Congress wants trade, but we want trade that works for all Americans."

A crucial plank in the Democrats' platform is substantially increased services, retraining, and benefits for people who lose their jobs due to the effects of trade and technology.

Since the Democrats took control of Congress after last November's election, Rangel has emphasised his desire to work with Republicans to win support for trade legislation – in conspicuous contrast to his famously partisan Republican predecessor, Bill Thomas.

US Trade Representative Susan Schwab called the Democrats' initiative "another step in what has been a good faith effort in a continuing dialogue by all sides." The top two Republican lawmakers on trade described the proposal as going "a long way towards reaching our shared goal," adding that they were looking forward to working with the Democrats "to finalise language we can all support."

### **Enforceable, international labour standards**

Some of the Democratic goals, titled 'A New Trade Policy for America', might not be easy for Republicans to swallow.

Although the full document outlining the Democratic proposals has not been made public, a one-page summary says that FTAs would have to "require countries to adopt, maintain and enforce basic international labour standards in their domestic laws and practice, not merely 'enforce their own laws.'"

It is not known whether the Democrats specified any particular standards in the longer document that they submitted to the administration. Sherman Katz, a senior associate at the Carnegie Endowment for International Peace, noted that the ambiguity in the summary might actually make it more widely acceptable. "It's striking and encouraging that Rangel and [Trade Subcommittee Chair Sander] Levin have couched their 'must-haves' in general terms," he said. "There's a much greater possibility that the Bush administration can swallow 'basic international labour standards' than 'the basic ILO [International Labour Organisation] conventions'." Katz explained that many in the business community had been led to believe that references to ILO standards, even those against forced or child labour, would make other countries unwilling to conclude FTAs.

Some Republicans note that including ILO standards in FTAs would make them into binding US law. They have expressed concern that unions might try to use this to force changes to domestic labour legislation, for instance to expand collective bargaining rights.

### **MEAs, access to medicine, investor rights**

The Democrats want bilateral trade pacts to "promote sustainable development and combat global warming by requiring countries to implement and enforce common multilateral environmental agreements [MEAs]." They specify that Peru in particular should be required to enforce laws on logging endangered mahogany.

Notably, the summary calls for re-establishing "a fair balance" between promoting access to medicine and patent rights. Intellectual property rights provisions in US FTAs have long been criticised for going well beyond WTO requirements, and unduly restricting the ability of developing-country governments to encourage the production of affordable generic drugs.

In another departure from tradition, the Democrats insist that trade agreements should give "no greater rights" to foreign investors in the US than those enjoyed by US investors. Washington's standard model for FTAs has included investor protections so far-reaching that they have been accused of undermining the ability of governments to regulate in the public interest.

Kim Elliott, a joint fellow with the Peterson Institute for International Economics and the Center for Global Development, observed that the Democratic agenda appeared to require substantial changes to the environment, labour, investment, and intellectual property chapters of FTAs – at the very least, to those with countries like Korea, for which negotiations have not been concluded.

She pointed out that the lack of detail in the summary document made it impossible to know how specific the Democrats' demands were. It did not, for example, mention any specific MEAs. Nor did it spell out what a 'fair balance' on pharmaceutical patent rights would entail. "The US pharmaceutical industry is going to raise a big stink about weakening the protections for drug patents, I would think," she allowed.

### **FTAs as barometer for Doha, TPA**

The Bush administration has until the end of the month to notify Congress that it intends to submit already-negotiated FTAs with Colombia, Panama and Peru for a straight yes-or-no vote without the possibility of amendments, as permitted under its 'trade promotion authority' (TPA) mandate. This would be just in time for a mandatory 90-day review period before TPA expires at the end of June.

At least in theory, this means that the administration has only a few days left to resolve its differences with the Democratic majority if it wants the bilateral agreements approved. However, some officials have suggested that the end-March deadline might not be set

in stone, and that an agreement in principle on the content of the FTAs might be enough to get Congress to agree to consider them under the current TPA mandate.

Many trade watchers are looking to the bilateral FTAs with Colombia, Panama, and Peru as a barometer of whether Congress and the administration will be able to cooperate on bigger issues such as the Doha Round and the extension of TPA widely believed to be essential to bring the multilateral talks to a successful conclusion. Other analysts caution against drawing too strong a link between the bilateral accords and the multilateral forum, since the Democrats would be more reluctant to let the latter fail.

The Carnegie Endowment's Katz said that it was possible that Congress would agree to extend TPA, if the Democratic majority and the administration can reach a compromise on trade. He added that a completed FTA with Korea and "signs of real progress" in the Doha Round negotiations would make this more likely.

### **Step up enforcement at WTO, renew trade preferences**

The proposal touches upon many of the themes that senior Democrats have raised since taking power in Congress.

Principal among them is the enforcement of trade agreements, with China the main target. It calls for action to address Chinese subsidies and intellectual property rights violations, and also to fight currency manipulation by both China and Japan. The Democrats want the US to make more active use of the WTO dispute settlement system, and propose establishing a US Trade Enforcer to prepare cases, along with a US Trade Prosecutor to file them.

In response to the party's frustration about the weakness of Congressional oversight procedures under the existing TPA mandate, the Democrats call for a 'reinvigorated' role for Congress in trade, including a "full partnership" in the Doha round negotiations.

Furthermore, the Democratic trade policy calls for "an expanded programme of trade and aid to foster development in the poorest countries in the world," calling for an immediate extension of trade preferences to Bolivia, Ecuador, Colombia, and Peru currently set to expire at the end of June. It also recommends updating and upgrading preferential trade schemes with Haiti and several African countries.

When presenting the Democrats' new policy to reporters, Rangel, who has been hard-pressed to strike

a balance between the Republicans and the more trade-sceptic factions within his own party, appeared to hint that it was not an ultimatum to the administration. "I don't know how to say, 'Take it or leave it', " he said. "They're looking at it... I know one thing, they're not going to leave it."

ICTSD reporting; "Trade Law Set to Expire; Agenda at Crossroads," CONGRESSIONAL QUARTERLY, 27 March 2007; "An Opportunity on Trade," WASHINGTON POST, 28 March 2007; "GOP May Have to Swallow Tough Labor Terms for Trade Deals," WASHINGTON POST, 27 March 2007; "Break Seen in Logjam Over Trade," NEW YORK TIMES, 28 March 2007; "Democrats' New Trade Agenda May Stall Broader Bush Goals," WALL STREET JOURNAL, 27 March 2007; "Rangel outlines Dems' broad trade agenda," THE HILL, 28 March 2007; "March 31 looms large on US trade agenda," REUTERS, 26 March 2007; "House eyes tightening labor standards," WASHINGTON TIMES, 28 March 2007.

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## **US PROPOSAL CALLS FOR MAJOR CUTS TO COMMERCIAL FISHING SUBSIDIES**

The US on 21 March launched a far-reaching proposal to modify international trade rules to prohibit most government subsidies to commercial fishing, in an effort to halt the depletion of marine life globally.

The US is currently seeking input on the proposal from delegates and it has already elicited complaints from Japan, South Korea, Portugal, and Spain, all traditional opponents of constraints on fisheries subsidies. After receiving comments on the text, the US plans to submit a formal version at the next session of the Negotiating Group on Rules, tentatively scheduled for 30 April.

The new text represents the US' first comprehensive framework for future disciplines on commercial fisheries subsidies. It builds on the country's past positions, and is believed to have the support of a broad coalition of countries, including Brazil, Argentina, Chile and New Zealand.

### **Role of Doha in preserving marine fisheries**

Washington claims that its proposal represents an important step towards slowing the over-harvesting and depletion of fish stocks around the world. "Tough fisheries subsidy disciplines are an essential complement to strong fisheries management programs to ensure that wild fish stocks remain sustainable for future generations," said US Trade Representative Susan Schwab. She described the proposal as "a clear win for trade, the environment and sustainable development."

A 2006 report by the University of British Columbia put worldwide annual government spending on fisheries subsidies at about USD 34 billion. Of that, environmentalists blame some USD 20 billion in harmful payments, such as those that go toward building new fishing boats, for three-quarters of the world's overfishing. Japan, the EU, and China are the biggest subsidisers, respectively doling out about USD 5.3 billion, USD 3.3 billion, and USD 3.1 billion annually.

Scientists warn that global fish stocks risk irrevocable collapse within 50 years unless steps are taken to curb overfishing (see BRIDGES Weekly, 8 November 2006, <http://www.ictsd.org/weekly/06-11-08/inbrief.htm#4>).

According to Courtney Sakai, campaign director for marine advocacy group Oceana, strong WTO rules limiting fisheries subsidies could play a crucial role in doing so. "The international fishing fleet is so distorted by government subsidies that it is a wonder there are any fish left at all. It's about time we cut the bait and the WTO represents the best way to do that," she said.

Under the Doha mandate, Members are supposed to "clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries... with a view to enhancing the mutual supportiveness of trade and environment." The negotiations on such subsidies have been described as offering the greatest potential environmental benefits of any issue in the round. The gains would not be limited to conservation: fish is a heavily-traded good, an important commodity for developing countries in particular, and the source of at least 20 percent of the daily protein intake of 2.6 billion people worldwide, especially in developing countries. Worldwide it is estimated that one billion people depend on fish for their livelihood.

### **Broad ban, with negotiated exemptions**

The new proposal unveiled by the US calls for a broad prohibition on commercial fishing subsidies, targeting any initiatives that encourage wild-capture fishing for commercial purposes, such as payments for ships, fuels, and loan guarantees.

Specific negotiated exceptions to this ban would be available to policies that do not encourage increased fishing capacity, such as the removal of boats through buyback schemes, re-education for fishermen, and research initiatives focused on marine conservation. However, the proposal stressed that these exemptions will need to be strongly disciplined to ensure that they do not become a loophole for promoting overcapacity.

The US, along with the other members of a loosely-defined group of countries called the 'Friends of Fish',

including Australia, Argentina, Chile, Ecuador, and New Zealand, has long supported a blanket ban with a list of negotiated exceptions. New Zealand in particular is viewed by marine conservationists as an early champion of aggressive disciplines on fisheries subsidies, and has worked with the US to get such an agreement at the WTO.

In contrast, Japan, South Korea, and Taiwan have taken the opposite approach: instead of a blanket prohibition, they want a negotiated list of specific banned types of subsidy payments.

Under the proposal, access fees would be counted as subsidies by the typically rich countries that pay them to developing country governments in return for the right to fish in their territorial waters, unless they meet certain conditions. They would not be treated as subsidies to the recipient coastal states. Access fees are an important source of revenue for some small island states.

The paper also calls for a periodic review of the new rules' impact and points to methods for increasing transparency, avoiding circumvention of the regulations, and helping countries make the transition into conformity with the policy.

The US' proposal does not outline any specifics on special and differentiated treatment for developing countries, but did refer to a recently revised Brazilian proposal (TN/RL/GEN/79Rev.4) that envisaged exceptions permitting payments to fisheries activities related to the subsistence of fishing communities in developing countries.

Washington claims that the current subsidy rules enable inefficient economic practices and distort market forces, leaving many fishing industries at a distinct disadvantage against heavily subsidised fleets such as those of Japan and the EU. "Our proposal will help level the playing field for the US and other fishing communities that are disadvantaged by large subsidy programs," said Schwab.

Following the release of the proposal, the US Congress passed a resolution encouraging the slashing of harmful fishing subsidies that lead to overfishing worldwide.

Sources noted that despite their different approach to the issue, countries such as Japan and South Korea have been actively involved in the negotiations. The EU, whose position lies somewhere in between the Asian Members and the US, has been relatively silent, and delegates say that it is waiting to see how the negotiations evolve.



The European Commission's own attempts to encourage member states to slash catches by their fishing fleets have been deemed inadequate by conservationists.

Talks on the US proposal will continue over the coming weeks in the run-up to the end-April session of the negotiating group.

ICTSD reporting; "US Proposes Ban on Fishing Subsidies in Global Trade Talks," BLOOMBERG.COM, 21 March 2007; "US unveils Doha plan to cut fishing aid," FINANCIAL TIMES, 21 March 2007; "US Doha Round Initiative to Prohibit Harmful Fisheries Subsidies," US FED NEWS, 21 March 2007; "Kiwis Lead Way on Global Overfishing," THE NATIONAL BUSINESS REVIEW, 23 March 2007; "Hope for Trade Talks after G33 Concession," FINANCIAL TIMES, 22 March 2007.

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## OTHER STORIES

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### CHINA SUBSIDY CONSULTATIONS FAIL TO EASE TRADE TENSIONS WITH US, MEXICO

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A first round of WTO dispute settlement consultations last week appears to have produced little conciliation on what the US and Mexico allege to be a range of Chinese investment and tax rules that illegally encourage industrial exports and discriminate against imported goods.

When initiating dispute proceedings against China on 2 February (WT/DS358/1), the US pointed to a large number of tax schemes and financial regulations that it argued had the effect of providing "refunds, reductions or exemption to enterprises in China on the condition that those enterprises purchase domestic over imported goods, or on the condition that those enterprises meet certain export performance criteria" (see 7 February 2007, <http://www.ictsd.org/weekly/07-02-07/story4.htm>). Subsidies linked to either objective are prohibited by Article 3 of the Agreement on Subsidies and Countervailing Measures. The US said that such subsidies also violated China's accession commitments, as well as WTO rules on taxation and investment-related measures. Mexico filed an identical complaint on 28 February.

Following the first consultation meeting on 20 March, the Chinese mission to the WTO issued a press release stating that the complainants had "misunderstandings" about the country's investment and taxation regimes. It said that some of the targeted "so-called 'subsidies'

programmes" had already ceased to exist. For instance, the country's central bank had terminated a regulation that gave advantageous loans to large exporters.

The US trade representative's office has said that many manufacturing sectors in China benefit from WTO-inconsistent support, particularly steel, information technology, clothing, wood, and paper.

China also claimed that some of the alleged subsidy programmes had long been on its domestic tax reform agenda, pointing to the major overhaul of corporate income taxation approved by lawmakers in Beijing on 16 March. That law ended almost thirty years of favourable tax rates for foreign firms, replacing them with a single rate of 25 percent for corporations both foreign and domestic. Prior to this, the income of foreign companies had been taxed at 15 percent, even though Chinese institutions could face rates twice as high.

Sources say that during the consultations, the US and Mexico argued that China had not provided sufficient evidence to demonstrate that the programmes in question had indeed been abandoned. Furthermore, they suggested that the pace and coverage of the reforms was not clear; for instance, it appeared possible that some targeted measures would be 'grandfathered', leaving existing practice effectively untouched by reform.

In spite of the "misunderstandings," China's statement said that "all parties took the views that the consultations proved to be helpful and contributed to the better understanding of the concerns of all parties concerned."

It is not clear whether the two complainant delegations in the case shared that view. Sources report that they were pleased to send China a clear signal that WTO-inconsistent subsidies would not be tolerated. The lack of clear answers may prompt Washington and Mexico City to seek the establishment of a panel, thus formalising the dispute.

The US is facing heavy domestic pressure to take a tough line on trade with Beijing. Many members of the new Democratic majority in Congress feel that unfair practices in China, including subsidies, are partly responsible for the US' ever-growing trade deficit. On 27 March, Democratic leaders in the House committee with jurisdiction over trade outlined a series of principles for future US policy; these included taking "action to address massive Chinese subsidies and IPR [intellectual property rights] violations." They also urged the presidential administration to be more proactive at filing legal disputes at the WTO.

If the complainants choose not to drop the China subsidies case, they will be able to request a dispute settlement panel as early as April, though nothing would keep them from continuing consultations past that time.

The EU, Japan and Australia have joined the dispute as third parties.

ICTSD reporting; "China to end tax breaks for foreign firms," LA TIMES, 17 March 2007.

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### EU BANANA IMPORT RULES CHALLENGED AGAIN, THIS TIME BY COLOMBIA

The EU is facing a second WTO challenge to its banana import rules after Colombia last week initiated a dispute against them, claiming that the duties and quotas maintained by Brussels were discriminatory and in violation of its multilateral commitments.

Colombia's 21 March request for consultations, the first step in WTO dispute settlement procedures, came only a day after a panel was created to adjudicate Ecuador's separate complaint against the EU's banana import regime. Colombia is a third-party observer in Ecuador's case, which means that it would be unable to impose retaliatory sanctions against the EU even if Ecuador were victorious. This is why it has launched a case of its own.

EU banana import policies – especially its trade preferences for bananas from its former colonies in the African, Caribbean, and Pacific (ACP) group of countries – have been the subject of a decade-long row at the WTO, pitting Brussels against several Latin American banana producers and the US.

At issue in both cases is the EU's current import regime: a 176 euros/tonne tariff on bananas from most-favoured nation (MFN) suppliers, alongside a 775,000 tonne duty-free import quota reserved for the African, Caribbean, and Pacific group of states.

Colombia, like Ecuador, claims that this violates the EU's WTO obligations by discriminating in favor of bananas from ACP countries. Like Ecuador, it argues that the ACP-specific quota violates WTO rules on quantitative restrictions (see BRIDGES Weekly, 22 November 2006, <http://www.ictsd.org/weekly/06-11-22/story4.htm>).

The roots of the current cases lie in the late 1990s, when the EU lost a protracted WTO dispute on bananas. In 2001, Brussels promised to replace its

complex quota and licence system for banana imports with a 'tariff-only' regime by January 2006, in return for being allowed to maintain its ACP trade preferences for the intervening five years. Crucially, it agreed that the new tariff should "at least maintain total market access" for countries that did not benefit from preferences. After proving unable to negotiate the value of this tariff with its trading partners, the EU unilaterally introduced the current system at the start of 2006.

Ecuador and Colombia have both targeted the EU's 176 euros/tonne tariff for two reasons. First, they argue that it fails to maintain total market access for MFN suppliers. Brussels has disputed Ecuador's claims that its banana exports to the EU have suffered since the new tariff and quota came into force. In any event, EU banana imports from ACP countries have grown much faster than those from elsewhere since the beginning of 2006.

Second, they contend that it exceeds the 75 euros/tonne in-quota MFN tariff formally bound in the EU's own schedule of commitments at the WTO (the over-quota MFN duty under the old import regime was 680 euros/tonne).

Pursuing a more specific line of argument that Ecuador did not make in its own case, Colombia contended that the fact that the EU's schedule provided for an in-quota duty of 75 euros per tonne within a quota of 2.2 million tonnes did not justify levying a higher tariff on all MFN bananas. In order to apply a higher duty, Colombia argued in its request for consultations, the EU "should have renegotiated its tariff concession" with potentially-affected banana producing countries in accordance with WTO rules on modifying bound commitments (set out in GATT Article XXVIII), as well as with its 2001 agreements on bananas with the US and Ecuador.

Another difference between the two cases is procedural. Ecuador has asked for a 'compliance panel' to determine whether the EU is violating past WTO rulings, as allowed by Article 21.5 of the Dispute Settlement Understanding.

Colombia was not party to Ecuador's past dispute. Its entirely separate, though very similar, case focuses exclusively on the EU's compliance with its own WTO commitments.

Furthermore, Colombia is seeking to subject the case to accelerated procedures, arguing that "as a developing country heavily dependent on bananas... [it] can ill-afford yet another lengthy dispute settlement proceeding conducted according to standard time frames." It wants the EU to start consultations within ten days of its request and may ask the WTO Director-General to try to facilitate a solution to the dispute.



The standard period for a WTO dispute panel to issue its report is six to nine months after its composition. Under the expedited process sought by Colombia, it would have to do so within two months.

ICTSD reporting; "UE advierte a Colombia que nueva demanda enreda acuerdo comercial," EL TIEMPO, 26 March 2007.

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### SPECIAL AND DIFFERENTIAL TREATMENT NEGOTIATIONS MAKE LITTLE PROGRESS

Negotiations on improving WTO provisions for according 'special and differential treatment' (S&DT) to developing countries are proceeding slowly, as Members work to ready an agreement on the issue in the event of a breakthrough elsewhere in the deadlocked Doha Round negotiations.

Many developing countries felt that the various measures present in WTO rules that provide favourable treatment to developing countries have been difficult to use, or ineffective at achieving their principal goal of promoting development. The Doha mandate therefore called on Members to "review all special and differential treatment provisions with a view to strengthening them and making them more precise, effective, and operational."

These talks are centred in the Committee on Trade and Development - Special Session. At its most recent meeting on 19 March, sources indicate that Chair Ambassador Burhan Gafoor (Singapore) reported on his recent consultations with delegations on 16 proposals for changes to the S&DT provisions in specific WTO agreements.

He said that the sponsors of seven of the proposals had managed to rephrase them in ways that might prove more acceptable to other Members. These proposals deal with a range of different WTO rules. For instance, the African Group is seeking greater certainty about developing countries' liberty to use a GATT article which in theory allows them to "deviate temporarily" from legal WTO constraints in order to implement policies that promote economic development (Article XVIII).

Other proposals seek to make mandatory a provision that currently 'enables' Members to assent to requests from developing countries to be partially or completely exempt from obligations under the Agreement on the Application of Sanitary and Phytosanitary measures based on "financial, trade, or development needs." The non-binding, exhortative language used in existing

S&DT provisions – conditional words like 'would' and 'should' instead of 'shall' – is a common complaint. Several Members have proposed such changes to WTO import licensing rules. They would, for example, exempt developing countries from having to implement expensive new administrative procedures, and require authorities in industrialised countries to give special consideration to exports from developing countries when handing out import licences.

Some developed countries have objected that many of the changes sought in the course of the negotiations would upset the existing balance of rights and obligations in the WTO agreements. Supporters of the proposed reforms counter that the ineffectiveness of existing S&DT provisions suggests that this balance needs some tilting.

Gafoor said that progress seemed unlikely on the nine remaining proposals that the committee was considering, barring new ideas from the sponsors. In one of these, the African Group seeks greater assurance that developing countries would be allowed to deviate from policy constraints imposed by the Agreement on Trade-Related Investment Measures in order to pursue developmental goals.

Delegates are also discussing how a new mechanism to monitor the functioning S&DT provisions might work.

Another issue briefly addressed at the meeting was Members' decision, taken at the December 2005 Ministerial Conference in Hong Kong, for developed countries and willing developing ones to provide duty- and quota-free market access to products from least-developed countries (LDCs). That decision, which was based on another S&DT proposal, allowed for protections to be maintained on up to 3 percent of tariff lines; a reservation that critics complained would be enough to cover the small number of products for which LDCs are competitive exporters.

In Hong Kong, Members agreed that the removal of trade restrictions on LDC exports would happen "by 2008 or no later than the start of the implementation period [for obligations resulting from the Doha Round]." With the fate of the Doha talks unclear, LDCs want to see this happen in 2008. Last June, prior to the breakdown in negotiations, they tabled proposals calling on countries to commit to eventually extending unrestricted access to all products (TN/CTD/W/31). They also outlined a potential set of rules of origin for goods to qualify as coming from LDCs.

Sources report that the US, which had been reluctant to open its textile sector to competition from Bangladesh and the other LDCs to which it does not already grant unrestricted market access, said that it would only do

so in tandem with the Doha Round. Washington has asked Members to notify it of their concerns around how it might implement the decision, which would presumably also include comments about specific products.

Japan, India, Korea, and Brazil indicated that they would soon provide details on how they intend to lift barriers to LDC exports.

The chair indicated that the two LDC proposals would be discussed again at the committee's next meeting, tentatively scheduled for 26 April.

ICTSD reporting.

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## IN BRIEF

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### US-MALAYSIA FTA WILL MISS END-MARCH DEADLINE

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Hopes of completing a free trade agreement between the US and Malaysia by an end-March deadline were finally abandoned last week when Washington acknowledged it was no longer possible.

The two sides had originally hoped to conclude a deal in time for the Bush administration to be able submit it to the US Congress for a mandatory 90-day review and a yes-or-no vote without amendments, before its 'trade promotion authority' expires at the end of June. However, the talks have languished, principally due to differences over the Malaysian government's affirmative action policies for ethnic Malays.

"At this point, submission of a US- Malaysia FTA under the current TPA statute is not possible," Stephen Norton, a spokesperson for the US trade representative's office, said on 23 March. "Our belief that reaching a high-quality, comprehensive FTA would benefit both economies is undiminished," he added.

Kuala Lumpur's affirmative action policies give majority ethnic Malays special privileges for government contracts, jobs, and housing, as a way to help them compete with the wealthier Chinese minority. They also require foreign investors to offer minority shares to Malay-owned local partners. Though blamed for discouraging investment, the scheme is often credited with preserving social peace in the country. However, the policies have complicated FTA negotiations: for instance, public procurement policies that shut out

domestic non-bumiputra companies also exclude US businesses.

Malaysian officials had in recent months stressed that they were in no hurry to meet the March deadline (see BRIDGES Weekly, 14 February 2007, <http://www.ictsd.org/weekly/07-02-14/story4.htm>). They say that the government will need more time to form a political consensus on how to proceed. "We will not be tied down to any timeframe and we want to look into all details thoroughly before making a decision," Malaysian Deputy Prime Minister Najib Razak said at the beginning of last week.

Both sides have agreed to continue negotiations in mid-April in Washington, even if the trade promotion authority is not renewed.

In a separate development, Malaysian Prime Minister Abdullah Badawi recently announced that affirmative action rules would be eased in the planned Iskandar special economic zone, in an attempt to reverse a drop in foreign direct investment. Officials hope that increased FDI will soothe opposition to the changes.

"Statement by Stephen Norton on US- Malaysia FTA negotiations," OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, 23 March 2007; "Trade pacts balance on TPA timetable," THE CALTRADE REPORT, 27 March 2007; "Malaysia brushes off US pressure for FTA decision," ASSOCIATED PRESS, 19 March 2007; "Abdullah relaxes rules to create Malaysia's Shenzhen," FINANCIAL TIMES, 28 March 2007.

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### US AND SOUTH KOREAN NEGOTIATORS WORK FURIOUSLY TO MEET DEADLINE

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South Korean Trade Minister Kim Hyun-chong and Deputy US Trade Representative Karan Bhatia are meeting in Seoul all week long in an attempt to forge a 'package deal' on the issues that stand between the two countries and a free trade agreement (FTA). These issues, including automotive trade, agriculture, anti-dumping remedies, and pharmaceuticals, have been contentious since the talks began ten months ago.

Negotiators have until 30 March to conclude a deal so that the Bush administration can submit it to the US Congress for a mandatory 90-day review period before its 'trade promotion authority' expires at the end of June.

Alongside the talks between Bhatia and Kim, area-specific discussions on goods, textiles, agriculture, investment, rules of origin, and financial services are

attempting to make some headway before the issues are sent for ministerial consideration.

On 28 March, Kim told South Korean lawmakers that the talks could be completed by the deadline at the end of the week. "We have reached a final consensus in 10 of the 19 negotiations sectors. I believe 90 percent of the talks are finished," said Kim, though he added "the remaining 10 percent is more difficult."

One remaining issue is how the FTA will address products originating from the South Korean-operated Kaesong Industrial Complex located just across the border in North Korea. Seoul wants them covered by the deal; Washington does not. Some sources speculate that the issue could be part of a post-FTA "built-in" agenda, allowing for further negotiations after the deal is signed. The other contentious issues might also be included in a "built-in" agenda if not agreed on by the deadline.

The issue of US beef imports to South Korea, suspended in 2003 after a mad cow disease scare, is not officially part of the negotiations, but US officials insist that their legislature will not approve the FTA unless the issue is amicably resolved. On Tuesday, J. Patrick Boyle, president of the American Meat Institute, told reporters that the two sides had reached an 'understanding', though there has been no written agreement.

ICTSD reporting; "S.Korea, US struggle to bridge differences in final FTA talks," YONHAP NEWS, 26 March, 2007; "Korea-US FTA: 'big deals' imminent on 10 core issues", DONGA.COM, 26 March 2007; "Rival parties differ on Kaesong in Korea-US FTA," YONHAP NEWS, 28 March 2007; "Korea, US complete 90% of FTA talks," THE KOREA TIMES, 28 March 2007.

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## WTO IN BRIEF

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### AID FOR TRADE ADVISORY COMMITTEE MEETS FOR FIRST TIME

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WTO Director-General Pascal Lamy's newly-minted advisory group on Aid for Trade met for the first time on 19 March to discuss the role the institution should play in coordinating and monitoring trade-related assistance.

Creating this 'ad hoc consultative group' was one of the recommendations of the Task Force that was set up after the December 2005 Hong Kong Ministerial Conference to determine how Aid for Trade "might

contribute most effectively to the development dimension of the Doha Development Agenda" (see BRIDGES Weekly, 11 October 2006, <http://www.ictsd.org/weekly/06-10-11/story2.htm>). The Task Force's other recommendations outlined policies for the WTO, donors, and recipients to follow in terms of identifying and fulfilling trade-related needs, and monitoring the progress of Aid for Trade activities.

The mandate of the new consultative group is to take those recommendations to the next stage: implementation. Its principal objective will be to encourage coordination and a sense of 'ownership' among stakeholders in the Aid for Trade work programme.

The advisory group comprises most major international organisations involved in trade and development, i.e., the World Bank, the International Monetary Fund, the UN Development Programme, the Organization for Economic Cooperation and Development (OECD), the UN Industrial Development Organisation, the International Trade Center, UNCTAD, and regional development banks. Despite past speculation to the contrary, the committee did not include any representatives from either the private sector or civil society. Sources report that it will help plan and direct Aid for Trade activities and serve as a platform for communication among the different participants. It will also help channel information for monitoring and evaluation, and take part in advocacy work.

Developing country negotiators appear eager to see the outcome of the work of this advisory group, since hopes are high that Aid for Trade will make a meaningful contribution to development. Members will hold their first broad review of Aid for Trade work at the 2 April session of the Committee on Trade and Development.

Civil society groups have been stepping up work on the issue, looking at how non-governmental organizations could help make Aid for Trade more country-driven and as efficiently-used as possible

Also active in the debate has been the OECD, which has created a technical group of bilateral donors, multilateral institutions, regional development banks, and selected governments, to contribute to work on monitoring.

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](mailto:events@ictsd.ch).

#### Coming Up: 29 March - 4 April

29 March, Washington, DC. TEXTILE TRADE POLITICS: UNRAVELING THE LOOSE THREADS. The Washington International Trade Association will host this breakfast discussion with industry experts on the future of textile and apparel trade. How has the recent quota elimination impacted the industry? How will new trade preferences granted to Haiti and Africa affect the market? How will these programmes affect other trade debates this year? For more information, email [events@wita.org](mailto:events@wita.org). internet:<http://www.wita.org>

29-30 March, Amsterdam, Netherlands. CREATING SUSTAINABLE VALUE AT THE BASE OF THE PYRAMID. This roundtable, hosted by ABN AMRO in conjunction with the World Environment Centre, will address the opportunities, the successes, the failures, and the challenges of dealing with the rapidly developing, but highly challenging markets at the 'base of the pyramid'. internet: <http://www.wec.org>

2-4 April, Muscat, Oman. SUB-REGIONAL SEMINAR ON INDUSTRIAL PROPERTY AND ACCESS TO PHARMACEUTICAL PRODUCTS - ADDRESSING THE CONCERNS OF DEVELOPING COUNTRIES. Organised by the World Intellectual Property Organization. internet: [http://www.wipo.int/meetings/en/details.jsp?meeting\\_id=12434](http://www.wipo.int/meetings/en/details.jsp?meeting_id=12434)

3-4 April 2007, Rio de Janeiro, Brazil. BIOFUELS AND CARBON MARKETS AMERICAS. This meeting of industry experts, organized by Green Power Conferences, will address the challenges and opportunities of the biofuel, biogas, and carbon industries in Latin America. For more information, contact [annie.ellis@greenpowerconferences.com](mailto:annie.ellis@greenpowerconferences.com). internet: <http://www.greenpowerconferences.com>.

#### WTO Events

An updated list of forthcoming WTO meetings is posted at: [http://www.wto.org/english/news\\_e/events\\_e/events\\_e.htm](http://www.wto.org/english/news_e/events_e/events_e.htm). 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.

29 March: COMMITTEE OF PARTICIPANTS ON THE EXPANSION OF TRADE IN INFORMATION TECHNOLOGY PRODUCTS

29 March: WORKSHOP ON AGRICULTURE

2 April: COMMITTEE ON IMPORT LICENSING

#### Other Upcoming Events

14-15 April, Washington, DC. JOINT WORLD BANK-IMF DEVELOPMENT COMMITTEE AND IMF INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE. At their annual spring meetings, the International Monetary and Financial Committee and the World Bank Development Committee will meet to discuss the progress on the work of the Fund and Bank. A Program of Policy Dialogues for Civil Society Organizations will be held concurrently from 12-16 April. For more information, email [bfcoffice@worldbank.org](mailto:bfcoffice@worldbank.org). internet: <http://www.imf.org/external/spring/2007/index.htm>

16 April, New York, USA. SPECIAL HIGH-LEVEL MEETING OF THE UN ECONOMIC AND SOCIAL COUNCIL (ECOSOC) WITH THE BRETTON WOODS INSTITUTIONS, WTO, AND UNCTAD. This tenth annual meeting, organized by the UN Financing for Development Office, brings together ECOSOC and international finance and trade institutions to address issues related to financing for development, realising the Doha agenda through effective trade and investment policies, and achieving the Millennium Development Goals. A civil society preparatory forum will be held the day before. For more information, contact Nikhil Seth, Director for ECOSOC Support and Coordination, tel. +1 212 963 1881, email: [ecosocinfo@un.org](mailto:ecosocinfo@un.org); or Oscar de Rojas, Director of the Office of Financing for Development, tel. +1 212 963 2587, email: [ffdoffice@un.org](mailto:ffdoffice@un.org). internet: <http://www.un.org/esa/ffd/>

19 April, Brussels, Belgium. FAIR TRADE PUBLIC PURCHASING AS A TOOL FOR SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS. The final conference of the Fair Procura Project aims to examine the policies and practices of fair trade procurement, the impact of fair trade on the producer's communities, and the further steps the EU can take to ensure coherence between EU policy and fair trade promotion. The conference will be of particular interest



to European and National authorities, fair trade and consumer associations, and universities. The conference is organized under the auspices of the European Fair Trade Association, CTM Altrómercato, Fair Trade Original, IDEAS, and OXFAM Wereldwinkels with the financial support of the European Commission and EuropeAid. For more information, email [fair-procura@eftafairtrade.org](mailto:fair-procura@eftafairtrade.org). internet: <http://www.european-fair-trade-association.org/FairProcura/events.php>

24-26 April 2007, São Paulo, Brazil. SECOND IBERO-AMERICAN CONFERENCE ON SUSTAINABLE DEVELOPMENT. Organized by the World Business Council on Sustainable Development (WBCSD) and its Brazilian affiliate (CEBDS), with the support of UNESCO, UN University, and UNEP, the conference will bring together businesses, academics, specialists, policy makers, and NGOs from Latin America to address the challenges of sustainable development for society, business, and government, and share experiences with sustainable practices. internet: <http://www.sustentavel.org.br> (in Portuguese) or <http://www.wbcds.ch>.

25-27 April, Geneva, Switzerland. JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE (ITC), 40th SESSION. Trade promotion authorities from the Member states of the WTO and the UN Conference on Trade and Development (UNCTAD) will meet to examine the activities of the ITC and make recommendations to the UNCTAD Trade and Development Board and the WTO General Council. internet: <http://www.unctad.org/Templates/meeting.asp?intItemID=1942&lang=1&m=13301&info=not>

26 April, International. WORLD INTELLECTUAL PROPERTY DAY. The World Intellectual Property Organization (WIPO) will celebrate the link between intellectual property (IP) and creativity; this year's theme is 'Encouraging Creativity'. The IP system is what sustains and nourishes the world's creative community. The day will be celebrated through various seminars and ceremonies organized by national IP authorities to promote understanding and respect for intellectual property. internet: [http://www.wipo.int/about-ip/en/world\\_ip/2007/](http://www.wipo.int/about-ip/en/world_ip/2007/)

30 April-11 May, New York, US: UN CSD-15. The fifteenth session of the UN Commission on Sustainable Development (CSD-15) will focus on the areas of energy for sustainable development, industrial development, air pollution/atmosphere, and climate change. For further information contact the Division for Sustainable Development, Department of Economic and Social Affairs; tel: +1 212 963 8102; fax: +1 212

963 4260; e-mail: [dsd@un.org](mailto:dsd@un.org); internet: <http://www.un.org/esa/sustdev/csd/policy.htm>.

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## RESOURCES

EU AND US SAFEGUARDS AGAINST CHINESE TEXTILE EXPORTS: WHAT CONSEQUENCES FOR WEST AFRICAN COTTON-PRODUCING COUNTRIES? By Claire Delpeuch, Groupe d'Economie Mondiale Policy Brief, March 2007. The phase-out of the Agreement on Textiles and Clothing in 2005 should have boosted Chinese textile production and demand for cotton imports, raising the world price of cotton. However, the EU and the US have applied new restrictions on textile and clothing imports from China. In recent years, most of the growth in West African cotton exports has been driven by China. These exchanges, in turn, are heavily dependent on China's textile exports to the EU and the US. Restrictions against Chinese textiles may have also seriously disadvantaged West African cotton export opportunities since 2005. Read the full paper online at: [http://www.gem.sciences-po.fr/content/publications/pdf/delpeuch\\_cotton\\_WAcountriesENPB-2007-02.pdf](http://www.gem.sciences-po.fr/content/publications/pdf/delpeuch_cotton_WAcountriesENPB-2007-02.pdf)

NGOs, INTELLECTUAL PROPERTY RIGHTS AND MULTILATERAL INSTITUTIONS. By Duncan Matthews, Queen Mary Intellectual Property Research Institute, December 2006. The Non-Governmental Organisations, Intellectual Property Rights and Multilateral Institutions (IP-NGOs) research project, which began in October 2005 and ended in December 2006, has published its final report. The report analyses the role of both "international" NGOs, in the context of IP standard-setting processes, and "southern" NGOs, in raising awareness as to the implications of IP for development. It also assesses NGO engagement with multilateral institutions and industry, and presents clear summaries and recommendations for the future of NGO contributions to IP policy-making. Download the full report, and other project documents and resources of interest, at <http://www.ipngos.org/>

SUBSIDIES AND REGULATORY REFORM IN WEST AFRICAN COTTON: WHAT ARE THE DEVELOPMENT STAKES? By Ben Shepherd and Claire Delpeuch, Groupe d'Economie Mondiale Policy Brief, March 2007. Cotton producers in West Africa are relatively unresponsive to changes in world prices and are, therefore, poorly placed to take advantage of improved market conditions that may result with the reduction or abolition of cotton subsidies in rich countries. The authors suggest some broad goals for formulating regulatory reforms to increase price responsiveness. Among them, improving cotton sector productivity by reinforcing infrastructure and supply



chains, investing in information infrastructure to bring farmers closer to markets, and ensuring openness to technological advances in biotechnology. Read the full paper online at: [http://www.gem.sciences-po.fr/content/publications/pdf/shepherd\\_delpauch\\_cotton\\_subsidies\\_WA\\_EN\\_PB-2007-01.pdf](http://www.gem.sciences-po.fr/content/publications/pdf/shepherd_delpauch_cotton_subsidies_WA_EN_PB-2007-01.pdf)

**PRICING FARMERS OUT OF COTTON: THE COSTS OF WORLD BANK REFORMS IN MALI.** Oxfam Briefing Paper, 15 March 2007. This report analyzes how efforts to privatize the Malian cotton sector, the second largest in Africa, could leave struggling farmers worse off. The paper specifically examines the new price-setting mechanism which, the paper argues, transmits falling world cotton prices directly to the local farmer and increases poverty. The resulting rises in indebtedness and food insecurity have undermined productive capacity not only affecting cotton-dependent communities but the economic growth of the whole country. The paper recommends implementation of guaranteed minimum prices, a national support or insurance fund, development and planting of alternative crops, and investment for the long-run. Access the paper online at [http://www.oxfam.org/en/policy/briefingpapers/bp99\\_cotton\\_mali](http://www.oxfam.org/en/policy/briefingpapers/bp99_cotton_mali).

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