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### LEAD STORIES

#### G-6 MINISTERS AGREE TO WORK TO CONCLUDE DOHA ROUND BY END OF 2007

The Doha Round negotiations appear to be in danger of acquiring a new deadline. Ministers from six key WTO Member governments agreed last week to step up work towards concluding the negotiations by the end of 2007. They did not, however, make progress towards resolving the differences over which the talks have foundered since last year.

Following meetings in New Delhi on 11-12 April, top negotiators from the EU, the US, Brazil, India, Australia, and Japan issued a communiqué proclaiming "a new phase" in their discussions, saying "we believe that by intensifying our work we can reach convergence and thus contribute to concluding the round by the end of 2007." It was the first gathering of representatives from the so-called G-6 since last July, when their inability to agree on agriculture trade sent the negotiations into a six-month suspension.

In a separate letter to WTO Director-General Pascal Lamy, the ministers from the EU, the US, Brazil, and India (known as the G-4) expressed a similar belief, adding that they had agreed to hold a series of meetings among senior officials and ministers "in the weeks ahead" in an attempt to contribute to the multilateral negotiating process in Geneva.

EU Trade Commissioner Peter Mandelson, US Trade Representative Susan Schwab, Brazilian Foreign Minister Celso Amorim, and Indian Commerce and Industry Minister Kamal Nath, also indicated that they would meet in mid-May to assess progress and instruct their officials on how to proceed. The EU trade chief on 18 April said that the four would meet thrice over the next two months, reports Reuters.

Ambassadors from all WTO Member delegations are set to meet at a 20 April session of the Trade Negotiations Committee to discuss recent developments in the talks.

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The landscape of the Doha Round has been littered with missed deadlines since the talks were launched in the Qatari capital in November 2001. Governments had originally hoped to wrap up negotiations by the end of 2004.

### **Schwab: end-2007 possible**

At a press conference in New Delhi, Schwab acknowledged the many past failures to meet “artificial deadlines,” but insisted that “if we can translate the shared sense of urgency into action it [the end of 2007] is a realisable goal.”

The sense of urgency is widely shared, if recent high-level expressions of support for the Doha Round are to be believed. Following a meeting in Washington last week, finance ministers and central bank governors from the Group of Seven leading industrialised nations stated that a “successful conclusion of the Doha Development Round is imperative,” calling for additional efforts from “all parties.”

Ministers from the Cairns Group of farm exporters, for their part, issued a statement after their 16-18 April meeting in Lahore warning that “action is needed now to avoid putting the Round at grave risk of drifting indefinitely, or even failing.” They called on the EU, the US, and Japan to “come forward with concrete contributions without delay, saying that “as the Members responsible for the greatest distortions in global agricultural trade,” they “must do much more to give effect to the far-reaching mandate for agricultural reform.”

### **Breakthrough still elusive**

Less clear is whether feelings of urgency can this time be translated into concrete progress. It became certain late last year that it would be impossible for Members to conclude the negotiations in time for the end-June expiry of the Bush administration’s ‘trade promotion authority’(TPA) and thus the ability to submit trade deals to Congress for a yes-or-no vote without amendments. Without this mandate, other countries would be reluctant to finalise a deal with Washington, for fear of having it picked apart by US lawmakers.

Washington officials say that a ‘breakthrough’ in the negotiations that puts a Doha Round agreement within grasp would help convince Congress to agree to extend the administration’s TPA.

Negotiators have been working towards reaching such a ‘breakthrough’, first in time for spring and now by the end of June. They have had little success thus far. In New Delhi, ministers downplayed this. Nath said that the meeting had been a stocktaking exercise, one that

was never meant to produce a breakthrough. Amorim said that the decision to step up the pace of discussions among ministers and senior officials was in itself a “big step ahead,” indicating that they still believed that it was possible to finish the round “in a rather short period.” He also insisted that incremental progress was being made in the contentious agriculture negotiations. Mandelson described the meeting as a useful “course correction,” more than a simple stocktaking.

Nevertheless, in a speech to the IMF-World Bank International Monetary and Financial Committee on 14 April, Lamy admitted that the past two months of discussions had “not yet led to the incisive breakthrough needed in order to bring the round to a successful conclusion by the end of this year.”

### **Wide differences persist**

Perhaps the main reason a breakthrough is proving elusive is that wide divisions remain broadly unchanged, despite hints at flexibility. While many Members want the US to agree to deeper cuts to its farm subsidies, Washington insists that it will not do so unless the EU agrees to greater agricultural market access, and developing countries such as India and China accept tight limits on their ability to shield ‘special’ farm products from tariff reduction for food and livelihood security concerns. The latter counter that concessions on ‘special products’ are unthinkable until rich countries agree to deeper subsidy cuts.

In Washington last week, a group of 58 senators from both parties – enough to command a majority in Congress’ upper chamber – sent a letter to President George W. Bush warning him against cutting farm spending in the absence of major market access gains abroad. “Our trading partners have refused to offer significant tariff reductions, and they insist on exceptions for sensitive and special products that will render meaningless the modest tariff reduction formulas they have proposed,” they wrote.

Earlier this week, however, Indian minister Nath and his Chinese counterpart Bo Xilai issued a joint statement calling on rich countries to cut agricultural tariffs and trade-distorting farm subsidies in order to unblock the negotiations. They also reiterated the importance of ‘special products’ to developing countries.

US trade officials have been pointing out that the Doha Round negotiations can continue even if the Bush administration’s fast-track authority lapses in two and a half months, since it is in principle only necessary for Congressional ratification of an agreement.

However, some Geneva-based delegates say that an absence of clear signs that the administration is likely to

regain TPA would cause the talks to flounder, by weakening the credibility of US negotiators.

The Republican administration and the Democratic majority in Congress are currently in negotiations to see if they can reach an agreement on trade policy (see BRIDGES Weekly, 28 March 2007, <http://www.ictsd.org/weekly/07-03-28/story2.htm>). The Democrats are seeking stronger provisions for labour rights, environmental protection, and access to medicine.

On 17 April, Charles Rangel, the New York Democrat who chairs the House committee with jurisdiction over trade, told a Washington audience that his party would be willing to grant the administration a Doha-specific TPA extension – but only as part of a bipartisan deal.

ICTSD reporting; “Key WTO ministers to meet 3 times in 2 months – EU,” REUTERS, 18 April 2007; “India, China join hands on WTO issues,” TIMES OF INDIA, 18 April 2007; “U.S. Democratic leader opens door to new trade deal,” ASSOCIATED PRESS, 17 April 2007; “New deadline will not help WTO trade talks, analysts say,” ASSOCIATES PRESS, 17 April 2007.

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### AG TALKS SET TO PICK UP AS NEGOTIATORS AWAIT FALCONER'S 'HARD-TALK' QUESTIONS

The deadlocked WTO negotiations on agriculture appear set to pick up once again, even though governments have done little to narrow their differences on cutting farm tariffs and subsidies. One trade diplomat described this as the “last week of peace”: the chair of the negotiations will next week present delegations with a list of ‘hard-talk’ questions about where they stand, and subsequently use their answers to draft a new text for further discussion.

Members would “have to show their cards” in response to the questions, the delegate said, “or else someone will have to arbitrate their cards for them, probably [agriculture chair and New Zealand Ambassador Crawford] Falconer.”

Falconer indicated at a 13 April meeting of the agriculture negotiating committee that he would circulate his questions during the week starting 23 April, and would use it to update the draft ‘modalities’ text he prepared last June during the last big push for an agreement. That document encompassed virtually every proposal that Members had made in the negotiations, pointing to hundreds of unresolved differences covering all negotiating areas.

One official said that Falconer’s new draft text would “definitely include numbers” for the depth of subsidy and tariff cuts, possibly a relatively narrow range.

It is not clear when the new document might be ready.

### G-33 indicators discussed

Delegates at the recent meeting discussed flexible treatment for developing countries in the negotiations on agricultural market access.

In particular, they considered the G-33 group’s newly trimmed-down list of indicators to guide the selection of the ‘special products’ that developing countries will be allowed to designate for lower tariff cuts for food and livelihood security and rural development concerns (see BRIDGES Weekly, 28 March 2007, <http://www.ictsd.org/weekly/07-03-28/story1.htm>). The indicators include, for instance, a product’s share in the total value of agricultural production or household agricultural income. Another indicator looked at products’ importance to vulnerable sections of the population.

Indonesia, speaking on behalf of the G-33, described the substantial reduction in the number of indicators as a unilateral concession to countries uneasy about the extent to which the bloc wished to shield products from liberalisation.

Nevertheless, farm exporters such as Australia, Thailand, and the US said that even the smaller number of indicators failed to assuage their fears about diminished market access opportunities, including South-South trade. Thailand said that indicators were needed to reflect the livelihood needs of farmers producing for export.

One negotiator reported that the US broached the notion of having developing countries create tariff-rate quotas for special products, as a means of assuring exporters of a certain amount of new market access. Many delegations reportedly said that the idea was not helpful.

Members did not discuss a new informal paper from Pakistan that attempted to bridge the gaps between the G-33 and the exporters (see related story, this issue). Although Pakistan belongs to the G-33, the paper departed substantially from the group’s past positions: in addition to more restrictive rules for indicators, it proposed criteria for disqualifying products crucial to developing country exporters from eligibility for lower tariff cuts (even if they were otherwise important to a Member’s food and livelihood security concerns). The Pakistani delegation had asked to push back discussion

on the proposal since it was preparing for the Cairns Group meeting in Lahore.

Support for the G-33's new list came from two other developing country groups – the small and vulnerable economies (SVEs) and the African, Caribbean, and Pacific (ACP) countries – although most of their members also belong to the G-33.

The SVE group presented a proposal of its own, in which they asked for lower levels of tariff reduction than that agreed to for other developing countries. They also wanted their own special products to be entirely exempt from tariff reduction or tariff quota commitments. In the paper, the members of this group, which include the Dominican Republic, Barbados, Cuba, Fiji, Honduras, Mauritius, and Mongolia, stressed that they were particularly reliant on tariffs to maintain food and livelihood security, and that their agricultural sectors were limited to a handful of commodities.

During the meeting, few delegations responded, but the EU did raise questions about the 'accumulation' of various kinds of flexible treatment.

The EU, Japan, and the US referred to last week's meetings in New Delhi where their ministers, along with their Indian counterpart, vowed to conclude the Doha Round negotiations by the end of 2007.

Negotiators are now looking ahead to Falconer's questions. One negotiator said that renewed focus on the multilateral-level talks in the negotiating committee had gone some way to soothe the jitters of delegations that had been uncomfortable with the focus on discussions among major trading nations outside the WTO. In any event, Falconer pointed out that the deadlock was far more a "problem of engagement" than one related to the multilateral process.

The next meeting of the agriculture committee is expected early next week.

ICTSD reporting.

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## EU PROPOSES DUTY- AND QUOTA-FREE ACCESS FOR ACP COUNTRIES IN EPA TALKS

The EU has proposed removing tariffs and quotas on all exports except rice and sugar from the African, Caribbean, and Pacific (ACP) group of countries, as part of its economic partnership agreement (EPA) negotiations with the former colonies.

The offer was unveiled by the European Commission on 4 April, in a meeting with ACP representatives in Brussels.

ACP nations have benefited from preferential access to EU markets since 1975. WTO practice requires non-reciprocal trade preference schemes not extended to all developing countries to receive a 'waiver' from the entire Membership. Some other developing nations, mainly from Latin America and Southeast Asia, were unhappy with the advantageous access enjoyed by the ACP. In 2001, they won an agreement under which WTO Members allowed the EU to maintain its preferences for the ACP until the end of 2007, after which they would be replaced by two-way free trade agreements that would not need a waiver (see BRIDGES Weekly, 15 November 2001, <http://www.ictsd.org/weekly/01-11-15/story2.htm>). Since 2002, the EU has been negotiating with each of the six ACP geographical blocs to establish these EPAs. The reciprocal accords would be protected by WTO regulations so long as they removed tariffs on 'substantially all trade' (a concept that remains undefined).

Under the EU's market access proposal, quotas and tariffs for 'substantially all' ACP products -- including beef, dairy, cereals, fruits, and vegetables -- would be immediately lifted upon the signing of an EPA. Rice and sugar are the notable exceptions. The duty and quota import regime for sugar would be phased out through 2015, with volume-based safeguards for exports from the relatively richer ACP countries. After 2015, unrestricted access would be subject to a standard safeguard "adjusted to take account of the sensitivity of sugar." The terms for rice are not yet wholly determined, but the EU has stated that the transition period would be brief, with a duty-free import quota.

Effectively, the proposal appears to offer all ACP nations, except South Africa, the same market access conditions available to least-developed countries (LDCs) under the EU's Everything But Arms (EBA) policy. There are over 30 non-LDC members of the ACP group, including Papua New Guinea, Botswana, Jamaica, and Nigeria. Brussels said that some "globally competitive products" from South Africa would continue to face tariffs.

The EU claims that its proposal would encourage ACP countries to build strong regional markets, increase competitiveness, and diversify their economies, thus promoting integration into the global economy. Despite existing preferences, ACP nations export a handful of basic commodities, many of which have dropped in price over the past few decades.

Sceptics are concerned that the proposal might actually do more harm than good, if it is only an attempt to step up the pace of the EPA negotiations. ACP countries say that their participation in the talks has been hampered by insufficient resources and negotiating capacity. Some believe that an extended timeframe for the talks - beyond the agreed end-date of 2007 -- would allow for an improved understanding of regional issues and more focused studies on the potential impacts of the agreements. "The European Commission offer threatens to poison the negotiating climate, especially at a time when both sides are making strides (on) flexibilities," said Junior Lodge, the Caribbean Regional Negotiating Machinery representative to Brussels. "This mustn't be used as a way to bribe ACP countries into signing deals by the end of the year," civil society group Oxfam warned in a statement.

Furthermore, some fear that increased regional competition and integration among ACP countries might benefit the strongest economies among them, but leave the rest in a static or worsened economic position.

One ACP source noted that the EU's market access offer would mean little unless associated with generous rules of origin, along with assistance to help poor country exporters meet EU health and safety standards. Accessible rules of origin would make the greatest difference in ensuring that market access for ACP goods under the EPAs would be better than that available under the existing preference scheme, the source added.

Critics also worry that the offer is a ploy by the EU to gain liberalised access to ACP markets in the future, since the EPAs, as full-fledged free trade agreements would also require ACP countries to lower their own import duties. A surge of imports from the EU could raise unemployment and inhibit industrial development, they say. "Developing countries look set to be asked to open their markets dramatically, which could have seriously negative implications for poor peoples' livelihoods and future economic development," cautioned the head of Oxfam Brussels, Luis Morago.

The EU has refuted these allegations, arguing that the ACP would only have to implement market-opening commitments over a long transition period, up to 25 years. Furthermore, an EU source insisted that Brussels was open to letting ACP countries exempt some products from liberalisation.

Aid has been another sticking point in the EPA negotiations. For instance, the ACP wants legally binding commitments for adjustment assistance from the EU (see BRIDGES Weekly, 14 February 2007, <http://www.ictsd.org/weekly/07-02-14/story3.htm>). The EU is one of the world's largest aid donors and has

promised more than 22 billion euros to ACP nations in general aid between 2008 and 2013, of which 2 billion per year is directed towards aid for trade and the opening up of markets. African countries in particular say that without more support, they will be unable to offset lost tariff revenue or develop their products to comply with EU standards.

The EU says that an extension of the waiver for the existing ACP preferences is "extremely unlikely," given opposition from other WTO Members. Nevertheless, some observers of the EPA negotiations believe that even if the current waiver lapsed before an agreement is reached, other developing countries might be convinced to refrain launching a formal WTO dispute if they were reasonably sure that a long-term deal would be reached within a year or 18 months.

Since Brussels' market access offer is conditional on the signing of an EPA, the proposal will be discussed during the current talks. It would not be implemented unless it becomes part of a final agreement. Both sides continue to reiterate the importance of staying focused on the current objectives: signing an agreement by the end of 2007.

ICTSD reporting; "EC Market Access Offer in Economic Partnership Agreements (EPAs)," European Commission, 4 April 2007; "Last Barriers for ACP Countries to EU Market," IPP MEDIA, 6 April 2007; "EU Pledges to Open Markets to Ex-Colonies," REUTERS, 4 April 2007; "The Full Market Access Offer from the EU," TRADE LAW CENTRE FOR SOUTHERN AFRICA, 11 April 2007; "EU Offers Full Market Access to Former Colonies," AGENCE FRANCE PRESSE, 4 April 2007; "Caribbean to Mull EU Market Access Offer," STABROEK NEWS, 5 April 2007.

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## OTHER STORIES

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### US FILES WTO COMPLAINTS AGAINST CHINA OVER COUNTERFEITING, TRADE BARRIERS

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The US on 10 April filed two new WTO complaints against China, charging that Beijing is tolerating intellectual property rights violations and maintaining trade barriers against books, music, and other copyrighted goods. The Chinese government has expressed 'great regret' about the decision, warning that it could harm bilateral relations and trade.

Washington's request for separate WTO consultations on both issues follows a similar move in February over a raft of alleged subsidies to Chinese industry (see



BRIDGES Weekly, 28 March 2007, <http://www.ictsd.org/weekly/07-03-28/story4.htm>. Earlier this month, the US introduced high countervailing tariffs on Chinese glossy paper.

Going to the WTO represents a significant shift from the US' past policy of trying to resolve such issues through high-level bilateral dialogue. The change may be motivated in part by the Republican Bush administration's attempts to win support for its trade agenda from the Democratic majority in Congress, which has been pushing for more pressure on China as a means to reduce the trade deficit.

If unable to resolve its differences with China in the 60 days after the start of consultations, the US will be able to ask for the establishment of formal panels to rule on the two disputes (although it could elect to wait longer to do so).

### **US: China not enforcing copyrights adequately**

In its first set of allegations, the US claimed that China was doing too little to enforce copyright and trademark protection on a wide range of goods such as books, CDs, and DVDs. Washington argues that Beijing sets an unacceptably high bar for punishing copyright infringements with criminal prosecution, allowing large-scale commerce to take place in pirated movies and music with the threat of little more than an administrative fine. US Trade Representative Susan Schwab on 9 April said that under Chinese law, police raiding a business would have to find at least 500 "infringing works" – say, pirated DVDs – in order to launch a criminal prosecution. "The thresholds create a safe harbour for the pirates, and the pirates are only too willing to take shelter there," she said, explaining that businesses dealing in pirated goods take care to remain just short of the threshold level, and thus avoid serious punishment.

Schwab also claimed that Chinese customs authorities dealt with seized counterfeit goods by removing the infringing logos and auctioning them to the highest bidder. Describing the practice as "fundamentally unfair," she said that it appeared to be contrary to WTO rules.

The US complaint also targets China's practice of withholding copyright approval to works until they go through the country's censorship approval process. "Pirates, of course, don't wait for approval," Schwab said, adding that the delay "creates a hot market for pirates in China... leaving only the leftovers for the legitimate property rights owner."

In addition, Washington wants China to clarify whether its laws do not treat the unauthorised reproduction of

copyrighted works (such as DVDs) as a criminal offence unless it is accompanied by distribution of them.

### **Trading rights blocking market access**

The US' second complaint focused on the Chinese government's requirement for books, journals, movies and music to be imported by state-approved or state-run companies. Washington claimed that this impedes the ability of US companies to determine how their products enter China, in contravention of WTO services rules and Beijing's own accession commitments.

According to Washington, China's restrictions on trading rights slow or block the access of foreign publications and videos, and in doing so increase incentives for counterfeiting.

### **Washington explains change in course**

The US trade representative's office said that it had decided to pursue WTO dispute settlement because its various platforms for bilateral dialogue with China on trade issues had failed to solve the specific problems. Since 2004, the US has resolved a dispute with China over semi-conductors after filing for WTO consultations, and settled another over a paper product called 'kraft linerboard' after merely threatening WTO action.

Political pressure may also have been behind the move. Since taking power in January, Democratic lawmakers have stepped up calls for the enforcement of trade agreements, mainly targeting China. They have urged action -- including more active use of WTO dispute settlement -- to address what they view as Chinese subsidies and intellectual property rights violations (see BRIDGES Weekly, 28 March 2007, <http://www.ictsd.org/weekly/07-03-28/story2.htm>). Without their support, it will be impossible for the Bush administration to win Congressional support for its trade policy.

### **Beijing unhappy with complaints**

The Chinese government criticised the US' decision to file complaints at the WTO. "The decision runs contrary to the consensus between the leaders of the two nations about strengthening bilateral trade ties and properly solving trade disputes," said Ministry of Commerce spokesperson Wang Xinpei, according to a report in the official China Daily. "It will seriously undermine the cooperative relations the two nations have established and will adversely affect bilateral trade."

In a strongly-worded statement, Beijing said that Washington had gone against the "consensus reached

between leaders of the two countries to resolve contradictions through dialogue." "China strongly requires the US side to reconsider the decision and make prompt changes," it added.

The EU, for its part, appears to have decided not to join the US' counterfeiting case. "At the moment, I have decided that the European Union should be an observer of the case rather than a party to it," EU Trade Commissioner Peter Mandelson told a 16 April luncheon hosted by China's delegation to the EU, reports Xinhua news agency. However, he did not rule out the possibility of reversing this decision.

ICTSD reporting; "EU not to join US in WTO case against China," CHINA DAILY, 17 April 2007; "U.S. Toughens Its Position on China Trade," NEW YORK TIMES, 10 April 2007; "China blasts US over WTO piracy complaint," CHINA DAILY, 11 April 2007.

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## PAKISTAN'S ATTEMPT AT COMPROMISE ON SPECIAL PRODUCTS RAISES IRE OF FELLOW G-33 MEMBERS

In a stated attempt to "narrow the gaps" on one of the most contentious issues in the troubled Doha Round agriculture negotiations, Pakistan on 10 April issued a new paper seeking to split the differences between developing countries eager to shield some 'special products' from the full force of tariff cuts and the agricultural exporters that fear diminished commercial opportunities. Some delegates belonging to the former camp have denounced the new paper as fundamentally flawed, and said that instead of narrowing gaps, it has widened them.

WTO Members have agreed to allow developing countries to slate special products for flexible tariff treatment on the basis of food security, livelihood security, and rural development indicators. Precisely how many special products they should be accorded remains the subject of wide disagreement, as does the extent to which they will be shielded from tariff reduction.

Delegates from several members of the G-33 group, which has been the strongest proponent of substantial special product flexibilities, expressed disappointment with the informal paper.

Pakistan's suggested approach incorporates some aspects of the positions taken by exporting countries such as Thailand, Malaysia, and the US, all of which have opposed the G-33's demands. Notably, Pakistan belongs to both the G-33 and the Cairns Group of

agricultural exporters (as do Indonesia and the Philippines).

This is Pakistan's second attempt at compromise. The earlier one, in January, also met an unfavourable response from other members of the G-33 (see BRIDGES Weekly, 31 January 2007, <http://www.ictsd.org/weekly/07-01-31/story3.htm>).

In the new submission, Pakistan said that indicators used to designate 'special products' should be limited "to those which are essential for achieving the criteria" of food and livelihood security and rural development. It proposed a list of ten indicators, such as products' share in food expenditure, caloric intake, and the income of the poor.

Pakistan would have Members assign a weight to each indicator, and calculate a score for each product based on the indicators. Products scoring above an agreed benchmark would be eligible for designation as special.

This contrasted with the twelve 'illustrative' indicators that the G-33 agreed to in Jakarta last month. For instance, the Pakistani proposal did not include indicators dealing with the share of small farms in producing commodities; the importance of products for employment; and the question of whether other WTO Members have used trade-distorting subsidies to produce the commodity under consideration.

One negotiator from the G-33 questioned how Pakistan could have omitted any reference to the importance of products as a staple food, or part of the basic food basket, since food security concerns were a major objective behind the very notion of special products.

### Negative indicators for SP eligibility

While the G-33 wants all farm commodities to be eligible for special product status, Pakistan's paper contains indicators that would be used precisely to exclude products from eligibility.

These new 'negative indicators' would exclude products for which developing countries account for 80 percent of world exports. In addition, a country which imports 80 percent of a particular product from developing countries would be prevented from designating it as special.

The submission proposes two more disqualification criteria: staple food products for which imports account for more than 80 percent of domestic consumption would be ineligible, as would products that were not slated for special treatment in any of a country's bilateral or regional trade agreements.

## SPs to face two-thirds of normal tariff cut

Pakistan suggested that all special products should face tariff reduction, with cuts equal to two-thirds of those that would have been required under the regular formula (the 66.67 percent figure is in brackets, suggesting that it would be subject to negotiation). This is starkly distinct from the G-33's November 2005 proposal, which would allow countries to exclude half of their special products from cuts altogether, and reduce tariffs on the remaining ones by no more than 10 percent.

As in its January paper, Pakistan proposed rewarding countries that choose to designate fewer special products with progressively greater deviations from the standard tariff reduction formula. In other words, the lower the number of special products, the higher would be governments' ability to maintain existing tariffs on them.

Pakistan reiterated its call for a tariff cap for special products, suggesting that it should be 50 percent higher than that the maximum level for other farm products. One delegate from another G-33 country questioned how negotiators could begin discussing a tariff cap on special products when the notion of a tariff cap in general remained undetermined.

Developing countries that maintain tariff rate quotas for special products would have to expand them, albeit by half as much as for regular products, the new submission proposes.

In another departure from the agreed G-33 position, Pakistan proposes disqualifying special products from eligibility for the special safeguard mechanism, a new tool intended to help developing countries protect farmers from import surges by temporarily raising tariffs beyond bound ceiling levels.

Pakistan repeated their call for special products to be allowed a longer implementation period for liberalisation, proposing that this should be 50 percent longer than for normal products.

## G-33 negotiators express surprise

Delegates from a number of other G-33 member countries argued that Pakistan's paper was flawed because of the primacy it gives to commercial interests. The very existence of 'negative indicators' suggested that products would be ineligible for SP status even if crucial to rural development and food and livelihood security, thus rendering the proposal inconsistent with the mandate, they said.

One trade negotiator from a G-33 country described the paper as "very surprising... it's a completely opposite position from what we're arguing for." The delegate added that other colleagues from the group were at a loss to explain Pakistan's rationale for the paper, or its timing.

Market access considerations were separate from the mandate on special products, the same negotiator added, saying that it was unclear why Pakistan was seeking to link the two.

Another G-33 delegate suggested that the agriculture negotiations chair would use the Pakistani paper to put pressure on the group to make further concessions.

One source said that other G-33 members were "shocked" at the timing of Pakistan's paper, since it had only recently taken part in the group's Jakarta conference, endorsing the group's eventual list of indicators and overall communiqué. While Pakistan had indicated in Jakarta that it was working on a paper, the document did not appear to have been circulated to its coalition partners before 11 April.

Pakistan did not present its paper at the 13 April meeting of the agriculture negotiating committee, since its delegation was preparing for the Cairns Group summit in Lahore. Some delegations are preparing technical comments about the Pakistani proposal.

ICTSD reporting.

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## IN BRIEF

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### POOREST HIT HARDEST BY CLIMATE CHANGE, SCIENTISTS CONFIRM

Climate change will hit the poorest and most vulnerable populations hardest, the world's top climate scientists confirmed in their most recent report.

The report, entitled "Climate Change Impacts, Adaptation and Vulnerability," was released on 6 April in Brussels by the government negotiators and climate scientists that make up the Intergovernmental Panel on Climate Change (IPCC), following several days of negotiations and reviews.

The second in a series of four such assessment papers to be released this year, the IPCC report shows that climate change is already having profound effects on all continents (see BRIDGES Weekly, 7 February 2007,



<http://www.ictsd.org/weekly/07-02-07/story5.htm>). Over the next several decades, Africa will witness intensified droughts and Asia will be threatened by massive flooding. North America will experience more severe storms, floods, and extreme weather; and Europe will see its Alpine glaciers disappear, adds the study.

Crucially, it is the most vulnerable who will face the greatest difficulties adapting to the consequences of climate change. "The poorest of the poor in the world -- and this includes poor people in prosperous societies -- are going to be the worst hit," said Rajendra Pachauri, chair of the IPCC.

Many developing countries are likely to be affected by longer and more intense droughts, and crop yields in some countries could drop by 50 percent in 2020. More than one billion people may face shortages of fresh water by 2050, especially those living in Asia.

The summary of the IPCC report will be presented to the June summit of the Group of Eight leading industrialised countries in Heiligendamm, Germany. The IPCC's third report, set to be released in May in Bangkok, will suggest ways to combat climate change, through such measures as carbon cap and trade systems, and the rapid development of renewable energy on a global scale.

Parties to the Kyoto Protocol will meet this December to discuss emissions reduction commitments beyond 2012.

The UN has suggested holding a high-level meeting on the issue. Meanwhile, the UN Security Council is set to discuss climate change at a meeting on 17 April.

For more in-depth coverage of the IPCC report, please see BRIDGES Trade BioRes, 13 April 2007, <http://www.ictsd.org/biores/07-04-13/story1.htm>.

ICTSD reporting.

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## WTO IN BRIEF

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### SERVICES CLUSTER UNDERWAY WITH PLURILATERAL MARKET ACCESS TALKS

Two weeks of intensive market access negotiations in services trade started at the WTO this week. These mark the first services meetings to be conducted in formal negotiating mode since the Doha Round talks

broke down last July, although there have been informal talks in the interim.

This first week is dedicated to plurilateral meetings between groups of 'demandeur' countries seeking new market-opening commitments and the predominantly developing countries to which they submitted collective requests in February 2006. The second week is reserved for bilateral negotiations between individual countries.

The re-emergence of plurilateral negotiations surprised some observers of the talks, who thought that the approach had proved relatively unsuccessful in encouraging targeted countries to consider making new market access concessions. The lack of substantive results from plurilateral talks in the first half of 2006 had prompted the US, a key demandeur, to refocus on the bilateral approach, where it could more effectively apply its stronger negotiating leverage against developing country trading partners. A delegate said that the combination of bilateral and plurilateral negotiations during the ongoing 'cluster' of services meetings responds to the differing approaches favoured by various Members.

In another notable break from standard practice, the services negotiating body, the Council for Trade in Services – Special Session, did not meet at the beginning of the ongoing cluster. The CTS-SS normally meets to start and end each cluster as a sort of 'book-end'. This time, the CTS-SS will meet only at the end of the two weeks to afford Members the opportunity to assess progress and plan the next steps for the negotiations. One expert saw this as a sign that Members are now according less importance to 'context-setting', during which delegates state their objectives for a cluster in light of developments in other Doha negotiating areas.

In the meantime, services Chair Ambassador Fernando de Mateo (Mexico) is expected to continue with his series of informal 'enchilada talks' with a group of about two dozen ambassadors. According to some delegates, he may try to take advantage of the presence of capital-based services negotiators in Geneva during the cluster to deepen the substantive discussions in his consultations.

ICTSD reporting.

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### WORLD TRADE GREW 8 PERCENT IN 2006, BUT FACES RISKS AHEAD

World merchandise trade expanded by a 'robust' 8 percent in 2006 despite repeated setbacks in the Doha

Round negotiations, according to preliminary numbers released by the WTO on 12 April.

The figure represented the second highest increase in real terms since 2000 and outstripped the 3.7 percent growth in world output, pointing to continued integration in the world economy. In dollar terms, commercial services trade, which is harder to count, was estimated to have risen by 11 percent.

WTO economists said that gross domestic product (GDP) growth was stronger than expected in the EU and Japan. China and India continued to show record levels of economic expansion. The US increased merchandise exports, slowing the growth of its ever-widening trade deficit in the second half of the year. China surpassed the US in exports in the last two quarters of the year.

Although all regions enjoyed trade growth in 2006, it was particularly strong in oil and metals exporters in the Middle East, the Commonwealth of Independent States (CIS), South and Central America, which benefited from higher world prices.

Least developed countries (LDCs) increased trade by nearly 30 percent, also boosted by foreign earnings from higher oil and other commodity prices. In a record high for the poorest countries, they accounted for 0.9 percent of global goods trade.

Foreign direct investment (FDI) increased in 2006 to its second highest level ever, which the WTO secretariat attributed to high investor confidence resulting from strong economic fundamentals and increased mergers and acquisitions.

When the data was released, WTO Chief Economist Patrick Low warned that despite the strong growth, some risks lay ahead in 2007. Housing price and financial market corrections in several countries, increasing inflation, and rising interest rates led the WTO to forecast a moderate slowdown in global economic growth in 2007 to about 3 percent.

WTO Director-General Pascal Lamy welcomed the positive data, but cautioned countries "not to lose sight of the need to continue to reform the world economy." He used the opportunity to stress the importance of reaching a successful conclusion to the Doha talks, because of their potential to boost growth, alleviate poverty, and "establish a more stable and certain foundation for today's dynamic global marketplace."

ICTSD reporting; "World trade up 8% despite market jitters," FINANCIAL TIMES, 13 April 2007; "Risks lie ahead following stronger trade in 2006, WTO reports," WTO PRESS RELEASE, 12 April 2007.

## 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: 5-11 April

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 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 Altroumercato, 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>

19-20 April, Singapore. GLOBAL BUSINESS SUMMIT FOR THE ENVIRONMENT. The UN Environment Programme (UNEP) and the UN Global Compact jointly organised this seminar to address rising market risks and opportunities of environmental change caused by rapid economic and industry growth. Topics to be discussed include environmental performance management, green investing, sustainable building, and public-private sector partnerships. CEOs and executives from global companies will join government and civil society leaders to discuss these issues, forge partnerships, and explore solutions for a greener future. internet: <http://www.b4e07.com/>

20-22 April, Jongny, Switzerland. Trade and Labour Migration: Developing Good Practices to Facilitate Temporary Labour Mobility. Organised by the International Centre for Trade and Sustainable Development and the National Centre for Competence in Research, this workshop aims to foster a better understanding between stakeholders from both sending and receiving countries on the development of good practices to facilitate labour mobility. The workshop will feature discussions and presentations from

practitioners, scholars, and government officials. Issues to be discussed include the international and multilateral foundations of labour migration, examples of good practices of sending countries to facilitate return migration, examples of law and practice of receiving countries in facilitating labour mobility, and what can be learned from bilateral agreements. For more information, contact Heidi Ullrich: hullrich@ictsd.ch, tel: +41 (0)22 917 88 46; fax: +41 (0)22 917 80 93. internet: <http://www.ictsd.org/dlogue/2007-04-20/2007-04-20-desc.htm>

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?intltemlD=1942&lang=1&m=13301&info=not>

## WTO Events

An updated list of 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.

19 April: WORKING PARTY ON GATS RULES

20 April: WORKING PARTY ON DOMESTIC REGULATION

23 April: COMMITTEE ON SAFEGUARDS

24 April: COMMITTEE ON ANTI-DUMPING PRACTICES- INFORMAL GROUP ON ANTI-CIRCUMVENTION

24 April: COMMITTEE ON ANTI-DUMPING PRACTICES- WORKING GROUP ON IMPLEMENTATION

24 April: DISPUTE SETTLEMENT BODY

25 April: COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

## Other Upcoming Events

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/)

26-27 April, Washington, DC. NEW PERSPECTIVES ON FINANCIAL GLOBALIZATION. This conference, organised by the International Monetary Fund's Research Department and Cornell University, will be a forum for presenting and discussing recent theoretical and empirical research on the macroeconomic implications of financial globalization. For more information, contact Christy Gray: cgray@imf.org, tel: +1 202 623 4308. internet: <http://www.imf.org/external/np/seminars/eng/2007/finglo/042607.htm>

30 April-11 May, New York, US. UN COMMISSION ON SUSTAINABLE DEVELOPMENT. 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>.

4 May, New York, US. HYDROGEN FUEL CELLS AND ALTERNATIVES IN THE ENERGY AND TRANSPORT SECTORS: POLICY ISSUES FOR DEVELOPING COUNTRIES. Recent advances in the application of hydrogen fuel cells in transportation and energy sectors have attracted attention and increased funding for research and development of this promising solution to

oil dependency in transportation. Developing countries have previously been unprepared to deal with and apply new technologies, leading to 'knowledge gaps'. As a side event to the UN Conference on Sustainable Development in New York organized by UN University, this session aims to contribute to building capacity on hydrogen and fuel cells and to the development of roadmaps for a portfolio of choices for the use of sustainable energy sources within the energy and transport sector in developing countries. internet: [http://www.merit.unu.edu/hfc/docs/200705\\_CSD.pdf](http://www.merit.unu.edu/hfc/docs/200705_CSD.pdf)

2-3 May, Minneapolis, US. TOWARD A GLOBAL FOOD AND AGRICULTURAL POLICY FOR AN OPEN INTERNATIONAL ECONOMY. The worldwide tendency to consider food and agricultural policies from a national or domestic perspective has created barriers to the efficient use of the world's agricultural resources and reduced the contributions that agriculture can make to global economic welfare. This symposium to honour University of Minnesota Regents Professor Emeritus G. Edward Schuh will bring together scholars and policy experts to discuss how to move toward a global food and agricultural policy for an open international economy. For more information, including presenters and paper topics, please see internet: [http://www.hhh.umn.edu/schuh\\_symposium/index.html](http://www.hhh.umn.edu/schuh_symposium/index.html).

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## RESOURCES

A FAIR FARM BILL FOR RENEWABLE ENERGY. Institute for Agriculture and Trade Policy, April 2007. The third instalment of a series of papers on the 2007 US Farm Bill, this paper address the challenges posed by the growth in farm-based renewable energy production and their implications for the 2007 US Farm Bill. It encourages diversification of biofuels production from corn and soybeans to more sustainable biomass crops. It also offers predictions on how food prices could be affected by dedicating more land to biofuel production and what can be done to ensure that farmers and rural communities benefit from the new bioeconomy. The brief suggests that a renewable-fuels system based on perennial crops and local ownership will ensure the success of the 2007 Farm Bill and offers concrete policy steps that should be taken to that end. Download the report online at <http://www.iatp.org/iatp/publications.cfm?showall=false>.

SHOULD THE GREEN BOX BE MODIFIED? By David Blandford and Timothy Josling, International Food and Agriculture Trade Policy Council, March 2007. Agriculture is at the heart of the current Doha "Development" Round of trade negotiations, with increased market access for agriculture playing an

important role in furthering economic development and poverty reduction in developing countries. Progress in reducing trade-distorting subsidies has been helped through the introduction of the "Green Box" category in the WTO, which identifies minimally trade-distorting support, including financial support for research and development, food aid, decoupled income support, disaster relief, and environmental programs. In this discussion paper, the authors raise salient questions regarding the Green Box and how it can best be utilized to meet the needs of both rich and poor countries. Download the full report, or the shorter policy focus, online at [http://www.agritrade.org/Publications/green\\_box.html](http://www.agritrade.org/Publications/green_box.html).

THE EMISSION GAME: HOW MARKETS CAN HELP SAVE THE PLANET. By Christine Loh and Roger Raufer, CLSA Asia Pacific Markets, January 2007. This report explores both the environmental and financial aspects of emissions trading. The authors first explain the environmental arguments for carbon emissions reduction and how emissions trading works, including a case study of proposed emissions trading schemes in China and Hong Kong. Putting a "price" on carbon will lead individuals and businesses to move away from high-carbon good and services to their low-carbon alternatives. The development of carbon-trading markets is also an important opportunity for the financial sector, already worth more than USD10 billion annually worldwide. The authors envision a world where businesses, nations, and even individuals transition to a carbon constrained world. Download the report online at <http://www.civic-exchange.org/index.php?cat=99>.

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