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DOHA NEGOTIATING GROUP CHAIRS ACKNOWLEDGE NO FRAMEWORK DEAL POSSIBLE BEFORE AUGUST

The chairs of the Doha Round negotiations on agriculture and industrial goods last week announced the schedule for discussing the draft versions of conceivable deals that they will soon present to WTO Members, effectively abandoning hopes for a deadlock-breaking accord by the end of July.

In a joint note to delegations on 5 July, agriculture Chair Ambassador Crawford Falconer (New Zealand) and non-agricultural market access Chair Ambassador Don Stephenson (Canada) said that they would circulate the draft negotiating texts they are preparing in "mid-July."

After some time for trade diplomats to consult with each other and seek instructions from capital, the two chairs would convene their respective negotiating groups during the week starting 23 July to hear Members' "initial reaction." Crucially, they said that Members would then break for the WTO's traditional August holiday to "reflect fully" on the draft texts, before intensive negotiations begin on 3 September. The texts would then be revised based on countries' reactions.

Scheduling talks on the forthcoming texts in September amounted to the first open acknowledgement that a framework 'modalities' deal on agriculture and NAMA, with formulae and figures for tariff and subsidy cuts as well as exemptions, was not going to be struck by July's end.

Precisely such a breakthrough has been widely thought necessary to conclude the Doha Round by early next year, because of the time required to determine specific liberalisation commitments, and reach agreement on services, rules, and other aspects of the negotiations. Without a deal by then, the talks are likely to go into hibernation for at least two years, with election campaigns in the US and India making politically controversial concessions unlikely.

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Prospects for finding a way out of the impasse in the negotiations took a dramatic turn for the worse on 21 June, when a meeting in Potsdam, Germany of ministers from the US, the EU, Brazil, and India broke down in acrimony, instead of leading to any sort of rapprochement (see BRIDGES Weekly, 27 June 2007, <http://www.ictsd.org/weekly/07-06-27/story1.htm>).

Convergence among the so-called G-4 would have helped point the way to the contours of a broader multilateral agreement. Instead, the meeting ended in mutual finger-pointing. The EU and the US stopped targeting each other on agriculture, but jointly blamed Brazil and India for offering industrial tariff cuts that would have done nothing to galvanise new trade flows. The developing countries countered that Brussels's offer on agricultural market access and Washington's proposal to cap farm subsidy spending simply did not justify deeper tariff reduction.

The focus has now returned to WTO headquarters in Geneva, and the chairs' attempts to broker a compromise. Despite a general prognosis among delegates that chances for an agreement are slim, several delegations have tabled new proposals, at least in the agriculture talks, in an attempt to influence the content of Falconer's draft text (see BRIDGES Weekly, 4 July 2007, <http://www.ictsd.org/weekly/07-07-04/story1.htm>).

In their note, Falconer and Stephenson said that, since the breakdown of the Potsdam meeting, they have conducted extensive bilateral and plurilateral consultations with Members on how to proceed, and would continue to do so.

NAMA talks halted in advance of text

In particular, they said that the consultations had revealed "an almost unanimous view that further meetings of the NAMA negotiating group will not be productive until there is a text on which to focus the discussions." In light of this, Stephenson cancelled a set of NAMA meetings that had been scheduled for this week.

Some trade analysts in the US believe that a negotiating text, with numbers for coefficients, would make the commercial potential of an accord clearer, and might even help galvanise thus-far sluggish industry support for the Doha Round. Delegates expect the chairs' negotiating texts to contain a constrained range of figures that would determine the depth of tariff and subsidy cuts (as opposed to the wide spectrum covered by Members' proposals).

The NAMA negotiations remain deeply polarised. The US, the EU, and other developed countries continue to demand "real market access," by which they mean a substantial cut in applied tariffs rather than simply the bound ceiling rates. They have called for a 'Swiss' tariff reduction formula with a 'coefficient' of 10 for developed countries and 15 for developing ones. Under the 'Swiss' formula, a Member's coefficient effectively becomes its new tariff ceiling: when fed through the formula, all duties are slashed to below the level of the coefficient, with lower ones reduced more gently.

Brazil and India have said that the coefficient for developing countries should be no lower than 30. Washington and Brussels complain that this would produce only modest cuts to duties currently levied, which are well below their bound ceiling tariff levels.

However, the reason for these gaps is two decades of autonomous domestic liberalisation by India and Brazil, during which they chose to reduce customs duties dramatically. Forcing them to cut tariffs to levels far below these lowered rates would, at least in the mercantilist terms of a WTO negotiation, 'penalise' them for these reforms.

In contrast, several developing countries complain, the EU's offer to cut trade-distorting farm subsidies does not go beyond what is foreseen by its own ongoing reforms to the common agricultural policy, and the cap offered by the US substantially exceeds last year's expenditures (though Washington officials say that it is still lower than spending for seven of the past nine years). Both, of course, remain free to provide 'green box' support to farmers, which is deemed not to distort trade or production.

A group of eight developing countries, including Chile, Colombia, Costa Rica, Mexico, Peru, and Thailand have proposed a "middle ground" in the industrial goods talks, in which the developed country coefficient would be "less than 10," and that for developing countries would be "between the upper teens and the low twenties." This proposal has, however, been criticised by labour unions even in some of the sponsor countries.

Governments express support again

Whether any overlap exists between Members' so-called 'red lines' on agriculture or NAMA - the absolute minimum beyond which each would walk away from the negotiating table - remains unclear. Indeed, virtually any accord would require several governments to back down from oft-repeated public statements, and essentially concede that they had merely been jockeying for position.

Despite low hopes for a deal in the foreseeable future, the past week saw several governments from around the world, including trade ministers from the 21 Asia-Pacific Economic Cooperation member nations, reaffirm their commitment to the multilateral talks, as well as the view that the round could be concluded this year.

Similar incantations of support have thus far been more numerous than missed deadlines in the Doha Round negotiations, and even less effective.

The APEC ministers, who met in Cairns, Australia from 5-6 July, issued a statement saying "there has never been a more urgent need to make progress" on the Doha Round. "We need to make cuts in agricultural and industrial tariffs which result in real and substantial improvements in market access, and real and substantial reductions in trade-distorting agricultural subsidies," they said, stressing their willingness to be flexible. They called on the negotiating group chairs "to table texts that will build consensus on an ambitious and balanced outcome."

APEC countries account for about half of world trade and 60 percent of global GDP. Members include the US, China, Japan, Canada, and Australia - but not the EU, India, or Brazil.

Indian Commerce Minister Kamal Nath last week insisted that it was "still possible" to conclude the negotiations by the end of the year. He was echoed in this view by Brazilian Foreign Minister Celso Amorim, who, like Nath, was in Geneva to meet with the G-90 bloc that encompasses several of the smallest developing and least-developed economies in the WTO.

US Trade Representative Susan Schwab sounded a more sceptical note with the press after the APEC conference. Speaking about the draft agreements being drafted by the negotiating group chairs, she stressed the need for a "high ambition centre of gravity." "I believe that if those texts are low ambition texts we're in deep trouble in terms of the Doha Round," she said. "I would strongly suspect at that point you would see countries go off and say: 'Okay, well, if Doha is going to be a low ambition round it will never be finalised or it will go into hibernation for an extended period of time. Let's go off and negotiate more bilateral and regional deals.'" In the same interview, she insisted that Washington's offer to cut trade-distorting farm support, though deemed insufficient by many developing country Members, was in fact "high ambition."

Sources say that if, at some point in early autumn, an agreement looks within reach, WTO Director-General Pascal Lamy would probably invite some two dozen

ambassadors or senior capital-based officials for 'green room' discussions aimed at rounding out the terms of a bargain, setting the stage for ministerial-level approval.

ICTSD reporting; "India says WTO can still clinch Doha deal this year," REUTERS, 6 July 2007; "Developing countries hold ground in WTO talks: Brazil FM," AGENCE FRANCE PRESSE, 6 July 2007.

MERCOSUR AGREES ON CONCESSIONS TO PARAGUAY, URUGUAY, AS CHÁVEZ CASTS CLOUD OVER SUMMIT

Antigua and Barbuda has appealed to other WTO Members to help make it harder for the US to avoid complying with dispute rulings against Washington's restrictions on foreign-based internet gambling.

South American leaders from the Mercosur (Common Market of the South) trade bloc agreed at a recent summit to several measures aimed at mitigating asymmetries between the group's minnows, Paraguay and Uruguay, and giants Brazil and Argentina. Nevertheless, clouds were cast over the meeting by controversy over Venezuela's pending accession to the bloc.

Established in 1991 with the express purpose of promoting free trade among member states and ultimately moving toward full continent-wide economic integration, Mercosur has emerged as the world's fourth-largest trading bloc, despite a recent slowdown in the dismantling of economic barriers. The group, which accounts for roughly 75 percent of all economic activity in South America, counts four full members, Argentina, Brazil, Paraguay, and Uruguay. Bolivia, Chile, Colombia, Ecuador, and Peru are associate members. Because one of Mercosur's ultimate goals is a customs union with a common external tariff on goods from outside the bloc, the full members are prohibited from signing bilateral trade agreements with other nations.

Asymmetries within Mercosur

Within Mercosur, internal divisions have arisen from the very different economic situations of the bloc's member nations. Paraguay and Uruguay, Mercosur's two smallest economies, have claimed that Argentina and Brazil, the bloc's economic heavyweights, continue to unfairly restrict access to their larger markets. Without additional concessions from the group's more developed members, Paraguay and Uruguay have signaled that remaining in the alliance may not be in

their best economic interest. The Uruguayan government had even explored seeking a bilateral free trade agreement with the US.

At the recent summit, leaders agreed to a series of measures to respond to the smaller countries' demands.

On the rules of origin that determine whether a product is eligible for the preferential Mercosur tariff rates, Paraguay and Uruguay were allowed to boost the proportion of value added overseas from 40 percent to 60 percent - thus expanding the pool of merchandise qualifying for the lower duties. In addition, the more flexible rules were extended from 2012 to 2020.

A second concession came in the area of customs duties harmonisation. Mercosur is currently working to build the infrastructure to create a common external tariff. But in order to do so, the bloc must first obtain a list from each member identifying all goods imported from elsewhere, as well as the duties currently levied on those products. To expedite the process, Mercosur had set an end-2007 deadline for countries to submit their lists. Paraguay and Uruguay had complained that that timeframe was too short, and have now been given an extra year.

In a more direct effort at development aid, the summit agreed to boost spending under Mercosur's Structural Convergence Fund (FOCEM) - the bulk of which comes from Argentina and Brazil - to finance projects in Paraguay and Uruguay ranging from housing to transportation, biosafety, sanitation, and incentives for microenterprises.

Venezuela - in or out?

Venezuela, South America's fifth-largest economy, negotiated its entry into Mercosur in July of last year. However, its full membership is contingent upon ratification by a majority of lawmakers in each Mercosur nation (see BRIDGES Weekly, 5 July 2006, <http://www.ictsd.org/weekly/06-07-05/inbrief.htm#1>).

Thus far, only the Argentine and Uruguayan parliaments have approved Venezuela's accession.

Legislators in Brazil and Paraguay, on the other hand, have indicated some degree of reservation on the issue, in part because Venezuelan President Hugo Chávez has indicated that he might not be willing to fully liberalise trade in accordance with Mercosur's requirements.

Moreover, a sizeable contingent in Brazil's Congress oppose Venezuela's bid on the grounds that the country

does not comply with Mercosur's Democratic Clause, which states that "functioning democratic systems" are "an essential precondition for the development of the integration process."

Such criticisms grew after Chávez's recent decision to effectively shut down an independent Venezuelan television station that was often critical of his government. The Brazilian Congress went so far as to pass a resolution calling on Chávez to reconsider that move. For his part, Chávez called his Brazilian critics the "pirate's parrot," implying that they were merely mimicking Washington's criticisms of Venezuelan government policy.

Despite his country's pending membership in the bloc, Chávez skipped the recent summit, choosing instead to spend the weekend shopping for arms in Russia. Though downplayed by Brazil and others, the Venezuelan leader's absence cast a pall over the meeting, insofar as it implied that he is less than fully committed to the regional bloc. Indeed, Chávez has threatened to withdraw his country's bid for membership if it is not approved over the next three months.

There is some concern, however, that Chávez wishes to use Mercosur as a political, rather than purely economic, platform. At the bloc's January summit in Paraguay, Chavez went so far as to call for the block to be "decontaminated of neoliberalism," a tall order in an organisation created to promote free trade.

Brasilia has reacted strongly to such calls. Brazil's Foreign Secretary Celso Amorim has emphasised that Venezuela must abide by Mercosur's rules.

"If you want to join the club, first accept the existing rules and then try to change them," he said.

Venezuela's concerns have perhaps been exacerbated by the fact that Brazil, by far the region's largest economy, has been developing stronger political and trade ties with the EU and the US.

On 4 July, less than a week after the Mercosur summit, Brazilian president Luiz Inacio Lula da Silva signed an accord to launch a 'strategic partnership' with the EU, including UN reform, human rights, climate change, and energy security, in addition to more traditional bilateral trade issues. Earlier in the year, Brazil also forged an agreement with the US on biofuels production, meant to promote research, encourage investment, and develop international biofuels standards.

Some observers have argued that Chávez might view such deals, which increasingly identify Brazil as South

America's premier economic and political force, as a direct threat to his ambitions in the region.

Yet despite the disagreements that have beleaguered the bloc in recent years - with even Argentina and Brazil going to the WTO over a bilateral dispute, rather than to Mercosur arbitration - both Brasilia and Buenos Aires remain publicly committed to overcoming internal differences and bolstering further integration.

"Together we go forward, divided we fall back," Argentine President Nestor Kirchner said.

ICTSD reporting; "Mercosur summit calls for unity and not much more," MERCOPRESS, 29 June 2007; "Mercosur summit concludes in Paraguay," MATHA.NET, 30 June 2007; "Brazil Downplays Chavez Snub. He Skips Mercosur Summit to Go Arms Shopping in Moscow," BRAZZILMAG.COM, 25 June 2007; "A turning point?" THE ECONOMIST, 7 July 2007; "EU holds first trade summit with Brazil," INSIDE US TRADE, 3 July 2007; "EU, Brazil sign strategic partnership accord," THOMSON FINANCIAL, 5 July 2007; "US, Brazil team up to promote ethanol," THE WASHINGTON POST, 10 March 2007.

OTHER NEWS

WIPO COMMITTEE ON GENETIC RESOURCES, TRADITIONAL KNOWLEDGE INCONCLUSIVE THUS FAR

After over six years of discussions, members of the World Intellectual Property Organization (WIPO) remain divided on whether to create a new binding international treaty to protect genetic resources, traditional knowledge, and folklore against misappropriation, with an ongoing committee meeting on the issue inconclusive thus far.

WIPO's Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) kicked off on 3 July, with talks scheduled to continue through 12 July. This was in theory supposed to be the committee's last session and was expected to produce recommendations to WIPO's annual General Assembly on how to address the issue. However, the committee's mandate has been extended before, and may simply be prolonged again to allow for further talks.

The debate has broadly broken down along classical North-South lines. Several biodiversity-rich developing countries want an international legally binding instrument, whereas industrialised countries such as the US, Japan, and Canada want a non-binding recommendation.

During the current meeting, delegations have focused primarily on definitional issues, such as the objectives and beneficiaries of the protection of genetic resources and traditional knowledge and cultural expressions, and the form, extent, and duration of such protection. The chair, Ambassador Gusti Agung Wesaka Puja (Indonesia), explained that the purpose of the discussion was to find a common denominator for further deliberation in case the committee's mandate is renewed. Despite the divisions, there is a growing consensus that the main goal of any protection regime should be the prevention of misappropriation, such as the granting of patents incorporating genetic resources or traditional knowledge without benefit-sharing and the prior consent of the communities to which they belong.

Developing countries are becoming impatient with the process; they say that it is high time to start more targeted negotiations on a protection regime for genetic resources, traditional knowledge, and traditional cultural expressions. A handful of developed country governments, notably Canada, Japan, Australia, and the US say that more time is needed to grasp the issues and determine how to proceed. Mexico described this as a pretext for obstruction; Brazil added that the industrialised countries were simply twisting around the clearly articulated views of developing nations, saying "they do not want to understand us."

What should a regime look like?

The developing countries argue that although national laws and regional measures help protect genetic resources, traditional knowledge, and folklore, they must be supported by effective binding international rules. India reiterated its call for an international, legally binding instrument, citing recent patents granted to yoga accessories in many countries as an example of growing misappropriation. Pakistan also advocated the negotiation of a legally binding international instrument, including a 'sui generis' regime - beyond simple patents, trademarks, and copyrights - for traditional knowledge and traditional cultural expressions. It argues that patents, with their standards tests of 'novelty' and 'inventiveness', cannot reflect longstanding communal practices. The African Group, too, supports a new legally binding treaty on genetic resources and traditional knowledge.

Currently some 25 nations have adopted sui generis systems to protect traditional knowledge, traditional cultural expressions, and genetic resources, although many struggle with the implementation of these laws, in part due to financial constraints. Pointing to such difficulties, Peruvian delegate Begona Venero Aguirre explained that her country, despite being one of the first to establish a sui generis system over two decades ago, would benefit greatly from an international solution.

On behalf of the EU, Portugal said that the IGC needed to discuss the definition of traditional knowledge and cultural expressions and the objectives to be achieved by their protection. Although it said that it would be willing to consider sui generis protection models, they would have to be non-binding.

In contrast, the US argued that traditional intellectual property tools may be used or adapted to address the economic as well moral concerns related to traditional knowledge, a view shared by Japan.

Several indigenous people's organisations addressed the meeting, generally to express frustration with the lack of progress towards an agreement on traditional knowledge and cultural expressions. Indigenous communities are home to substantial amounts of both genetic resources and traditional knowledge, and are particularly vulnerable to misappropriation. For instance, South African scientists patented an appetite-suppressing drug based on Hoodia, a cactus used by the San people of the Kalahari desert to stave off hunger and thirst, without acknowledging its origin or giving any benefits to the community. They only reached a royalties-sharing agreement with the San after receiving heavy pressure from civil society groups and academics.

The International Indian Treaty Council, a coalition of indigenous people from the western hemisphere and the Pacific emphasised that the self-determination provisions of the UN Declaration on the Rights of Indigenous Peoples empowered them to determine how traditional knowledge would be defined and protected, a point that had earlier been made by the group of Latin American countries.

A Maori group, the Hokotehi Moriori Trust said that the IGC was suffering from a lack of political will and a lack of commitment by national governments to protect the rights of indigenous communities. It stressed that the distinction between traditional knowledge and traditional cultural expressions had not been created by indigenous peoples, but was rather a device to accommodate them within the intellectual property system. It said that traditional cultural expressions, such

as music or names, are inextricably linked to traditional knowledge, and are integral to the maintenance of indigenous cultures.

"Indigenous people search for an appropriate mechanism to recognize and respect their knowledge," the trust said. A requirement for "prior informed consent would warrant against suppression of traditional knowledge and stop the culturally offensive use of certain material."

How to define traditional knowledge?

Nigeria argued that, just like classical intellectual property, there is no need for a consensus definition of traditional knowledge; indeed, a single definition may be inadequate. All that is necessary is enough convergence on what constitutes it.

The Saami Council, which brings together indigenous community groups from Norway, Sweden, Finland, and Russia, also questioned the demands for a definition of traditional knowledge. It pointed out that conventional knowledge has never been defined, and that patents are granted on basically everything.

Who qualifies? For how long?

Who would qualify for protection, and for how long, are other bones of contention. Italy said it has many local communities that have their own cultural expressions, even though they are not indigenous. It argued that these deserved protection too. Japan said that the very definition of what constitutes a 'community' remained unclear, as did the issue of how to treat immigrants and communities not based on kinship.

The EU wants the protection period to be limited, as opposed to the absence of constraints sought China and Nigeria. Japan has noted that putting a fixed duration on protection would mean that only certain generations could benefit. The US, Canada, Russia, and Australia argued that discussing time limits was premature, since the scope of rights had not yet been clarified.

Most international trade and intellectual property agreements include exceptions from standard obligations under certain circumstances. With regard to the proposed legal instrument for protecting genetic resources, traditional knowledge, and folklore, most countries seem to broadly agree that there should be exceptions and limitations for education, public health, utilisation in science, and criticism, although Japan, Canada, and the US claim that it is too early to address the issue.

An additional layer of complexity to the debate on traditional knowledge stems from the fact that it is being dealt with by no less than 11 UN bodies, which are currently looking at issues from rule-making to capacity building. The UN Permanent Forum on Indigenous Issues says that the predictable confusion could be substantially reduced with improved cooperation and information sharing, particularly with the UN Educational, Scientific, and Cultural Organisation (UNESCO), the Convention on Biodiversity (CBD), and the Food and Agriculture Organization (FAO).

The issue is also being discussed at the WTO, where a group of developing countries including Brazil, Ecuador, and India have proposed amending the TRIPS Agreement to make patent applications require disclosure of the origin of genetic resources and associated traditional knowledge used in an invention, as well as evidence of prior informed consent and benefit sharing (see BRIDGES Weekly, 13 June 2007, <http://www.ictsd.org/weekly/07-06-13/story4.htm>). As at WIPO, the discussions have pitted them against many industrialised countries, with the notable exception of Norway.

As for the ongoing WIPO IGC session, the African group and a number of non-governmental organisations have asked the Secretariat to prepare a matrix setting out the range of views discussed, in order to help delegates reach conclusions on how to move forward. Deliberations will conclude on 12 July. Any recommendations the committee makes will be discussed at WIPO's September General Assembly. That meeting of WIPO's top decision-making body will also decide whether to extend the IGC's mandate.

ICTSD reporting.

IN BRIEF

LOOKING BEYOND DOHA, APEC TRADE MINISTERS SEEK TO SIMPLIFY FTA 'SPAGHETTI BOWL'

Trade ministers from the 21 Asia-Pacific Economic Cooperation member countries are looking beyond the Doha Round negotiations to examine ways to boost trade across the region, though they maintain that the struggling multilateral talks remain their top priority.

At a 5-6 July summit in Cairns, Australia, the ministers repeated their call for progress in the WTO

negotiations. Similar appeals have been a standard feature of APEC summits in recent years.

A larger section of the joint communiqué released at the end of the meeting focused on how the liberalisation and facilitation of trade and investment across the region could help create "an enabling environment for economic growth." The ministers said that they discussed "the possibility of developing a Free Trade Area of the Asia-Pacific (FTAAP) as a long term prospect," and agreed to examine the implications of a region-wide accord.

More immediately, they addressed the plethora of bilateral and regional free trade agreements (FTAs) in the region, acknowledging that these came with "the possibility of trade diversion." The recent proliferation of such accords, particularly pronounced in East Asia, has been criticised by economists and companies for creating a complex 'spaghetti bowl' of overlapping trade rules that raise the transaction costs of doing business and erode the principle of non-discrimination (see BRIDGES Weekly, 19 January 2005, <http://www.ictsd.org/weekly/05-01-19/story1.htm>, and related 'in brief', this issue). The APEC ministers "instructed officials to examine, in close cooperation with the business sector, the scope for a rationalisation of preferential rules of origin and other relevant provisions of such agreements."

APEC members nevertheless remained convinced that "high-quality and comprehensive RTAs/FTAs can advance economic openness in the region and strengthen regional economic integration." They said that following the model agreement language for FTA chapters developed by the group would lead to greater consistency and coherence. Officials are currently working to expand the model template.

The ministers also endorsed a new trade facilitation plan that will aim to reduce trade-related transaction costs by a further 5 percent by 2010. These efforts will focus on customs procedures, standards, e-commerce, and the mobility of businesspeople.

APEC's longstanding 'Bogor goals', adopted in 1994, call for the full liberalisation of trade and investment flows by 2020. APEC members account for roughly half of world trade and 60 percent of global GDP.

The APEC ministers' communiqué is available at http://www.apec.org/apec/news_media/webcast/0607_07_07_aus_mrt_end.html.

ICTSD reporting.

INDONESIA, JAPAN TO SIGN FREE TRADE AGREEMENT

Indonesia and Japan are set to sign a free trade agreement that will eliminate tariffs on over 90 percent of bilateral merchandise trade, a Japanese official announced on 6 July. The deal will be finalised when Japanese Prime Minister Shinzo Abe travels to Jakarta next month.

Under the terms of the proposed agreement, Indonesia will eliminate 96 percent of duties on Japanese exports in value terms, beginning with the immediate removal of import duties on high-quality steel products from Japan, as well as all tariffs on Japanese fruit, such as apples and grapes. Indonesia also agreed to phase out over five to 10 years all tariffs on Japanese electronics, autos, and auto parts.

Japan, meanwhile, will immediately eliminate import duties on forest products, shrimp, and most industrial goods from Indonesia, and will accept up to 1000 tons of Indonesian bananas duty free every year for five years. Such changes will eventually amount to the elimination of tariffs on 93 percent of Indonesian exports to Japan.

So-called 'sensitive' farm products such as rice, wheat, and meat will not be covered by the agreement.

The proposed deal also includes an energy security partnership clause that will oblige Indonesia to honour all existing energy-supply contracts with Japan, even if it imposes broad restrictions on oil and gas exports. Indonesia is currently Japan's largest supplier of natural gas, third-largest supplier of coal, and sixth-largest supplier of crude oil.

In return for Jakarta's concessions on energy, Tokyo has offered to increase technical assistance in areas such as energy-saving measures and coal-to-liquid technology.

Japan has also agreed to host more Indonesian nurses and other care workers, although the exact number of workers who will be allowed entry has yet to be decided.

"Indonesia and Japan agree to sign FTA," ANTARA NEWS, 6 July 2007; "Japan, Indonesia to sign FTA in August," ASSOCIATED PRESS, 6 July 2007; "RI-Japan EPA final draft turned into legal document," ANTARA NEWS, 9 July 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.

Coming Up: 12 - 18 July

2 - 27 July, Geneva, Switzerland. ECONOMIC AND SOCIAL COUNCIL (ECOSOC) 2007 SUBSTANTIVE SESSION. The 2007 Substantive Session for ECOSOC will be organised as follows: high-level segment (2-5 July 2007); dialogue with the Executive Secretaries of the regional commissions (6 July 2007); coordination segment (6-10 July 2007); operational activities segment (10-13 July 2007); humanitarian affairs segment 16-18 July 2007); general segment (19-26 July 2007); and conclusion of the work of the Council (27 July 2007). For more information, email ecosocinfo@un.org. internet: <http://www.un.org/docs/ecosoc/meetings/2007/>

12 July, Geneva, Switzerland. SECOND MEETING OF THE WSSD GLOBAL PARTNERSHIP FOR CAPACITY BUILDING TO IMPLEMENT THE GHS. The second meeting of the Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Partnership, organised by the World Summit on Sustainable Development, will review current progress and consider the actions and resources needed to further strengthen the Partnership towards 2008 and beyond. The meeting will also provide an opportunity to showcase support of the Partnership and for GHS capacity building; provide preliminary or confirmed support of future activities; and propose next steps and identify further opportunities for GHS capacity building and implementation. internet: http://www.unitar.org/cwg/ghs_partnership/index.htm.

17-19 July, Geneva, Switzerland. INTERGOVERNMENTAL GROUP OF EXPERTS ON COMPETITION LAW AND POLICY. Every year, the UN Conference on Trade and Development hosts the Intergovernmental Group of Experts on Competition Law and Policy, a forum for consultations on competition issues of common concern to member states and informal exchange of experiences and best practices. At this year's meeting, participants will discuss competition at national and international levels, competition policy and the exercise of intellectual property rights, and criteria for evaluating the effectiveness of competition authorities. internet: <http://www.unctad.org/competition>

WTO Events

An updated list of forthcoming WTO meetings is posted at: http://www.wto.org/meets_public/meets_e.pdf. Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva,

Switzerland, and are open to WTO Members and accredited observers only.

12 July: DISPUTE SETTLEMENT BODY

12 July: COMMITTEE ON BUDGET, FINANCE, AND ADMINISTRATION

12 July: COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES - SPECIAL MEETING

13 July: COUNCIL FOR TRADE IN SERVICES - SPECIAL SESSION

16 July: NEGOTIATING GROUP ON TRADE FACILITATION

Other Upcoming Events

26-29 July, Ravello, Italy. 11th INTERNATIONAL CONFERENCE ON AGRICULTURAL BIOTECHNOLOGIES: NEW FRONTIERS AND PRODUCTS - ECONOMICS, POLICIES AND SCIENCE. Topics that will be discussed at this conference include the impact of agricultural biotechnology on international trade, biotechnology and developing countries, and regulation of biotechnology. The conference is being organised by the International Consortium on Agricultural Biotechnology Research (ICABR), Catholic University of Leuven, CEIS- University of Rome, Rutgers University, and the Economic Growth Center, Yale University. internet:

<http://www.economia.uniroma2.it/conferenze/icabr2007/>

27-31 August, Vienna, Austria. UNFCCC DIALOGUE AND KYOTO PROTOCOL AWG 4. This will be the fourth workshop of the 'Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention' and the fourth session of the Ad Hoc Working Group on Further Commitments for Annex I parties under the Kyoto Protocol (AWG). internet: www.unfccc.int

4-5 October, Geneva, Switzerland: WTO PUBLIC FORUM 2007: "HOW CAN THE WTO HELP HARNESS GLOBALISATION?" The WTO Public Forum 2007 will address how the WTO can help harness globalisation. The sub-themes are: 1. Global Governance: the challenges that interdependence and globalisation present and the role the WTO can play to ensure that globalization works to the benefit of all peoples; 2. Coherence: (a) the need for national and international coherence; and (b) the contribution of the WTO to the construction of a coherent multilateral system; 3. Economic Growth: trade as a vehicle for growth and development; and 4. Sustainable Development: the interaction of trade and sustainable development. internet: http://www.wto.org/english/forums_e/public_forum2007_e/forum07_e.htm.

RESOURCES

THE STATE OF RESPONSIBLE COMPETITIVENESS 2007: MAKING SUSTAINABILITY COUNT IN GLOBAL MARKETS. AccountAbility, July 2007. Factors such as climate change, gender, human rights, and anti-corruption are reshaping global markets; successful countries will be those that can redefine public policies and business strategies to reflect those changes. Countries that fail to compete responsibly could miss out on their share of emerging market opportunities that are worth in excess of USD 750 billion, or more than one percent of global GDP. This report assesses countries' progress toward advancing responsible business practices and includes a Responsible Competitiveness Index covering 108 countries. The report is available at <http://www.accountability21.net/uploadedFiles/publications/The%20State%20of%20Responsible%20Competitiveness.pdf>.

"The Institutional Challenge of the ACP/EU Economic Partnership Agreements," in DEVELOPMENT POLICY REVIEW 25:4, 2007. By Axel Borrmann and Matthias Busse. The Economic Partnership Agreements between the African, Caribbean, and Pacific countries and the European Union should serve as an opportunity to accelerate ACP global and regional trade integration and as an important tool for development and the eradication of poverty. There are, however, a number of preconditions. This article argues that institutional quality plays a key role in successful trade liberalisation. Unfortunately, the vast majority of African countries have excessive regulation that hinders them from taking advantage of trade. The necessary reforms to resolve this problem pose significant challenges, implying major risks for these countries in the EPA process. To access the article, visit

<http://www.blackwellpublishing.com/journal.asp?ref=0950-6764>.

"Trade Liberalisation and Development: Lessons for Africa" in JOURNAL OF WORLD INVESTMENT AND TRADE 8:2, 2007. By Hakim Ben Hammouda and Mustapha Sadni Jallab. The consensus on the relationship between trade liberalisation and growth has only recently become a topic of debate in the field of development economics. This debate follows the major article by Rodrik and Rodriguez (1999) that disputes the assumption of a strong positive correlation between external openness and economic growth in developing countries. The article suggests that the methodological choices and empirical series used in previous studies influenced the results so as to conclude that a positive relationship exists between external openness and growth. The authors emphasise the limitations of the methods used by various authors, and postulate that that relationship is not as clear as people had tended to believe in recent years. To access the article, visit http://www.wernerpubl.com/frame_inves.htm.

COMPLIANCE AND REMEDIES AGAINST NON-COMPLIANCE UNDER THE WTO SYSTEM. By Virachai Plasai. International Centre for Trade and Sustainable Development, 2007. The creation of the WTO dispute settlement system is considered a major achievement in the multilateral trading system. The Dispute Settlement Understanding (DSU), the agreement that governs the WTO

dispute settlement mechanism, constitutes a central element in providing security and predictability to in the international trade regime. With more constraining procedures and a fast-growing jurisprudence, the dispute settlement system has, however, become highly legalised and complex. This, in turn, has raised the demands on the capacity of Member countries interested in engaging the system to protect or advance their trade rights and objectives. This study explores ways in which the DSU might be reformed so as to advance the position of developing countries by enabling them to retaliate efficiently against stronger trading partners. The study is available at [http://www.ictsd.org/issarea/dsu/resources/Plasai Compliance.pdf](http://www.ictsd.org/issarea/dsu/resources/Plasai_Compliance.pdf).

SOUTH-SOUTH TRADE IN SPECIAL PRODUCTS. By Christopher Stevens, Jane Kennan, and Mareike Meyn. June 2007. This paper contributes to the discussion on the selection of Special Products (SPs) and their treatment in the WTO. The paper aims to bring empirical evidence on South-South trade to bear on the controversial debate about the protection of SPs in the WTO Doha Round, by helping trade negotiators, policymakers, and other stakeholders identify the extent to which the designation of products as SPs might affect other developing country exporters. To access the paper, visit <http://www.agtradepolicy.org/output/resource/South-Southtradeinalweb.pdf>.

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