



INTERNATIONAL CENTRE FOR  
TRADE AND SUSTAINABLE  
DEVELOPMENT

# Bridges

## Weekly Trade News Digest

3 October 2007

Volume 11 Number 33

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### LEAD STORIES

#### WIPO ADOPTS DEVELOPMENT AGENDA, BUT FACES BUDGET ROW

Members of the World Intellectual Property Organisation on 28 September adopted a 'development agenda', approving a set of reform proposals aimed at placing development concerns at the heart of the institution's work.

Advocates of the agenda say that it has the potential to promote technology transfer and narrow the digital divide, and could help equip developing country governments to pursue intellectual property policies that better respond to their innovation, access, and industrial development priorities.

At a press conference following the affirmation by WIPO's annual summit, Guilherme Patriota, a minister counselor at the Brazilian mission, said that the development agenda was "breathing new oxygen into" reforms at WIPO. Argentinean Ambassador Alberto Dumont called it an "important day in the life of the organisation," saying that the 15-member bloc of developing countries that strongly backed the development agenda was "very pleased with the result." He cautioned, however, that the decision itself was "certainly not the end of the road," since much would hinge on how the agenda is implemented.

Indeed, one potential cloud on the horizon for the development agenda is that WIPO members have not yet managed to agree on specific budgetary resources for its implementation.

#### New Committee on Development and IP

The General Assembly approved the establishment of a Committee on Development and Intellectual Property, and tasked it with implementing 45 recommendations for development-oriented reforms that had garnered consensus during the negotiations leading up to the agenda's adoption. The new committee replaces the Provisional Committee on Proposals Related to a WIPO Development Agenda (PCDA), in which those talks took place until members reached an agreement on the development agenda in June (see BRIDGES Weekly,

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20 June 2007, <http://www.ictsd.org/weekly/07-06-20/story1.htm>).

Broadly speaking, the 45 proposals call for WIPO, long perceived as biased and driven by the industrialised world's interests, to become more responsive to the concerns of the developing countries that make up the vast majority of its 184 member governments. They advocate making intellectual property protection strike a balance among the interests of all stakeholders – those who use protected medicines or software, rather than simply those who hold patents and copyrights.

The recommendations address controversial subjects such as ensuring that WIPO norm-setting reflects countries' different developmental levels, and broadening the institution's focus on issues including public domain, competition, and access to knowledge. WIPO technical assistance, accused of being unduly guided by the Secretariat and developed countries, is slated to be revamped to respond to recipients' concerns. Notably, the proposals specifically urge WIPO to promote the use of various flexibilities that exist in international agreements such as WTO rules. These flexibilities, which legally justify deviations from standard intellectual property protections to promote public health or combat anti-competitive practices, often go under-used.

The Committee on Development and Intellectual Property will meet for two five-day sessions over the next year, during which it is supposed to develop a work program for the 45 recommendations, as well as monitoring and discussing their implementation by other WIPO bodies. Members are set to first tackle a set of 19 of the 45 proposals that demand little in the way of additional human or financial resources.

The development agenda is the product of three years of negotiations, initiated in 2004 when Argentina and Brazil called for a 'development agenda' for WIPO, arguing that the institution needed to focus more on the needs of developing countries, and to view intellectual property as one of many tools for development rather than an end in itself. They have been joined by 13 other countries – Bolivia, Cuba, Dominican Republic, Ecuador, Egypt, Iran, Kenya, Peru, Sierra Leone, South Africa, Tanzania, Uruguay, and Venezuela – to form a group dubbed the 'Friends of Development' (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/story1.htm>).

Several civil society groups and academics also helped lay the intellectual foundations of the development agenda over the past five years, arguing for a revision of international intellectual property policymaking to make it an integral part of policies on science,

technology, culture, and innovation. They worked with government negotiators throughout the process.

At last week's press conference at WIPO headquarters, Argentinean Ambassador Dumont recognised that implementation would take time and a substantial measure of political will." He emphasised that discussions of development must not be restricted to the newly established committee, adding that the agenda would impact work not only at WIPO but also at other institutions such as the World Health Organisation. Delegates from many developing countries have called for all WIPO committees to regularly discuss development issues.

Dalindyebo Shabalala, director of the Centre for International Environmental Law's project on intellectual property and sustainable development, called the enactment of the WIPO development agenda an unprecedented success. He said that the "45 proposals... hold the organization accountable" in a specific manner, something rarely seen in multilateral negotiations.

### **Row over Idris threatens budget**

At time of writing on 3 October, the General Assembly was embroiled in a disagreement over the leadership of WIPO, with industrialised countries such as the US, EU members, and Switzerland implying that Director-General Kamal Idris, a former Sudanese diplomat, was no longer fit to continue at the helm after allegedly lying about his age in the institution's records (see BRIDGES Weekly, 26 September 2007, <http://www.ictsd.org/weekly/07-09-26/inbrief.htm>). Developing country delegates, especially from African countries, have sought to downplay the issue, preferring to address it after the assembly. The disagreement was affecting the approval of future spending plans, and a late-night vote on the budget narrowly failed to pass. The turmoil at the organisation, particularly with regard to its budget, has left observers concerned about the implementation of the development agenda.

ICTSD reporting.

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### **NAMA TALKS STILL FOCUSED ON 'NON-CORE' ISSUES, AS CLOCK CONTINUES TO TICK**

The Doha Round talks on liberalising trade in industrial goods continue to proceed at a snail's pace, despite a warning from the chair of the negotiating committee that time is running out for Members to reach an agreement.

Principal among the reasons for this is the persistent deadlock on farm subsidy and tariff cuts. Chair Ambassador Don Stephenson (Canada) told delegates on 1 October that many Members had informed him that they would be reluctant to discuss potential concessions on the central issue of the formula for calculating industrial tariff reduction until they saw signs that the agriculture talks were making at least some tangible progress.

Agriculture is hardly the only problem: wide gaps remain between countries' positions on non-agricultural market access. This was highlighted in July when Stephenson issued a draft text outlining terms for a potential compromise. Members including Brazil, India, Argentina, and South Africa complained that the document required developing countries to make tariff cuts that were unfairly demanding (see BRIDGES Weekly, 1 August 2007, <http://www.ictsd.org/weekly/07-08-01/story2.htm>). The US and the EU initially argued the precise opposite – that the cuts for developing countries should have been deeper still – though they are now urging their trading partners to accept the paper's terms.

In recent weeks, the chair has been focusing on less controversial secondary issues in the negotiations. Intensive discussions on the formula and flexibilities for developing countries to shield some products from tariff cuts are yet to come.

### **Product coverage confused by seaweed, fish meal**

One of the 'non-core' issues being discussed is the list of products to be covered by NAMA liberalisation. The determination of what constitutes a manufactured product is not as straightforward as it might seem. Japan, for instance, classifies edible seaweed as an industrial product, even though other Members deem it to be an agricultural product. Switzerland deems fish meal used for cattle feed to be an agricultural product, even though fish products are normally classified with manufactured goods. Both countries want to preserve these anomalies, since this would let them preserve existing levels of protection to the greatest extent possible. However, sources report that other countries were not enthusiastic about their request for a "deviation" allowing them to do so.

Stephenson reported more signs of flexibility on special treatment for non-LDC developing countries that have binding caps on fewer than 35 percent of their industrial tariff lines. These 12 so-called 'Paragraph 6' countries (named for the relevant section of the negotiating mandate), which include Nigeria, Mauritius, Sri Lanka, and Kenya, were unhappy with the draft text's requirement for them to bind 90 percent of tariff lines at an average of 28.5 percent. They argued that they

should have to bind no more than 70 percent of tariff lines.

### **RAMs soften demands**

Another set of countries arguing that they deserve to reduce tariffs more gently than others as part of the Doha Round are the recently acceded Members (RAMs). They want compensation for the extensive liberalisation they had to implement as the price for joining the WTO. These cuts left them with bound and applied tariff rates that are roughly equal, they argue, as a result of which substantial further cuts would make it difficult for some industries to survive.

Only four of the RAMs will be required to apply the tariff reduction formula. However, China is one of the four, along with Croatia, Oman, and Taiwan. China's status as a lucrative market and major exporter makes other governments particularly wary of granting the RAMs extensive flexibilities. The broader Membership gave a chilly reception to the RAMs' past demands for a coefficient (and thus future tariff ceiling) one-and-a-half times higher than that for developing countries in general, the freedom to shield more tariff lines wholly or partially from reduction, longer implementation periods, and a grace period before having to start reducing tariffs.

This week, the group softened its position, instead putting forth a 'menu approach' under which they would have to choose no more than two of the types of flexibility, e.g., a higher coefficient and the ability to subject more than 10 percent of tariff lines to only half the standard reduction, but no extended implementation or grace period. Also, the higher coefficient was simply a to-be-determined number of points greater than the figure for all developing countries, rather than a multiple of it.

Nevertheless, other Members continued to voice "strong concerns" about the flexibilities the RAMs were seeking, with some pronouncing the new informal proposal unacceptable as well.

### **NTB facilitation mechanism discussed**

The 1 October meeting of the negotiating committee also discussed proposed legal text for a new 'facilitation' mechanism for rapidly mediating bilateral disagreements over non-tariff barriers that affect trade in goods. The proposal (TN/MA/W/88) was noteworthy for being backed by a wide range of the WTO Membership: not only does it have the support of both the EU and the NAMA-11 group – often at loggerheads on other issues – its sponsors include Canada, New Zealand, the African Group, the LDC Group, Pakistan, and Switzerland.

The proposal, first circulated in July, notes that non-tariff barriers (such as labeling requirements for clothing) can negate market access opportunities that would otherwise arise from tariff reduction. Therefore, it makes the case for creating a mechanism to facilitate the expeditious consideration of non-tariff barriers, so as to help Members find “mutually acceptable trade solutions that aid exporters and importers.”

Many of the countries backing the submission had previously argued that using formal WTO dispute settlement to address disagreements on non-tariff barriers was time-consuming and expensive, and not of immediate use to exporters facing obstacles (see BRIDGES Weekly, 17 May 2006, <http://www.ictsd.org/weekly/06-05-17/story6.htm>). Mediation, they said, could help surmount non-tariff barriers without having to examine the issue of whether they are illegal.

The paper sets out a multi-stage process, which the Indian ambassador explained to the gathering. The first, a question and answer phase, would allow countries to discuss the trade issues arising from a non-tariff barrier. Members receiving requests for facilitation over a particular NTB would have to respond in writing within 20 days (although the figure is in brackets, indicating that it remains to be finalised). The subsequent stages – if both parties agree – would be the appointment of a facilitator and the actual mediation of the disagreement. Crucially, the proposal provides for the procedures to be completed within 60 days of the facilitator's appointment.

The proposal's sponsors took pains to stress that using the facilitation mechanism would not in any way affect countries' ability to pursue formal dispute settlement.

Even though it questioned the necessity for a new mechanism for addressing NTBs, the US tabled a modified informal version of the facilitation proposal, calling for the initial clarification phase to last 60 days rather than 20. Sources say that the US text tried to make it easier for countries to stop the process.

New Zealand rejected the US text, arguing that it defeated the purpose of the original proposal. Pakistan and Venezuela made similar critiques.

### Time running out

Stephenson said that he would continue to meet with small groups of Members, and hopes to use their input to revise his draft text. He added that delegates realistically had about a month left in which to give him input, since without an agreement on modalities in NAMA and agriculture by the end of the year, the Doha Round talks risked going into limbo. Trade diplomats

widely believe that chances for finalising a deal will become even slimmer as the US election campaign heats up next year.

ICTSD reporting.

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## SERVICES CHAIR TO CONSULT WITH MEMBERS ON WHETHER TO DRAFT A TEXT

The chair of the Doha Round services negotiations is set to start meeting with WTO Members to determine whether to issue a draft text setting out parameters to guide the process of liberalisation, as well as what might go into such a document.

Chair Ambassador Fernando de Mateo (Mexico) was expected to start these informal consultations as early as this week, after most delegations, with the notable exception of Venezuela, indicated they were open to such inquiries.

In light of the deadlock in the talks on agriculture and non-agricultural market access, many developing countries are keeping their cards close to their chest with regard to future market-opening on services. This has been met by frustration from industrialised countries that they are seeing no signs of achieving their goals on services trade. Some developing nations, notably India, have complained that developed countries have done little to respond to their demands for certain kinds of services liberalisation.

Unlike draft agreements on agricultural and industrial goods, the nature of the services talks means that a draft text – at least, one based on terms that have not already been ruled out by Members – would not indicate the depth of liberalisation expected of countries. The extent to which each country opens up its services markets to foreign competition will be determined through a process of bilateral and plurilateral requests and offers.

Nevertheless, some believe that a new text might give a boost to the lagging talks.

Sources say that at a 28 September meeting of the services negotiating committee that closed a two-week ‘cluster’ of discussions, the US was particularly vocal in supporting the idea, noting that the services talks had not received a new text-based focus for discussions since the Hong Kong Ministerial Conference in 2005. Some US politicians, as well as industry groups, have been lobbying heavily for US negotiators to demand services liberalisation abroad.

Brazil and Indonesia said that they did not see the need for another document to provide guidance to the negotiations, pointing to the services provisions in Annex C of the Hong Kong Ministerial Declaration as well as the negotiating guidelines for services negotiations that Members agreed to in 2001. However, noting that some countries needed to show signs of progress to their domestic constituents, they agreed to take part in de Mateo's consultations on a potential text.

Delegates report that little was said at the gathering about precisely what might go into a new services text. The Hong Kong Ministerial Declaration's Annex C exhorted Members to make new binding market access commitments across the four modes of services supply, and to give up existing restrictions on granting equal treatment to services providers from all countries. It also paved the way for plurilateral market access negotiations.

A new text, negotiators suggest, might include a new deadline for submitting revised market access offers (this may be of limited value: the Hong Kong text called for this to happen at the end of July 2006). Sources say that in the chair's so-called 'enchilada talks' among a few dozen delegations, developing countries have stressed that any new text must not be limited to market access, and should reflect developments in the rule-making aspect of the talks, as well as domestic regulation.

Members have already asked the chair of the working party on domestic regulation to table a revised text for a potential agreement by the end of October. Developing countries have been trying to use the rule-making negotiations to secure new disciplines on subsidies to the services industry, as well as a new services safeguard. In terms of tradeoffs, limited progress on rules would provide them justification for scaling back potential market access concessions.

One trade diplomat said that the outcome of the services negotiations would depend very heavily on other areas of the negotiations. If Members agree to "something substantial on agriculture and non-agricultural market access," then countries are likely to table significant market access offers. "If not, all the deadlines in the world won't matter," said the official.

ICTSD reporting.

## OTHER STORIES

### FISHERIES NEGOTIATIONS ADVANCE, BUT HELD BACK BY AG AND NAMA

The Doha Round negotiations on rules governing fisheries subsidies are showing signs of progress, with the chair of the talks describing two new proposals as "quite helpful" for helping him to produce draft negotiating texts to present to WTO Members.

Nevertheless, Chair Ambassador Guillermo Valles Galmés (Uruguay) told a 28 September meeting of the Negotiating Group on Rules – which covers fisheries negotiations – that he would issue texts only after the chairs of the agriculture and industrial goods committees revise the draft deals that they presented to Members in July. Rules negotiating texts would also have to address industrial subsidies and the contentious talks on anti-dumping rules (see related story, this issue).

Some delegates saw the mention of a draft agreement as a sign that the rules negotiations might be able to move forward despite the deadlock on the central issues of agriculture and non-agricultural market access (NAMA).

With breakthroughs on agriculture and NAMA looking increasingly unlikely before late autumn or the end of the year – if at all – governments would have to be well-placed to wrap up talks in areas such as rules and trade facilitation in order to finalise a Doha Round package before the 2008 US election campaign is in full swing.

One of the new papers is a joint submission by Argentina and Brazil (TN/RL/GEN/151), which sets out draft provisions for 'special and differential treatment' (S&DT) for developing countries in future WTO rules on fisheries subsidies. The Indonesian paper (TN/RL/GEN/150/Rev.1), which addresses most issues in the talks, also includes potential rules for S&DT.

Both proposals were discussed during the rules group's meeting from 24-28 September. Valles Galmés commended the two documents for generating valuable discussions on the "critical issue" of S&DT. Differences on the issue, which will determine the extent to which developing countries will be allowed to subsidise their fisheries sectors in ways denied to industrialised nations, have bedevilled the negotiations as of late.

#### Indonesia revises position, not just proposal

Indonesia's text is a substantially changed version of a full-fledged draft fisheries agreement it tabled in July,



reworked, in its own description, to make “enforcement and interpretation easier.”

In the revised proposal, Indonesia says that it seeks to unite the two principal approaches under consideration for disciplining fisheries subsidies: the ‘top-down’ general prohibition on payments with negotiated exceptions, and the ‘bottom-up’ methodology, which would only ban specific kinds of subsidies. Unlike the earlier version, the paper’s provisions stop short of a blanket ban on fisheries subsidies, but simply make them ‘actionable’ – i.e., subject to challenge at the WTO.

Indonesia argues that for the sake of consistency, fisheries subsidy disciplines should be similar to the current Agreement on Subsidies and Countervailing Measures (ASCM), which bans subsidies for export performance and import substitution, and makes the rest ‘actionable,’ prohibited only when they are deemed to harm other countries’ trade interests. Thus, it calls for prohibiting fisheries subsidies only if they would hurt other countries as defined by the existing ASCM, or if it provokes adverse effects to fisheries resources. The proposal says that alleged injury to marine resources resulting from fishery activity would be evaluated in light of criteria including catch volumes, regional and national management schemes, and fishing access right payments. Subsidies that boost a country’s capacity to produce fish products would be deemed to cause “serious prejudice,” and would thus be prohibited.

### **Heavy criticism greets Indonesian proposal**

Many delegations were critical of the Indonesian proposal, especially for its failure to include a general prohibition on fisheries subsidies. New Zealand critiqued Indonesia for eliminating the “backbone” of the negotiations. Other advocates of broad prohibitions such as the US and Brazil, expressed extreme disappointment with the proposal, calling it less ambitious than the others on the table and a major step backward for the negotiations. Chile echoed this, arguing that Indonesia failed to conform to the Hong Kong Ministerial Declaration’s mandate for “the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing.”

The Indonesian paper also set out S&DT exemptions for developing countries. For instance, subsidies for artisanal fishing would be allowed, based on proximity to the shore and vessel size. Likewise, assistance is permitted to ‘small-scale fisheries’ within territorial waters for gear, fuel, and the construction, repair, or modernisation of boats less than 20 metres in length. Further carve-outs would allow developing countries to fund fishing vessels for the exploitation of fisheries

within their own exclusive economic zones and fishing rights held on the high seas or elsewhere under regional arrangements.

Norway, though it has argued against a general prohibition, was quite critical of the Indonesian proposal, saying it would weaken current disciplines and allow a complete carve-out for developing countries. On the other hand, Fiji, speaking on behalf of the group of African, Caribbean, and Pacific (ACP) countries, said that the provisions on small-scale fishing were too restrictive.

The Japanese delegation, a stalwart supporter of the ‘bottom-up’ approach, said that while it appreciated Indonesia’s efforts to bridge gaps, certain elements of the proposal still needed clarifying. Korea and Taiwan, two other staunch opponents of blanket bans on fisheries opponents, also sought further clarification.

Courtney Sakai, campaign director for marine activist group Oceana, criticised Indonesia’s revised proposal for going back on the general prohibition. Indonesia “really misses the mark,” she told Bridges.

Sources report that Indonesia may table yet another revision of its proposal this week.

### **Brazil-Argentina paper receives warmer welcome**

The Brazil-Argentinean paper received a much warmer reception. The joint sponsors, both of which support a broad prohibition on fisheries subsidies with limited exceptions, said the new proposal represented a convergence between their earlier individual submissions. Brazil underlined the importance of allowing developing countries to, under specific conditions, develop their fisheries resources.

In short, the proposal would allow developing countries to subsidise the construction and repair of fishing vessels and support fishing fleets with fuel or ice, so long as this only exploits non-endangered species in national waters. Similar assistance would be allowed if used to help fill fishing quotas agreed with a regional fisheries management organisation based on international standards. Subsidies that bolster the subsistence and livelihood of fishermen and their families would also be permitted.

China, Thailand, India, Costa Rica, and Chile were among several delegations to acknowledge general agreement with the paper.

The EU noted its accordance with the proposal, though they called for additional clarifications in the provisions to prevent abuse by developing countries. In a similar vein, Australia and New Zealand said they supported

the paper, but expressed concern about possible circumvention. New Zealand stressed that developing countries should not be given blank cheques.

The US said the paper was “very valuable,” but expressed regret over its omission of special treatment for small and vulnerable economies.

As for the sceptics of the top-down approach to disciplining fisheries subsidy spending, Norway objected to allowing developing countries to subsidise fishing vessels for use in the high seas, while Japan expressed similar reservations about permitting them to subsidise large fishing vessels.

Oceana’s Sakai, for her part, welcomed the paper from Brazil and Argentina, saying it “provides a real, workable approach that can potentially accommodate the interests of developing members in promoting a vibrant fishing sector, while providing for conservation and sustainability.”

During the discussions last week, the chair had praised delegations for expressing the desire to bridge gaps. At the ‘wrap-up’ meeting on 28 September, Valles Galmés said that despite the disagreements and criticism, the discussions on Indonesia’s paper demonstrated that there was near-consensus at least on the prohibition of measures that promote overcapacity and over-fishing. He said that Members would need to agree on the extent to which S&DT for developing countries should cover fishing outside their territorial waters.

Government payments to boost the size and capacity of fishing fleets have been blamed for contributing to the dramatic depletion of global marine fish stocks. Some claim that the fisheries subsidies negotiations have the potential to be the Doha Round’s single greatest contribution to the environment.

The next meeting of the rules negotiating group is scheduled to start on 15 October.

ICTSD reporting; “Developing Countries Propose WTO Fisheries Deal,” REUTERS, 26 September 2007.

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### DESPITE DISPUTE RULINGS, ‘ZEROING’ STILL AT FOREFRONT OF ANTI- DUMPING TALKS

The US’ attachment to a practice for calculating anti-dumping duties known as ‘zeroing’ remains controversial, as the chair of the Doha Round rules negotiations moves to prepare draft texts to serve as the basis for further discussion among WTO Members.

Several countries argue that anti-dumping duties are often inappropriately imposed for protectionist ends, and want the rules on their use tightened.

Chair Ambassador Guillermo Valles Galmés (Uruguay) told the negotiating committee on 28 September that he would only issue texts after the chairs of the agriculture and industrial goods committees revise the draft deals that they presented to Members in July. Nevertheless, many delegates want to see as much progress as possible on issues such as rules and trade facilitation, so that they are poised for agreement in the event of a breakthrough on agriculture or non-agricultural market access (NAMA).

Valles Galmés has been meeting informally with groups of Members to discuss anti-dumping. Like all negotiating committee chairs, he will have to tread carefully when deciding how his texts should address issues on which Members are far from consensus.

In the rules negotiations, ‘zeroing’ is one such issue. When using this methodology to calculate the extent to which imports are being ‘dumped’ – that is, sold in the US at below the price they command in their home market – US trade authorities simply ignore (‘zero out’) instances where prices are lower in the US than in the export market, and only consider comparisons where the ‘dumping margins’ are positive. This makes it possible for US companies to secure higher duties against dumped competing imports than would otherwise have been possible.

WTO dispute panels and the Appellate Body have repeatedly ruled against the practice, in cases brought by Members including the EU, Japan, Canada, and Ecuador (see BRIDGES Weekly, 17 January 2007, <http://www.ictsd.org/weekly/07-01-17/story4.htm>).

US negotiators, however, maintain that these rulings have been based on inappropriate interpretations of WTO rules. They point out that the Agreement on Anti-Dumping does not specify whether ‘non-dumped comparisons’ (those that are now zeroed out) must be ‘offset’ when calculating anti-dumping margins.

A US proposal in June (TN/RL/GEN/147) would have amended the AD Agreement to explicitly make offsetting unnecessary – in effect, formally legalising zeroing. However, it met with strong opposition from countries that have opposed the practice.

Trade remedies are a contentious issue in the US Congress as well, where many lawmakers are opposed to reforms that could be unpopular with local manufacturers. This was illustrated once again last week when House trade subcommittee chair Sander Levin (Democrat-Michigan) said that he “cannot

imagine Congress approving a Doha Round trade agreement” that reverses “the common and longstanding practice of ‘zeroing’.” He added that protecting zeroing should be the foundation of an agreement in the Doha Round rules negotiations.

The loose alliance of countries seeking to tighten the rules on anti-dumping duties – dubbed the ‘friends of anti-dumping’– includes Chile, Hong Kong, Taiwan, Norway, and Israel.

Valles Galmés told the rules committee last week that even though dispute rulings had addressed the issue of zeroing, it could not simply be excluded from a text.

One trade diplomat said that zeroing would be a tough issue for the chair to address, in light of the sharp divisions among Members. The official suggested that one potential approach might be to include a footnote describing “one Member’s” views on zeroing, which could then be explored further.

Indeed, the rules chair himself has urged Members not to see his draft texts as “silver bullets that will serve as the basis for a dramatic and immediate breakthrough.” Reporting on progress in the talks to the entire WTO Membership in late July, Valles Galmés said that his texts would be “technical papers that could serve as the basis for an intensive discussion.” He expressed hope that the discussions would allow him to revise the texts multiple times in order to work towards an acceptable deal.

The next meeting of the negotiating group on rules is set to start on 15 October.

ICTSD reporting.

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## WTO IN BRIEF

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### SPECIAL AND DIFFERENTIAL TREATMENT TALKS STILL BLOCKED

Negotiations on updating WTO rules that accord ‘special and differential treatment’ (S&DT) to developing countries remain deadlocked, mirroring the Doha Round talks overall.

Members are mandated to make S&DT provisions “more precise, effective, and operational.” Several developing countries have complained that existing S&DT rules, consisting largely of extended implementation periods and technical assistance, are

neither mandatory nor enforceable. They argue that deepening them to explicitly grant poor countries more freedom to pursue developmental policies would make S&DT more effective at actually promoting development.

Delegates did not look at how to bridge their differences on proposals to alter S&DT provisions in certain WTO agreements at a 28 September meeting of the ‘special session’ of the Committee on Trade and Development (CTD-SS). The gathering served primarily to welcome the new chair of the committee, Ambassador Thawatchai Sophastienphong (Thailand), who succeeded Singaporean Ambassador Burhan Gafoor.

For the benefit of the new chair, some negotiators outlined their countries’ views on revised versions of a set of seven proposed changes to WTO rules.

One of the proposals called for implementing GATT Article XVIII, which in theory allows developing countries to derogate from standard obligations in order to promote industrial development and control balance of payment problems. Specifically, the proposal states that “developed and least-developed country Members shall not be expected... to undertake measure that would undermine the attainment of these goals.”

Proposed changes to the Agreement on the Application of Sanitary and Phytosanitary Measures included the introduction of clearer support for giving developing countries, based on their means and needs, time-limited exceptions from having to implement obligations, coupled with mandatory technical assistance upon request.

Another proposal sought to soften developing countries’ obligation to provide data for import licensing purposes, if doing so would involve burdensome financial or administrative costs.

Sources report that Uganda and Lesotho stressed the importance of the GATT Article XVIII proposal for the African Group. Nevertheless, the traditional fault lines remain apparent, with developed countries suggesting that the proposals would substantially alter Members’ rights and obligations arising from the WTO agreements. Former chair Gafoor said in July that some proposals’ supporters thought they had already been watered down too much.

The new chair urged Members to find compromise language, and announced that he would consult with them informally in an attempt to bridge differences.

ICTSD reporting.



## WTO AID-FOR-TRADE REGIONAL REVIEW HELD IN TANZANIA

The WTO 'aid-for-trade' initiative held its final 'regional review' in Dar es Salaam this week, in an attempt to mobilise support for giving African countries the financial and technical assistance they need to boost their capacity to use international trade as a tool for economic development, job creation and poverty reduction.

Held on 1-2 October, The conference in the Tanzanian capital followed similar gatherings last month in Lima and Manila (see BRIDGES Weekly, 26 September 2007, <http://www.ictsd.org/weekly/07-09-26/story3.htm>). The regional meetings were meant to build towards a 'global review' of aid-for-trade scheduled for 20-21 November at WTO headquarters in Geneva.

The conference covered issues ranging from rich country farm subsidies to agricultural safety norms, investment, competitiveness, and relatively high cost of doing business on the continent.

"We have heard the problem is not a lack of competitive firms, but the lack of a competitive economic system," said WTO Director-General Pascal Lamy in an address to participants. "If we can address this problem, Africa can compete with the world." Africa's share in world trade is estimated at 3 percent.

As an illustration of how modest aid-for-trade investments can yield major rewards, Lamy pointed to Kenya's flower export sector. While pesticide residues had once kept Kenyan flowers out of US and EU markets, a 5 million euro grant from the EU helped Kenyan industry phase out the pesticides and emerge as one of the world's leading exporters. The sector earned over \$700 million last year, and employs two million workers, four-fifths of them on small-scale farms. And since industrialised countries did not subsidise flowers (and thus make it hard for developing countries to compete), Kenya's industry is well-positioned to continue its success, Lamy concluded.

Further discussion aimed to garner aid and technical support to help developing country exporters comply with food safety standards, which would help them boost exports while minimising risk to consumers. The WTO has asked rich nations for \$25 million over the next five years in order to fund the WTO's Standards and Trade Development Facility, which since 2002 has helped developing nations adjust to food safety standards.

Lamy concluded the meetings by emphasising that "aid-for-trade is a complement and not a substitute for new,

fairer trade rules," in a reference to the importance of the ailing Doha Round trade talks.

ICTSD reporting; "Aid for Trade helps Kenya's flowers bloom – WTO," REUTERS AFRICA, 2 October 2007; "Africa: Aid for Trade Could Help Producers in Poor Countries," All Africa, 2 October 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: 4-10 October

4-5 October: WTO'S 2007 PUBLIC FORUM: HOW THE WTO CAN HELP HARNESS GLOBALIZATION. The Forum is intended to provide civil society, academics and the public with a unique opportunity to debate with WTO Members how the WTO can best contribute to the management of globalization. Trade and global governance, the contribution of the WTO to the construction of a coherent multilateral system and the interaction between trade and sustainable development will be but a few of this year's topics. Participants can come to Geneva or participate online. Internet: [http://www.wto.org/english/forums\\_e/public\\_forum2007\\_e/programme\\_e.htm](http://www.wto.org/english/forums_e/public_forum2007_e/programme_e.htm)

8-9 October, Manila, Philippines. INCLUSIVE GROWTH AND POVERTY REDUCTION. The Asian Development Bank (ADB) has been working on two poverty funds in order to meet its 1999 goals of poverty reduction. This meeting is to review the ADB's experiences and propose the next steps and further develop its Long Term Strategic Framework. Internet: <http://www.adb.org/Documents/Events/2007/Inclusive-Growth-Poverty-Reduction/default.asp>

8-9 October, Paris, France. SUSTAINABLE DEVELOPMENT EXPERTS : ANNUAL OECD MEETING. The purpose of this meeting is to discuss how to promote sustainable consumption and production, how to overcome obstacles to implementing national sustainable development strategies, and how to formulate sustainable and coherent development policies. Developing ways to further mainstream sustainable development perspectives in OECD studies and country reviews will also be discussed.

9-10 October, Brussels, Belgium. **THE THIRD ANNUAL EUROPEAN ENERGY CONFERENCE 2007**. This conference is built on the motivation to create a forum for honest ideas exchange between stakeholders from across the EU and beyond and policy-makers from member state and EU-level. Internet: <http://guest.cvent.com/EVENTS/Info/Summary.aspx?e=455c0ca8-3464-4a45-9181-2c24fb62ff74>

### WTO Events

An updated list of forthcoming WTO meetings is posted at: [http://www.wto.org/meets\\_public/meets\\_e.pdf](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.

8 October: COMMITTEE ON TRADE AND DEVELOPMENT

8 October: WORKING PARTY ON STATE TRADING ENTERPRISES

8 October: COMMITTEE ON IMPORT LICENSING

9 October: GENERAL COUNCIL.

### Other Upcoming Events

15-16 October, Geneva, Switzerland. **WORKSHOP ON TRANSPARENCY**. The WTO Secretariat is organizing a special workshop on the transparency provisions of the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). The purpose of the workshop is to enhance the implementation of transparency obligations and to identify best practices for drawing benefits from a transparent system. Internet: [http://www.wto.org/english/tratop\\_e/sps\\_e/wkshop\\_oct07\\_e.htm](http://www.wto.org/english/tratop_e/sps_e/wkshop_oct07_e.htm)

19-20 October, Munich, Germany. **SPECIAL WORKSHOP ON ENVIRONMENTAL FISCAL REFORM IN DEVELOPING, EMERGING AND TRANSITION ECONOMIES. WHO IS THIS ORGANISED BY?** This workshop, hosted by the Federal Ministry for Economic Cooperation and Development and GTZ and supported by the OECD, will build on the results of the OECD Environment-Development Ministerial Meeting in 2006 aimed to strengthen cooperation between the environmental and fiscal sectors. The aim of the workshop is to exchange experiences and lessons learned of the process of

environmental fiscal reform, implementation in developing, emerging and transition economies and to assess future prospects. Internet: <http://www.worldecotax.org/>

21-25 October, Amman, Jordan. **TRAINING WORKSHOP ON WTO ACCESSION ISSUES FOR IRAQ**. In the context of its assistance to countries in the process of accession to the WTO, the UN Conference on Trade and Development (UNCTAD) will organise a training workshop on WTO accession-related issues for Iraqi trade officials. UNCTAD will assist these government officials in the drafting of accession-related documents and the identification of national priorities in the negotiations. Internet: <http://www.unctad.org/Templates/Meeting.asp?intltemlD=2068&lang=1&m=14417&year=2007&month=10>

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## RESOURCES

**CHANGES IN THE GOVERNANCE OF GLOBAL VALUE CHAINS OF FRESH FRUITS AND VEGETABLES: OPPORTUNITIES AND CHALLENGES FOR PRODUCERS IN SUB-SAHARAN AFRICA**. South Centre, September 2007. This paper, investigates, compiles and analyses evidence on the nature of changes in the global governance of fresh fruits and vegetables value-chain and the underlying causes of the changes. In doing so, the paper also identifies opportunities and challenges arising from the change in the value-chain governance and the determinant of success and failure in the new modus operandi associated with the changes. Internet: <http://www.southcentre.org/publications/researchpapers/ResearchPapers12.pdf>

**SUSTAINABLE RESOURCE USE**. By Silva Larson and Alex Smajgl. Australian Commonwealth Scientific and Industrial Research Organisation, July 2007. The book examines how institutional dynamics impact the sustainable management and use of resources, as well as common and private property rights in several regions of the world. It features research and opinions of various authors in economics and institutional change. Internet: <http://shop.earthscan.co.uk/ProductDetails/mcs/productID/788/>

**TRANSPARENCY AND TRADE FACILITATION IN THE ASIA PACIFIC: WHAT'S AT STAKE?** By Matthias Helble, Ben Shepherd, John S. Wilson. World Bank & Asia-Pacific Economic Cooperation (APEC), September 2007. This paper suggests that improving transparency of trade policy is a critical aspect of trade facilitation and any structural reform agenda that interfaces with regional or global integration goals. Identifying two indicators for trade facilitation and transparency

reform—predictability and simplification—the work analyses three scenarios involving policy reform to the regional average in relation to tariffs, non-tariff barriers, and transparency. Using the results of its study, the paper argues that there is considerable scope for APEC to consolidate and build on progress already made in the area of transparency and trade facilitation and that it will be important for policymakers and stakeholders to develop both a set of substantive goals and concrete policy options that can be implemented with these priority areas in consideration. Internet: <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/0,,contentMDK:21459346~pagePK:64165401~piPK:64165026~theSitePK:469382,00.html>

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*BRIDGES Weekly Trade News Digest*® is published by the International Centre for Trade and Sustainable Development (ICTSD), <http://www.ictsd.org/>.

Contributors to this issue of *BRIDGES Weekly Trade News Digest*® are Trineesh Biswas, Fleur Claessens, Ari Giovenco, Emily Kloosterman, and Caitlin Zaino. Editor: Trineesh Biswas. Director: Ricardo Meléndez-Ortiz, [rmelendez@ictsd.ch](mailto:rmelendez@ictsd.ch). ICTSD is an independent, not-for-profit organisation based at: 7, ch. de Balexert, 1219 Geneva, Switzerland, tel: (41-22) 917-8492; fax: 917-8093. Excerpts from *BRIDGES Weekly Trade News Digest*® may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

*BRIDGES Weekly Trade News Digest* is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK) and NOVIB (NL). *BRIDGES Weekly* also benefits from support for the BRIDGES series of publications from donors including the Rockefeller Foundation and the Swiss Agency for Development and Cooperation. ISSN 1563-0