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LEAD STORIES

AG: MEMBERS DISCUSS NEW CAIRNS GROUP PROPOSALS ON SENSITIVE PRODUCTS AND TROPICAL PRODUCTS 1

WTO INTERIM PANEL RULING FAVOURS EU IN RETREADED TYRES DISPUTE WITH BRAZIL 3
MEMBERS LOOKING AT POTENTIAL COMPROMISES ON SERVICES 4

LAMY CALLS FOR 'FULL SPEED' DOHA NEGOTIATIONS AT MULTILATERAL LEVEL 5

OTHER STORIES

US, BRAZIL AGREE TO COOPERATE ON BIOFUELS - BUT LEAVE OUT TARIFFS 7
AGREEMENT ELUDES US AND KOREA IN FTA TALKS, DESPITE PROGRESS 8

WTO BODY DEBATES PUBLIC, PRIVATE FOOD SAFETY STANDARDS 9

IN BRIEF

THAI GOVERNMENT EXPLAINS COMPULSORY LICENCE POLICY ON PATENTED DRUGS 11

WTO IN BRIEF

RECENTLY-ACCEDED MEMBERS TABLE NEW AGRICULTURE PROPOSAL 11

EVENTS & RESOURCES

EVENTS 12

RESOURCES 13

LEAD STORIES

AG: MEMBERS DISCUSS NEW CAIRNS GROUP PROPOSALS ON SENSITIVE PRODUCTS AND TROPICAL PRODUCTS

Although negotiators at the WTO in Geneva remain impatient for news of the bilateral discussions taking place elsewhere between major trading powers, they were given something new to focus on at a 9 March meeting of the agriculture negotiating committee: two informal papers from the Cairns Group of agricultural exporters.

The proposals are the first new submissions since the Doha Round trade talks resumed a little over a month ago following their suspension last July. One outlined a method for dealing with the 'sensitive products' that would be eligible for smaller tariff cuts in return for the expansion of import quotas; the other proposed tariff cuts for tropical products and other crops that could serve to diversify production away from narcotics.

According to sources, the two documents reflected extensive behind-the-scenes discussions that had been taking place during November and December. Although the entire group backed the non-paper on tropical and alternative products, Canada did not sign on to the submission on sensitive products. Ottawa has historically sought to maintain its supply-managed production system in the poultry, egg and dairy sectors, which requires strict control of imports. The Philippines was described as "looking forward to subscribing soon to all elements" of the latter paper.

In their initial responses, Members broadly welcomed the papers as a useful contribution to the negotiations, saying that they would need more time to offer further reactions.

Sensitive products paper: a framework for negotiations?

The paper on sensitive products was intended to establish a mutually-acceptable 'architecture' or common framework, and contained blanks for the exact

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figures to be negotiated later. These numbers would specify, for example, the percentage of tariff lines Members would be allowed to designate as 'sensitive'; the extent to which tariff cuts will be lower than normal; and how much import quotas would be expanded as compensation.

Exporters argue that countries should pay for making smaller tariff cuts by allowing a correspondingly larger volume of imports to enter their markets at a lower tariff rate. Tariff quotas serve to guarantee a certain minimum import level. Over-quota imports face much higher duties, which could be prohibitive.

Under the broad rules set out in the paper, Members would be allowed only two options for deviating from the overall tariff reduction formula. According to the logic which the Cairns Group has used previously, the smaller deviation (or larger tariff cut) would entail a smaller future quota; the larger deviation (or smaller tariff cut) would be compensated for by a larger quota expansion. Each of the two expansions would be equivalent to a percentage of domestic consumption, for which the precise figures would be negotiated. Tariff quota expansion in developing countries would be calculated based on domestic 'marketable consumption,' which would exclude commodities grown and consumed by subsistence producers, and not sold.

The Cairns Group claimed that this approach would provide both importers and exporters greater certainty than alternative systems, such as a sliding scale of deviations and expansions.

Although the proposal would impose a tariff cap on sensitive products, it would allow Members to apply for a higher ceiling for a limited sub-set of sensitive tariff lines, if compensated for with a correspondingly larger import quota.

The paper proposes to restrict the 'sensitive' designation to products already covered by tariff rate quotas. A clause would prevent Members from creating new quotas, a process which many exporters see as cumbersome and unpredictable. Developing countries, not all of which currently use tariff quotas, would instead be allowed to backload tariff reduction commitments on sensitive products to the second half of a Doha Round implementation period, or take two extra years to implement them.

The group also stipulates that "tariff quota expansion shall be provided on a most-favoured nation basis." Recent reports have suggested that some Members fear that the bilateral consultations among major trading nations might culminate in an attempt to assign country-specific quota entitlements, raising the spectre of both

legally and politically fraught negotiations at the WTO (see BRIDGES Weekly, 28 February 2007, <http://www.ictsd.org/weekly/07-02-28/story2.htm>).

Tariff quota commitments agreed to in earlier negotiations - including the Uruguay Round - would be maintained separately from commitments agreed to in the Doha Round, the sponsors propose.

Sources indicate that members of the exporters' group had consulted amongst each other as well as with countries belonging to other groups. At the agriculture committee session, the G-10 group of countries with highly-protected farm sectors said that it had met with the Cairns Group the day before. Though aspects of the new paper such as tariff caps on sensitive products would be problematic, Switzerland said on behalf of the G-10, others resembled the group's own proposal.

Tropical products paper: moving towards consensus?

The Cairns Group proposes tariff cuts on tropical products and diversification products that are softer than the complete elimination of tariffs and quotas sought by a group of eight Latin American countries last year (see BRIDGES Weekly, 3 May 2006, <http://www.ictsd.org/weekly/06-05-03/wtoinbrief.htm>). It also builds on the latter group's work to come up with a shorter list of such products, which include bananas, sugar, mangoes, and potatoes. Trade sources suggested that the list's more precise specification of products - at the 6-digit harmonised system (HS) level rather than 4-digit - made it more likely to garner consensus.

According to the approach set out in the non-paper, developed countries would eliminate all tariffs below 25 percent on listed products. Other tariffs would be reduced by 85 percent. Developed countries would not be allowed to designate tropical products as sensitive.

The mandate to liberalise trade in tropical products has neatly split some Members. Many Latin American countries, for instance, want to see tariffs and quotas removed altogether. This is vociferously resisted by others - especially the African, Caribbean, and Pacific (ACP) group countries that have long benefited from preferential access to developed country markets for these very commodities, and thus stand to lose from across-the-board liberalisation. ACP group members would prefer that rich countries be allowed to slate tropical products as sensitive, since this would mean less erosion to their margins of preference, especially on products such as sugar, bananas, and beef.

One Geneva-based delegate from the latter group indicated that the Cairns Group had collaborated with the proponents of tropical product liberalisation to develop the proposal. The negotiator suggested that once the non-paper is eventually circulated as an informal 'job' document, both groups were expected to co-sponsor it.

Negotiators eager to "multilateralise" talks as soon as possible

Geneva-based negotiators indicated that there was an urgent need to translate the ongoing informal bilateral discussions into negotiations at the multilateral level. Some developing countries in particular voiced their concern that in the absence of broader consultations, the current discussions between a small group of countries could lead to an unacceptable deal being foisted on them at the last moment.

Comparing the negotiations to a theatre, one delegate said the 'on-stage' developments in Geneva -- the informal 'fireside chats' that negotiations chair Ambassador Crawford Falconer (New Zealand) holds with two dozen ambassadors, and the 'transparency meetings' for all Member delegations -- were important, but the real action was taking place 'off-stage' elsewhere. Geneva-based delegates had no new information on the off-stage discussions, the official said.

Sources expect Falconer to try to 'multilateralise' the talks to the broader Membership by mid-April. The chair has previously indicated his intention to issue new 'reference papers' spelling out areas of convergence and divergence on different issues in the talks (see BRIDGES Weekly, 14 February 2007, <http://www.ictsd.org/weekly/07-02-14/story1.htm>). Delegates indicate that these papers are likely to appear at that time.

At the 9 March meeting, Falconer welcomed the two Cairns Group papers, describing the discussion as an important first step in resuming the multilateral process. "We've put our toe in the water today, and that was useful," he said. Next, Members must get used to being fully in the water. Another delegate described the papers as a hopeful sign, "the first shoots in the garden in the spring."

The next informal meeting open to all Members is expected to be held around 23 March.

A ministerial meeting of the G-33 group of developing countries is also due to be held from 20-21 March in Jakarta. It may be attended by representatives from the US and the EU. The Cairns Group is set to hold a

ministerial gathering of its own from 16-18 April in Lahore.

ICTSD reporting.

WTO INTERIM PANEL RULING FAVORS EU IN RETREADED TYRES DISPUTE WITH BRAZIL

WTO INTERIM PANEL RULING FAVOURS EU IN RETREADED TYRES DISPUTE WITH BRAZIL

A WTO dispute panel appears to have made a preliminary ruling in favour of the EU's complaint against Brazil's import restrictions on 'retreaded tyres'. According to Brazilian newspapers, a confidential interim report circulated to the two parties on 12 March ruled that Brasilia's policy of allowing imports from its Mercosur trade bloc while banning them from the rest of the world was not consistent with WTO rules. Nevertheless, Brazilian officials have expressed a degree of satisfaction with the 300-odd page decision, suggesting that the findings would, if maintained, allow them to retain the measures with only modest adjustments.

The dispute over retreaded tyres -- old tyres that are reprocessed for a second and final use -- dates back to 2005, when Brussels filed its complaint at the WTO. Brazil has justified its import restrictions on environmental, fire hazard, and health grounds, contending that the shorter lifespan of retreaded tyres linked them more heavily than imported new ones to pollution and other adverse effects caused by all waste tyres. Claiming that an earlier ruling by a Mercosur arbitration panel compelled it to exclude Argentina, Paraguay, Uruguay, and Venezuela from the ban, Brasilia has argued that it was simply not equipped to deal with the far greater amount of additional waste that would be generated by EU imports. According to the O Estado de São Paulo newspaper, the EU supplied 95 percent of Brazil's imports of retreaded tyres prior to the ban, accounting for roughly 25 percent of its total market.

During the course of the case, environmental groups including the Centre for International Environmental Law (CIEL), as well as Brazilian human rights and anti-pollution organizations, had submitted 'amicus curiae' ('friends of the court') briefs to the panel explaining why the import restrictions were necessary. The spat has been the subject of heavy debate precisely because it sits uneasily athwart an intersection between rules to promote open trade and those to promote environmental protection. The case is also notable for being the first in which a developed country has

challenged an ostensibly environmental measure taken by a developing one. Numerous Members, including Argentina, Australia, China, Mexico, Paraguay and the United States joined the dispute as third parties.

The panel agreed with the EU that Brazil's policies violated GATT prohibitions on most types of quantitative import restrictions and failed to meet the country's national treatment and non-discrimination obligations (see BRIDGES Trade BioRes, 2 February 2006 <http://www.ictsd.org/biores/06-02-03/story1.htm>). According to Brazilian newspaper O Globo, the panel also rejected Brazil's argument that it lacked sufficient capacity to safely dispose of used tyres. It is extremely rare that WTO dispute panels reverse the findings of their interim rulings.

Brazil maintains that its actions were justified under GATT Article XX, which spells out the circumstances in which Members may deviate from their WTO obligations to restrict trade - for instance, in order to safeguard exhaustible natural resources and public health (see BRIDGES Weekly, 14 June 2006, <http://www.ictsd.org/weekly/06-06-14/wtoinbrief.htm>). However, the so-called 'chapeau', or introductory paragraph of that article, specifies that such measures are permitted so long as they "are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination... or a disguised restriction on international trade."

Brussels counters that Brazil's arguments are not justifiable, not only because it imports retreaded tyres from elsewhere in Mercosur: it also continues to import used tyres to convert them into retreaded tyres domestically. The EU argues that Brazil needs to improve its system for disposing of waste tyres.

In response to the report, Brazilian Environment Minister Marina Silva noted that there was a substantial difference in environmental terms between disposing of 100,000 tyres from Uruguay and doing the same for 80 million tyres from the EU.

Roberto Azevedo, a senior official in the Brazilian foreign ministry, insisted that nothing in the report would obligate Brazil to reopen its market to imports of retreaded tyres, as the EU appeared to be claiming. Despite the adverse nature of the interim ruling, the panel had affirmed that Brazil had the right to implement such import restrictions for health and environmental reasons. Azevedo suggested that this meant that some 'adjustments' would ultimately suffice to allow Brazil to maintain its import ban, according to O Estado de São Paulo.

In addition to the health and environmental hazards, substantial commercial interests are at stake in the dispute. O Globo reports that while used tyres can be imported for as little as USD 0.20, they fetch as much as USD 70 once retreaded. Brazilian tyre makers were critical of the interim ruling, even though not all of them agreed with Brasilia's arguments. A representative of the retreaded tyre industry claimed that it was conceivable that Brazil would end up having to import EU retreaded tyres, while maintaining a ban on importing old used tyres to retread.

The final ruling is expected to be circulated to the parties in late April and to the public in June. WTO dispute panels rarely reverse interim reports in their final decisions.

ICTSD reporting; "OMC obriga País a aceitar importação de pneus usados da União Européia" O ESTADO DE SAO PAULO, 13 March 2007; "Brasil perde disputa sobre importação de pneus na OMC," O GLOBO, 13 March 2007.

MEMBERS LOOKING AT POTENTIAL COMPROMISES ON SERVICES

The chair of the WTO negotiating group on trade in services plans to continue a series of meetings with ambassadors from 20-25 delegations over the forthcoming weeks in an attempt to identify grounds for compromise on further liberalisation.

These gatherings, which Chair Ambassador Fernando de Mateo (Mexico) has dubbed the 'enchilada talks', are patterned after the 'fireside chats' and 'NAMA caucuses' organised by the chairs of the agriculture and industrial goods negotiating groups respectively. They are intended to raise the political level of engagement in discussions on services, as well as determine the key elements of a services package that would be necessary to enable Members to conclude the overall negotiations.

The 'enchilada talks' are also seen by some delegations, such as the US and the EU, as setting the tone for their proposed 'green room' discussions on services to be led by WTO Director-General Pascal Lamy.

De Mateo has held two 'enchilada talks' in the last fortnight, and has scheduled the next session for 19 March. Among the countries included in the group are the US, the EU, Japan, Canada, Australia, Brazil, India, China, Mexico, Chile, Argentina, Egypt and Indonesia.

The recent sessions appeared to achieve the goal of getting the ambassadors sufficiently engaged in the discussions. However, as expected, they have not yet yielded concrete indications of possible compromise between the 'demandeurs' seeking further liberalisation and the Members facing requests to commit to opening their markets to overseas services providers.

Sources indicate that the US sought to imbue the talks with a degree of specificity by flagging its continuing interest in the lowering or elimination of equity caps on foreign investment, along with the binding of existing levels of cross-border services' supply into other markets and expanded commitments in financial, telecommunications, energy, computer-related, distribution, express delivery and audio-visual services. The EU focused on many of the same sectors, with the exception of audio-visual services, where France's insistence on protecting cultural diversity requires Brussels to exclude the sector from any liberalising commitment. In addition, the EU also identified environmental services as a sector where they will continue to press trading partners to undertake commitments.

Developing countries such as Argentina, on the other hand, insisted during the last 'enchilada talk' that the increased emphasis sought on market access in services trade was unnecessary, since the Hong Kong Ministerial Declaration's Paragraph 24 mandate for comparably high levels of ambition was limited to agriculture and non-agricultural market access (NAMA).

In preparation for the next round of meetings scheduled by de Mateo, countries such as the US and Canada separately conducted small-group consultations and bilaterals earlier this week with countries equally keen to intensify discussions at the 'enchilada talks'. They also met with trading partners such as Brazil, China, Argentina and the Philippines, which continue to have serious concerns about undertaking deeper services liberalisation commitments in this round, particularly without seeing how the agriculture and NAMA negotiations will be resolved.

One delegate disclosed that, in response to the US' demands for greater market access in the sectors and areas it has identified, some developing countries have pointed to Washington's lack of an offer to bind a commitment for the liberalised entry of more temporary workers, otherwise known as 'mode 4'. This is a vulnerable point, given that the US trade representative's office, which negotiates trade agreements on behalf of the country, has been precluded by Congress from negotiating commitments on mode 4. The US legislature considers the entry of workers and businessmen, even on a temporary basis, as an immigration rather than as a trade issue, and

hence places it solely within its own legislative prerogatives. Some trade observers say that this has weakened the US' leverage in asking for liberalisation commitments from others, particularly from trading partners which have a strong interest in mode 4. Other observers however say that the most active exponent of mode 4 liberalisation - India - has moderated its own advocacy for improved market access for temporary workers because of its reluctance to undertake deep market access increases in other critical areas of the Doha negotiations, such as agriculture and NAMA.

The previous week also saw a renewed focus by some ASEAN (Association of Southeast Asian Nations) members on a safeguard mechanism for services, when they tabled a revised proposal at the Working Party on GATS Rules (WPGR) outlining how such a mechanism could work in practice. The revised paper, like the group's previous submissions, is still largely based on the model for safeguards used in goods trade, where injury or the threat thereof to the domestic industry resulting from WTO obligations form the basis for invoking a safeguard measure. Increased import or supply of services likewise continues to be one of the factors which may be considered as a possible cause of injury. However, the revised proposal, in a deviation from the goods safeguard model, does not limit itself to increase in services supply as the sole determinant of injury or threat of injury to the domestic industry, and enumerates other indicators which may cause or determine injury.

Sources indicate that the revised proposal received a number of critical comments at the meeting of the WPGR on 8 March, similar to the criticisms levied against the group's previous proposals based on the goods safeguards. A number of delegates say that it is highly unlikely that the present submission will obtain sufficient support among Members to allow agreement on a safeguards mechanism within the year. Nevertheless, they noted that it at least re-invigorated discussions on an issue which can be used as a justification for not making deeper market access commitments in services trade.

ICTSD reporting.

LAMY CALLS FOR 'FULL SPEED' NEGOTIATIONS AT MULTILATERAL LEVEL

Heads of state from around the world have made yet another series of calls for progress in the faltering Doha Round multilateral trade talks. However, little has changed in the deadlocked negotiations in spite of a widespread impression that time is running out for a

breakthrough. Leading governments continue to insist that others should budge first. "Many WTO members are becoming impatient," Director-General Pascal Lamy acknowledged at a seminar in New Delhi on 12 March, saying that the talks were proceeding too slowly.

In Beijing the same day, Chinese Commerce Minister Bo Xilai blamed the impasse on the failure of the US and the EU to offer further cuts to their farm subsidies and tariffs. An EU leaders' summit late last week called on "key partners to act" in order to conclude an "ambitious, balanced, and comprehensive" Doha Round agreement.

Meanwhile, Brazil and the US announced over the weekend, following a presidential summit, that they would hold a series of ministerial-level meetings in an attempt to bridge their differences on agricultural trade.

Trade diplomats in Geneva have in recent weeks been looking to such quiet bilateral discussions to produce the building blocks of a potential agreement, despite the resumption of the full multilateral negotiating process at WTO headquarters in early February. However, a series of such conversations have failed to yield concrete results, most recently among the EU, the US, Brazil, and India in London earlier this month (see BRIDGES Weekly, 7 March 2007, <http://www.ictsd.org/weekly/07-03-07/story1.htm>).

Although negotiators from other countries had broadly acknowledged the need for these meetings, some are now increasingly frustrated, both with the lack of progress and the sense of being left on the sidelines. They suggest that if segments of the broader Membership feel alienated, there is a risk that they might summarily reject whatever came out of the talks among the major trading powers.

In his address in New Delhi, Lamy spoke directly to these frustrations, saying that "the multilateral process of negotiations must therefore kick-in at full speed, and the chairpersons of various negotiation groups must come into the centre stage." Although he acknowledged that the bilateral meetings had a contribution to make, they had been "taking place at too slow a pace." He explained that the acceleration at the multilateral level was necessary "to grasp the window of opportunity which closes by the end of June with the expiry of the US trade promotion authority."

Washington, for its part, appears to still believe that bilateral talks have an important role to play. On her way back to Washington after agreeing to a series of meetings with Brazilian counterpart Celso Amorim, US Trade Representative Susan Schwab told The Australian newspaper in an interview that the approach

seemed to be working, albeit very slowly. "It is tangible and we have a sense of progress going forward," she said. Schwab added that the various bilateral discussions were taking place "at a fairly significant level of detail," and aimed at "ultimately laying out a scenario where there is a chance to bridge the gaps because significant gaps still remain." She reported a "sense that most of the key players are really trying and some are further along than others."

The slow speed of this process sits uneasily with the closing 'window of opportunity' described by Lamy. When his trade promotion authority (TPA) expires, the US president will no longer be able to put trade agreements to Congress for a yes-or-no vote without the possibility of amendments. If there are not signs that the mandate will be extended, other countries will be reluctant to negotiate on trade with Washington, fearing that concluded deals will not survive a Congressional vote intact. Although the Bush administration wants its trade promotion authority renewed, it is unclear whether Congress will agree. US officials maintain that progress in the Doha Round negotiations - and specifically, concessions by other countries on agricultural market access - would go a long way towards convincing Congress to do so. Washington has also insisted that other countries will need to consent to substantially more market access if they want it to offer further subsidy cuts.

US-imposed deadline starting to chafe?

Some developing countries appear to be uncomfortable with the extent to which political conditions in the US are setting the pace of the negotiations.

Speaking in New Delhi on 13 March at the same event as Lamy, Indian Commerce and Industry Minister Kamal Nath emphasised that India was not bound by the end-June expiry of the Bush administration's TPA. "There is no commitment by India for this deadline," he said. "If the content [of the proposed bargain] is acceptable... we can have it next week. Why should we even wait till June? But if its contents are not acceptable to India and to developing countries and if it doesn't meet the objectives of this round then 30 June is not a deadline."

At the seminar, which was entitled "Saving Doha and delivering on development," Nath stressed that a breakthrough in the negotiations would not be possible unless developed nations adequately responded to poor countries' livelihood concerns, reports the Press Trust of India. New Delhi has been a staunch proponent of allowing developing countries to shield as many as 20 percent of agricultural tariff lines from the full force of Doha Round liberalisation, in order to promote food and

livelihood security and rural development. In taking this position, it has clashed with the US in particular, which fears that unless such flexibilities are substantially restricted, they could close off the access to new markets that they are seeking for their own farm exports.

Sources present at the meeting report that several representatives from other developing country governments were similarly critical about the demands they were facing. They emphasised that the premier goal of the Doha Round should be to reduce distortions in developed country markets. For instance, Rob Davies, South Africa's deputy minister of trade and industry, said that in the negotiations on industrial tariffs, industrialised countries were asking developing ones to take on a greater degree of adjustment and social dislocation than they were willing to accept themselves.

The Indian minister added that for the Doha talks to be pushed forward, countries like the US would have to come forward with specific numbers for subsidy and tariff cuts soon. Borrowing a widely-used metaphor that compares the negotiations to a plane coming in to land, he said that there had been "good atmospherics without numbers," but that "good atmosphere is good for flying, but not for landing."

Multilateral process intensifying as bilaterals continue

In line with Lamy's exhortation to move towards 'full speed' multilateral talks, the chairs of the various Doha Round negotiating groups have already been meeting regularly with various groups of Members in an attempt to decide how to move forward - in spite of the absence of numbers. For instance, the agriculture chair has been emphasizing the need to 'multilateralise' discussions, and has said that he would soon produce a series of papers identifying convergence and divergence among Members' views on different aspects of the negotiations. The services chair is believed to be meeting with a group of about two dozen delegations in an attempt to map out what an eventual Doha Round services agreement might look like (see related stories, this issue).

Bilateral meetings, too, are set to continue. In Sao Paulo on 9 March, US President George W. Bush and Brazilian President Luiz Inacio Lula da Silva both promised to "lock" their trade ministers in a room with the single order to reach an agreement as soon as possible. "If the US and Brazil come to an understanding, it's easier for us to convince those who are still not participating in that agreement," Lula explained to a press conference.

Expressing the belief that the EU, the US, and Brazil had new concessions to offer, Lula hinted that bilateral talks might help overcome their reluctance to reveal them. "If we are intelligent enough and competent enough to pull out of our vest pockets the numbers that are still held secret... then we will find a common ground," he said.

"No deadline for solving WTO farm subsidies issue: Kamal Nath," DAILYINDIA.COM, 14 March 2007; "India not bound by any deadline on WTO talks: Nath," PRESS TRUST OF INDIA, 13 March 2007; "Doha's not dead yet: Washington gives kiss of life to world trade deal," THE AUSTRALIAN, 14 March 2007; "Brazil, U.S. intensify talks aimed at Doha breakthrough," ASSOCIATED PRESS, 10 March 2007; "Brazil Lula: Closer than ever to conclusion of WTO Doha Round," DOW JONES, 9 March 2007; "China blames WTO blockage on US and EU," FINANCIAL TIMES, 12 March 2007.

OTHER STORIES

US, BRAZIL AGREE TO COOPERATE ON BIOFUELS- BUT LEAVE OUT TARIFFS

The US and Brazil -- the world's two top ethanol producers -- on 9 March agreed to advance cooperation on the research and development of biofuels. However, they did not agree on any changes to the substantial tariffs that Brazilian ethanol producers currently face in the US market.

On the sidelines of US President George W. Bush's five-nation Latin American tour, US Secretary of State Condoleezza Rice and Brazilian Foreign Relations Minister Celso Amorim signed a memorandum of understanding to boost cooperation between the two countries at the bilateral, regional and global levels to promote the development of new biofuel technologies, stimulate private sector investment in biofuels, and elaborate uniform standards for green fuels.

The agreement described biofuels as a potential "transformative force in the region to to diversify energy supplies, bolster economic growth, advance social agendas, and improve the environment."

At the bilateral level, the two countries intend to advance the research and development of next generation biofuels technologies based on materials such as wood chips and switch grass. Presently, most biofuels produced in both countries are so-called first generation ones made using food crops: sugarcane in Brazil; corn in the US. In addition, the agreement seeks

to promote transfer of technology to other countries wanting to produce the fuel, starting with countries in Central America and the Caribbean.

"If we fund projects to produce biodiesel and ethanol in poorer countries, and then the richer countries buy biodiesel that's produced there, then we'll see that investments put into those countries have produced results, and even more important, generated jobs," Brazilian President Luiz Inacio Lula da Silva said at a press conference after the deal was signed.

At the global level, the two countries promised to seek to expand the development of a global market in biofuels by developing uniform standards and codes that will standardise the definition of ethanol, so it can be traded on global markets the same way as other commodities like oil. A week earlier, the US and Brazil announced the creation of an International Biofuels Forum creation to help develop a global biofuels market together with China, India, South Africa and the EU, which all are large potential consumers and producers (see BRIDGES Weekly, 8 March 2007, <http://www.ictsd.org/weekly/07-03-07/story3.htm>).

The US-Brazil agreement leaves aside the controversial issue of US tariffs on ethanol imports. Brazilian sugarcane-based ethanol is cheaper to produce than corn-based ethanol made in the US, as well as more efficient in terms of both energy and greenhouse gas emissions. However, Brazilian exporters face a 54 cent per gallon tariff barrier to the US market, in addition to a 2.5 percent ad valorem duty. The US government provides a subsidy of 51 cents for each gallon of ethanol mixed with gasoline that is effectively restricted to domestic producers because of the tariff. Washington also heavily subsidises the domestic production of corn. The deal signed in Sao Paulo did not address either the tariffs or the subsidies. Rather, the agreement mentions that issues related to domestic trade or tariffs should be raised in other fora. While Lula has complained about the tariffs as unfair, Bush told a press conference that they would remain in place. He explained that the law imposing the tariffs would expire in 2009, and that the US Congress would consider it then. The tariffs were first introduced in 1980, and have been repeatedly renewed since with some fluctuations in value.

In Washington, Senator Charles Grassley, a Republican from Iowa, expressed satisfaction that Bush and Lula had reached only a narrow agreement, as broader cooperation might have harmed US ethanol producers.

"A cynic might say that this deal is about stimulating demand elsewhere in the Americas to absorb Brazilian ethanol so that it doesn't threaten the US market," said

Ron Steenblik, who heads the Global Subsidies Initiative of the International Institute for Sustainable Development.

Officials from the US State Department and the Brazilian Ministry of External Relations respectively will oversee the implementation of the Agreement. Bush and Lula will meet at Camp David on March 31 to continue discussions.

ICTSD Reporting; "US, Brazil sign ethanol deal," ABC NEWS ONLINE, 10 March 2007; "Bush to sign biofuels pact in Brazil," THE ASSOCIATED PRESS, 9 March 2007; "U.S. and Brazil Sign Biofuels Cooperation Accord," ENVIRONMENT NEWS SERVICE 9 March 2007.

AGREEMENT ELUDES US AND KOREA IN FTA TALKS, DESPITE PROGRESS

South Korea and the US failed to conclude a free trade agreement during their final scheduled round of negotiations from 8-12 March in Seoul, although officials report substantial progress.

It is still not clear whether the two sides will manage to reach a deal in time for Washington's 31 March deadline. US agriculture negotiators are staying on in Korea this week in a push to bridge differences on the highly contentious issue.

During this, the eighth round of talks, officials managed to wrap up an accord on competition policy, government procurement, and customs affairs. They also agreed to simplify and expedite customs clearance for each others' goods. Eight other issues are very close to completion, including electronic commerce, telecommunications, investment, technical barriers to trade, labor and the environment. Both sides also agreed to exclude Korea's state-run banks from the FTA's provisions on financial services. However, the principal sticking points remain unresolved: agriculture, automotive trade, and Seoul's pharmaceutical policies among them.

US negotiators want to complete the deal by the end of March so that the Bush administration can submit it to Congress for a mandatory 90 day review followed by a yes-or-no vote without revisions before its trade promotion authority mandate expires on 1 July. Chief US negotiator Wendy Cutler said that the "...unprecedented progress we have made this week in the eighth and final round gives me increasing confidence that we can do this."

Despite her optimism, she acknowledged that "we still have our work cut out for us," according to a report in the Wall Street Journal.

Seoul still insists that rice, and other selected agricultural products, must be excluded from the deal despite Washington's insistence that there be no exceptions. South Korea has offered to break the standstill by lowering tariffs on other farm commodities in which the US has an interest. The two sides also need to resolve their spat over beef - Washington accuses Seoul of using spurious pretexts to deny US beef exports entry into its market (see BRIDGES Weekly, 13 December 2006, <http://www.ictsd.org/weekly/06-12-13/story6.htm>). Cutler called on South Korea to make progress on the beef issue, warning that it could affect Congress' willingness to accept an accord. Some Korean lawmakers have also threatened to withhold their approval if beef trade is not resolved to their satisfaction.

Washington wants the early elimination of Seoul's 8 percent tariff on automobiles, yet is seeking to remove its own tariffs on South Korean vehicles only gradually. Korea's vast surplus in automotive trade with the US - over USD 10 billion in exports, compared to USD 750 million in imports - has been one of the major irritants in the negotiations for Washington, which blames the imbalance on a raft of Korean tariffs and taxes. South Korea did agree to abolish the engine capacity-based tax levied on US cars.

Seoul ceded to US demands to structure the rules of origin for textiles to ensure that garments made in South Korea with cheap yarn from China would not be considered for tariff-free access. On 10 March, two US legislators urged US Trade Representative Susan Schwab to pursue the longest tariff phase-out possible for textile products, raising fears of a flood of Korean imports.

Small, informal, high-level meetings will be held in the next few weeks to try to find compromises on the sensitive issues that remain. These include pharmaceuticals and anti-dumping remedies (see BRIDGES Weekly, 28 February 2007, <http://www.ictsd.org/weekly/07-02-28/story5.htm>). In addition to the discussions this week in Seoul, high-level agriculture talks are scheduled for 19-21 March in Korea to attempt to reach a compromise on sensitive products.

Cutler and Chief South Korean negotiator Kim Jong-hoon will meet in Washington next week. But Cutler cautioned that "no matter how hard we work... there will be, even after our work in Washington next week, a

handful of issues that will probably need to be elevated above the chief negotiators level," implying that ministerial intervention may be necessary.

Korea's famously militant farmers, along with labour and other civil society groups, continued their protests against the negotiations in Seoul.

South Korea is anxious to expand its export markets, particularly to the US where its most expensive products, like cars and computer chips, are sold. If concluded, this FTA would be the US' biggest since the 1993 North American Free Trade Agreement (NAFTA).

"S. Korea, US head for high-level FTA talks to overcome remaining obstacles," YONHAP NEWS, 12 March 2007; "Riot police break up protest in Seoul," THE ASSOCIATED PRESS, 10 March 2007; "S. Korean Catholics ask God to stop FTA," THE ASSOCIATED PRESS, 9 March 2007; "US, South Korea near trade deal as deadline looms," REUTERS, 12 March 2007; "US and South Korea make headway on free-trade pact," INTERNATIONAL HERALD TRIBUNE, 12 March 2007; "Top-level talks in card for breakthrough in S. Korea- US FTA talks," YONHAP NEWS, 11 March 2007; "US lukewarm on main demands," THE KOREA TIMES, 11 March 2007; "US, South Korea trade deal in doubt," ALL HEADLINE NEWS, 13 March 2007; "Legislators speak out against US-SK trade deal," THE HANKYOREH, 14 March 2007; "Korea, US trade FTA concessions," THE KOREA TIMES, 13 March 2007; "S.Korea will not give up key farm goods at FTA talks with US: official," YONHAP NEWS, 14 March 2007; "U.S.-South Korea Talks Stumble," WALL STREET JOURNAL, 13 March 2007.

WTO BODY DEBATES PUBLIC, PRIVATE FOOD SAFETY STANDARDS

The debate on the pros and cons of private-sector standards related to food safety continues at the WTO. With regard to government standards and schemes, Members recently discussed, among others, Australia's stringent new risk management measures on imported shrimp.

Meeting in both formal and informal settings at the beginning of March, the Committee on Sanitary and Phytosanitary (SPS) Measures continued a debate initiated in 2005 by St. Vincent and the Grenadines on private sector standards. At the time, the small island state highlighted the challenges it faced when trying to access the EU market due to strict standards set by commercial supermarket chains (see BRIDGES

Weekly, 6 July 2005, <http://www.ictsd.org/weekly/05-07-06/story3.htm>).

In the meantime, the proliferation of private standards has continued. The UN Conference on Trade and Development (UNCTAD) estimates their number at around 400. It is not clear whether, and how, WTO rules apply to such standards. Yet, according to a background paper prepared by the WTO Secretariat (G/SPS/GEN/746, available at <http://docsonline.wto.org>), the distinction between voluntary private standards and official SPS measures is becoming increasingly blurry, as private requirements often become the industry norm, forcing those that do not comply out of business.

Argentina made this point during the meeting of the SPS Committee, noting that in order to be able to continue selling to large buyers, such as major supermarket chains, exporters are obliged to follow the standards these set. Members also discussed how, then, to focus technical assistance, with a number of countries favouring a focus on government requirements rather than branching out too much into private-sector territory.

The EU and Chile spoke in support of private standards, arguing that they help expand trade because exporters that comply have an easy time entering markets. The recent launch of international discussions on the development of standards for biofuels represents an example of an area in which participants hope to boost international trade and production through the development of standards (see BRIDGES Weekly, 7 March 2007, <http://www.ictsd.org/weekly/07-03-07/story3.htm>).

Other countries, including the Bahamas, Brazil, Cuba and Egypt countered, however, that private standards pose significant challenges to small countries and traders. First, the standards are expensive to comply with; and second, they may conflict with government or international standards. In addition, the numerous standard-setting systems often do not recognise one another as equivalent, meaning exporters may need to prove compliance with several different schemes.

St. Vincent and the Grenadines circulated a new communication (G/SPS/GEN/766), noting the negative effects of private standards on small farmers in particular, and claiming that the standards are "in conflict with the letter and spirit of the SPS Agreement, veritable barriers to trade and having the potential to cause confusion, inequity and lack of transparency." The submission pointed to the compliance costs as well as the arbitrariness and lack of objectivity of the verification system -- something small farmers and

economies lack the capacity to tackle. It proposed the creation of a support facility for producers in small and vulnerable economies. The paper also suggested involving producers as well as international standard-setting bodies in the development of private standards, and suggested that the standards should be more flexible, taking into account specific crops and country situations.

Shrimp imports to Australia - a case in point

Discussions at the SPS Committee also focused on measures implemented in Member countries. Among those discussed was Australia's recent push to tighten its quarantine and control requirements on shrimp imports.

The new regulations would affect imports from China and several Southeast Asian countries. Thailand said the measures were overly restrictive, and asked Australia to accept its safety testing and measures. Thai representatives made this plea both at the WTO meeting, and an Association of Southeast Asian Nations (ASEAN) gathering on the same subject.

Under the SPS Agreement, WTO Members are allowed to set a standard of human and plant protection that they consider 'appropriate', but any trade restrictions must be backed by a scientific risk assessment and applied only to the extent necessary to attain the stated goal.

Even within Australia, the new regulations proposed by Biosafety Australia, a government body, have been controversial. Scott Walter of the Australian Prawn Farmers Association (APFA) welcomed the move, saying that "Australia's disease-free status is highly valued and well worth defending in the interests of future food production and preserving native seafood resources for future generation," especially as "Australia is an island nation with a mainland coastline of 36,000km, including the World Heritage-listed Great Barrier Reef, with many species of crustaceans that are vulnerable to exotic disease." Harry Peters, chair of the Seafood Importers Association of Australia, warned, however, of shrimp shortages and rising prices due to "expensive testing and strict rules," which may well "mean the death of the prawn cutlet and cheap sweet and sour prawns."

The US, at a separate meeting of the Trade Policy Review Body examining Australia's trade policies on 5 March, also drew attention to the country's strict SPS measures. The US said "given that Australia is one of the foremost supporters of agricultural liberalisation in the WTO, we would expect it to seriously consider changes that would ensure the health and safety of its

agriculture and food supply while minimising negative effects on trade."

ICTSD reporting; "Ban imported prawns, warns industry," THE AUSTRALIAN, 21 February 2007; "Prawn bans on the nose," HERALD SUN, 2 March 2007; "US urges Australia ease food trade health rules," REUTERS, 6 March 2007.

IN BRIEF

THAI GOVERNMENT EXPLAINS COMPULSORY LICENCE POLICY ON PATENTED DRUGS

Thailand's government on 8 March released a report elucidating why it recently decided to suspend patent protections on three drugs by issuing compulsory licences for the production and import of generic versions of them.

The explanation follows much debate about the process by which Bangkok granted the licences (see BRIDGES Weekly, 31 January 2007, <http://www.ictsd.org/weekly/07-01-31/story2.htm>). The pharmaceutical industry argues that the government went too far by suspending patents without adequate prior negotiations with the patent holders.

According to the WTO TRIPS Agreement, governments do not need to negotiate with patent holders prior to issuing a compulsory licence for national emergencies or public non-commercial use (though they must provide them with a royalty fee as compensation).

The Thai document emphasises that the principal rationale behind the compulsory licenses was to achieve universal access to essential medicines through the government's non-commercial public healthcare programmes. Pointing to rapidly rising drug costs, it said that this policy demonstrated the Thai "government's commitment to put the right to life above the trade interest." The report stressed that the licences had been issued in full compliance with national and international laws, noting that US Trade Representative Susan Schwab did not dispute this. It also claimed that the licences would not affect the country's very small market for patented drugs.

Addressing the demands for prior negotiation with the patent holders, the report argues that not only were such consultations legally unnecessary, the government's attempts to work with companies between 2004 and 2006 yielded little in the way of

lower prices. "It is only after the threat or the decision to use and implement compulsory licensing or government use of patent that the negotiation will be more successful and effective," it said. The paper pointed to praise for the government's decision from public health groups. It also described how the quality of generic versions of the drugs would be ensured. Notably, it did not rule out the possibility of further compulsory licences.

The report also pointed out that developed countries have made extensive use of compulsory licences (or the threat thereof) on public health and anti-competition grounds.

Meanwhile, drugmaker Abbott Laboratories -- whose HIV/AIDS medicine was one of the three issued compulsory licenses by the government - has decided against launching new drugs in Thailand.

The report is available online at <http://www.moph.go.th/hot/White%20Paper%20CL-EN.pdf>.

"Abbott Won't Launch New Drugs In Thailand After Patent Revocation," WALL STREET JOURNAL, March 13, 2007; "Thailand Presents Report On Compulsory Licensing Experience," INTELLECTUAL PROPERTY WATCH, 12 March 2007.

WTO IN BRIEF

RECENTLY- ACCEDED MEMBERS TABLE NEW AGRICULTURAL PROPOSAL

A group of fifteen WTO Members* that joined the global trade body after 1996 circulated a new proposal on 13 March spelling out their demands for softer tariff cuts and longer implementation periods than whatever is eventually agreed to in the Doha Round agriculture negotiations for developing countries in general.

The sponsors of the paper (TN/AG/GEN/24), which include China, argue that they deserve additional flexibility because of the deep liberalisation commitments they made during the accession process - concessions that went far further those required of countries already belonging to the WTO when it came into being in 1995.

Specifically, the recently-acceded Members (RAMs) want to be allowed to make tariff cuts half the size of the percentage reductions that other developing countries would have to make under the formula. They

would also like tariffs at 10 percent or lower to be spared from cuts altogether. The paper proposed a complete exemption from farm tariff reduction for small, low-income RAMs with economies in transition (such as Moldova and the Kyrgyz Republic).

With regard to farm subsidies, according to the proposal, RAMs with a bound commitment for trade-distorting amber box subsidies would not be obliged to reduce their current de minimis level. Furthermore, small, low-income transition economies would not have to reduce their amber box or de minimis support.

The paper proposes that RAMs, when implementing Doha Round commitments for cutting tariffs and subsidies, "shall have a grace period of five years, and shall be granted an implementation period of at least 5 years longer than other developing country Members." It is not clear precisely what this would mean: whether RAMs would be able to wait five years within their extra-long implementation periods before having to start fulfilling their commitments, or whether their longer implementation periods would be preceded by an additional five-year gap.

In case a recently-acceded Member's time frame for implementing accession-related obligations overlaps with the Doha implementation period, the paper specifies that it would be able to wait until five years after the end of the former before starting to implement new commitments.

*The paper was co-sponsored by Albania, Armenia, China, Croatia, Ecuador, Macedonia, Jordan, the Kyrgyz Republic, Moldova, Mongolia, Oman, Panama, Saudi Arabia, Taiwan, and Vietnam.

ICTSD reporting.

EVENTS AND RESOURCES

EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web calendar at: <http://www.ictsd.org/cal/index.htm>. If you would like to submit an event, please email events@ictsd.ch.

Upcoming Events: 15-20 March 2007

15-16 March, Geneva, Switzerland. UNCTAD EXPERT GROUP MEETING ON THE DEVELOPMENT IMPLICATIONS OF REGIONAL TRADE AGREEMENTS (RTAs) AND THEIR INTERFACE

WITH THE MULTILATERAL TRADING SYSTEM.

Organised by the UN Conference on Trade and Development (UNCTAD), the Expert Meeting will aim to identify practical lessons for policy options in regional and multilateral integration processes. Participants will address recent trends in RTAs and their developmental and systemic implications; specific market access issues in regional trade negotiations in goods and services; regulatory provisions, including intellectual property rights, investment and competition policies; South-South trade integration and cooperation; and the manner in which RTAs and the multilateral system interact with each other and possible synergies and complementarities between the two processes. For more information, contact Mina Mashayekhi (Mina.Mashayekhi@unctad.org) or Taisuke Ito (Taisuke.Ito@unctad.org); internet: <http://www.unctad.org/Templates/meeting.asp?intItemD=2068&lang=1&m=13242>.

15-16 March, Nairobi, Kenya. INTERNATIONAL CONFERENCE ON LINKAGES BETWEEN TRADE, DEVELOPMENT, AND POVERTY REDUCTION. The Consumer Unity and Trust Society International (CUTS) has organised this conference to bring together project partners from 15 countries across South-East Asia, Southern Africa, and Europe with representatives from inter-governmental agencies, civil society, and research organizations to discuss the involvement of civil society in implementing aid for trade programmes. internet: <http://www.cuts-citee.org/events/htm>.

17 March, Lahore, Pakistan: National Meeting and Experts' Roundtable on Trade in Services and Sustainable Development. Organised by the International Centre for Trade and Sustainable Development, in collaboration with the Lahore University of Management Sciences. The National Meeting will provide a forum where the findings of a Pakistan case study commissioned by ICTSD will be presented. The country study, which focuses on Pakistan's construction and related engineering services, architecture services, engineering and integrated engineering services, energy services, and environmental services seeks to analyse the relevance of the services sector in advancing the sustainable development goals of Pakistan, the opportunities and risks appurtenant to liberalising trade in selected services sectors or modes of supply and possible options regarding the corollary regulatory reform and other flanking measures that may be needed to achieve these goals, will be presented. Following on from the National Meeting there will be an Experts' Roundtable which will focus on construction and related engineering services. The main elements raised during the discussion will be compiled into a roadmap for implementation. This roadmap will constitute a practical tool for policy makers to take the next step and

translate the domestic interests identified in each priority sector into specific domestic reform proposals. For more information e-mail: hullrich@ictsd.ch; tel: +41 (0)22 917 88 46; fax: +41 (0)22 917 80 93. http://www.ictsd.org/issarea/services/roundtable/2007-03-17/2007-03-17_desc.htm

18-19 March, Beijing, China. CHINA DEVELOPMENT FORUM 2007. Organised by the China Development Research Foundation, under the banner of "Towards New Models of Economic Growth," this forum will bring academics and senior personnel from business and international organizations together with Chinese government officials, executives, researchers and economists to discuss a variety of topics including environment, income distribution, technology, and growth dynamics. internet: <http://www.cdrf.org.cn/2007cdf/index.htm>

19-23 March, Geneva, Switzerland. UN CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD) COMMISSION ON INTERNATIONAL TRADE IN GOODS AND SERVICES, AND COMMODITIES, 11th SESSION. The key issues to be addressed at this high-level session include possibilities for networking among regional trade agreements of developing countries in order to share experience and insights; commodity sector development as an essential element of poverty reduction; a review of UNCTAD's work in regard to non-tariff barriers and market access; and the development implications of trade in services. internet: <http://www.unctad.org/Templates/meeting.asp?intItemID=1942&lang=1&m=12761>.

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.

15-16 March: COTTON HIGH-LEVEL SESSION

19 March: COMMITTEE ON TRADE AND DEVELOPMENT - SPECIAL SESSION

19 March: COUNCIL FOR TRADE IN GOODS

20 March: DISPUTE SETTLEMENT BODY

Other Upcoming Events

26-29 March, Geneva, Switzerland. SOUTH CENTRE WORKSHOP ON TRADE IN SERVICES. Organized by South Centre, an intergovernmental organization of developing countries, the theme of this year's workshop is "Linking Multilateral and regional processes of negotiations on trade in services: What is at stake for least-developed countries?" Some of the issues to be discussed include the development challenges of LDCs arising from WTO and EU Economic Partnership Agreement (EPA) negotiations, development strategies, and the strategic role of services. internet: http://www.southcentre.org/Events/2007Mar_Services_Workshop.htm

28-30 March, Oslo, Norway. THE OSLO CONFERENCE ON GOOD GOVERNANCE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY. The Oslo Conference aims to take the ongoing debate about business and sustainability beyond corporate social responsibility by providing a platform for an integrated approach comprised of key players from government, business, academia, trade-unions and non-governmental organisations (NGOs). The conference is hosted by the Norwegian Ministry of Foreign Affairs in cooperation with the World Business Council for Sustainable Development, UN Environment Programme (UNEP), the Global Reporting Initiative (GRI), the Norwegian Ministry of the Environment and the City of Oslo. internet: <http://www.csr-oslo.org/>

30 April to 11 May, New York, United States: 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; internet: <http://www.un.org/esa/sustdev/csd/policy.htm>.

RESOURCES

RESOURCES

A FARM BILL FOR THE WORLD & A FARM BILL FOR AMERICA. Institute for Agriculture and Trade Policy (IATP), March 2007. These are the first two briefs in a series that will continue throughout the year on the US 2007 Farm Bill. The IATP analyses what is at stake for all of us- from farmers and rural communities to the environment and public health, and offers recommendations on reform and fairness of the Farm

Bill. Briefs to follow will analyze and make recommendations on energy, hunger, immigration, market concentration, and public health issues related to the 2007 Farm Bill. Both briefs are available online at: <http://agobservatory.org>

WORLD TRADE AND DEVELOPMENT REPORT 2007: BUILDING A DEVELOPMENT-FRIENDLY WORLD TRADING SYSTEM. By the Research and Information System for Developing Countries (RIS). Oxford University Press, New Delhi, 2007. This report takes a development perspective on the multilateral trade negotiations of the Doha Round and proposes an agenda for making the trading system more development friendly. It first examines the development of the multilateral trading system and its implications and contradictions for development. It goes on to address some major areas of negotiation, namely agriculture, market access for industrial goods, services, trade facilitation, intellectual property rights, and dispute settlement rules. The purpose of the report is to present an inventory of policy options that developing countries could pursue to make the multilateral trading system more responsive to their needs and encourage developing countries to cooperate in order to strengthen their bargaining power. Order or read the report online at http://www.ris.org.in/wtdr2007_report.htm.

DO SOUTH-SOUTH TRADE AGREEMENTS INCREASE TRADE? COMMODITY LEVEL EVIDENCE FROM COMESA. By Anna Maria Mayda and Chad Steinberg. International Monetary Fund Working Paper, February 2007. Despite the rapid proliferation of South-South trade agreements in the past decade, the impact of these agreements is largely unknown. This paper investigates the static effects of South-South preferential trade agreements resulting from changes in trade patterns, using the effects of the Common Market for Eastern and Southern Africa (COMESA) on Uganda's imports from 1994-2003 as a case study. The paper finds that COMESA's preferential tariff liberalisation has not significantly increased Uganda's trade with member countries, though the effect varies across sectors. There is also no evidence of trade-diversion effects. Read the paper online at <http://www.imf.org/external/pubs/ft/wp/2007/wp0740.pdf>

Back issue of BRIDGES Weekly Trade News Digest® can be accessed at: <http://www.ictsd.org/weekly/archive.htm>:

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