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LEAD STORIES

NAMA CHAIR: MEMBERS FINALLY GETTING READY FOR "A REAL NEGOTIATION"

WTO Members are still far from agreement on how to cut tariffs on manufactured goods, the chair of the Doha Round negotiations on non-agricultural market access acknowledged this week.

Key countries remain divided on the figures that will determine future manufacturing tariff levels for industrialised and developing nations. However, there is increasing convergence on the 'structure' for the formulae and exceptions into which those numbers would be plugged. Chair Ambassador Don Stephenson (Canada) said at a 14 April session of the negotiating committee that countries were getting ready for a "real negotiation" - after no less than "two years of positioning."

Stephenson was reporting on what he had heard in recent one-on-one 'confessional' meetings with most of the countries due to apply the standard tariff reduction formula: all industrialised nations and roughly 30 of the larger developing economies.

In order to support the real negotiation's chances of culminating in an agreement, Stephenson is expected to come up with a revised draft text outlining where a deal might lie by the end of April or early May. This text, along with a companion draft from the chair of the agricultural committee, would serve as the basis for a 'horizontal' negotiating process of cross-sectoral tradeoffs. If enough of the remaining differences can be resolved, ministers from many WTO Members would gather to hammer out a framework deal on agriculture and industrial trade.

Delegates say that a 'mini-ministerial' meeting is tentatively being aimed for during the week starting 19 May, but that this might be overly optimistic.

Wide support for limited sliding scale

The NAMA chair was not exaggerating about how long Members have been jockeying for position. Unlike the

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agriculture negotiations, only a handful of figures are at play in the NAMA talks. These parameters will determine where countries are likely to gain market access or see domestic manufacturing displaced by imports. On two of the most crucial ones - the formula 'coefficients' that will determine future tariff levels for developed and developing countries, and the 'flexibilities' for the latter to shield some products from tariff reduction - countries have long been deeply divided.

In an earlier draft agreement text circulated in February, Stephenson suggested that in search of a deal, Members might explore tradeoffs between the formula and the flexibilities. The link between the formula and the flexibilities is straightforward: countries might accept deeper tariff cuts if assured greater latitude to protect sensitive sectors from those very tariff reduction obligations, and vice versa.

Stephenson subsequently outlined different potential ways to trade ambition against flexibility (see [BRIDGES Weekly, 5 March 2008](#).) The one that has received the widest support is a limited 'sliding scale' approach with three options for future developing country coefficients, each paired to different figures for the proportion of products eligible to be shielded either partially or fully from tariff reduction.

Precisely what these coefficients will be, as well as the 'pivot' around which they will vary against the flexibility figures, can only be decided by ministers, "or at least at a later stage in the negotiations," Stephenson said.

Nevertheless, in addition to the limited sliding scale approach, some signs have begun to emerge about the potential content of Stephenson's future text.

For instance, he told Members that his consultations had revealed a "clear consensus" to bring back the figures for flexibilities that were present in the first text that he issued, in July 2007. These provided for allowing developing countries to subject 10 percent of tariff lines to reductions half as steep as those ordinarily required (so long as this does not cover more than a tenth of manufacturing import value). Alternatively, they would be allowed to exclude 5 percent of tariff lines from reduction altogether (albeit limited to only 5 percent of total import value). Stephenson had entirely removed these figures from his February text in his attempt to stimulate discussion of the relationship between the formula and the flexibilities.

On the coefficients, however, there is little convergence even on where the discussion should start. Stephenson said that a few countries suggested that his new text should contain no figures at all. However, "most

Members" preferred ranges of numbers on which ministers could negotiate.

Stephenson's February text, like its July 2007 predecessor, called for coefficients of 8 or 9 for developed countries, and 19-23 for developing countries. A country's coefficient becomes its tariff ceiling after the formula is applied, with all tariffs cut to below that level (except those subject to flexibilities).

These ranges were sharply criticised by members of the NAMA-11 group such as Argentina, Brazil, and India, which argue that they demand far more of developing nations than of industrialised countries, and are disproportionate to the farm reforms on offer in the agriculture negotiations. Meanwhile, developed countries, notably the EU and the US, said that the figures for developing countries were at the very upper limit of what they might accept.

For his upcoming text, Stephenson said that while a majority of countries could live with the figures in his February text, "many Members" would support a range that included lower coefficients for developed countries. However, the EU and the US insisted that they could not accept coefficients lower than 8. Norway, on the other hand, suggested that it could consider doing so.

One negotiator suggested that the "very strong demand" from many developing countries for a rich country coefficient of below 8, if not met, could also serve as diplomatic positioning: if the US and the EU are unwilling to go further, it might strengthen developing countries' own pursuit of a coefficient higher than 23.

Like most industrialised countries, the US and the EU have binding caps on their manufacturing tariffs at an average of well below 8 or 9 percent. However, a handful of politically sensitive sectors - often those, such as textiles, in which poor countries are competitive exporters - have been shielded to a significant extent from half a century of liberalisation. A coefficient of 5 or 6, say, might not make a substantial difference to duties already at 2 or 3 percent, but would mean even sharper cuts for these higher tariffs, prompting opposition.

According to the Washington-based Progressive Policy Institute, a narrow range of household goods such as clothes, shoes, luggage, linens, and plates and cutlery account for three-fifths of US customs revenue, although only 7 percent of imports. Exports from the poorest countries face the highest tariffs of all. Thus, Cambodia's exports - principally clothing - face an average tariff of 17 percent in the US market, while Britain, with its different export base, faces duties of only 0.7 percent.

Also contentious was the connection between developing country coefficients and their participation in optional 'sectoral' liberalisation initiatives. Stephenson said that while many Members admit that there is a "notional link" between the two, they disagree on the strength and relevance of this connection.

Many sectoral liberalisation initiatives have been proposed, most involving the elimination or very significant reduction of tariffs once enough countries sign on to account for a 'critical mass' of world trade. Countries such as the US, Canada, Switzerland, and Thailand expressed support for granting developing countries a higher coefficient if they participate in sectoral initiatives. India, Pakistan, Brazil, and others spoke against the idea, sources said.

Stephenson described sectorals as a "deal-maker", though not necessarily a deal-breaker. US business groups are particularly keen to see major developing country markets participate in sectoral liberalisation initiatives for goods such as chemicals and electrical products.

The US auto industry is pushing for an agreement on non-tariff barriers related to auto trade. However, Stephenson said this week that a recent meeting on non-tariff barriers was "a complete waste of time," with some countries still questioning the need for sector-specific interpretations of WTO rules aimed at ensuring that regulations, standards, testing and certification procedures do not create unnecessary obstacles to trade.

China makes new RAMs proposal

Recent weeks have also seen some new proposals in the NAMA negotiations.

For instance, China called for the four recently acceded WTO Members (RAMs) that will have to apply the tariff reduction formula (itself, Taiwan, Croatia, and Oman) to receive a three to five year 'grace period' before having to implement Doha Round tariff cuts for which they were still implementing far-reaching accession-related tariff cuts at the start of 2003. It also called for these RAMs to be granted a higher coefficient than that agreed for developing countries, as well as for allowing them to make 'half-formula' cuts to a greater number of tariff lines. The proposal did not mention one of China's earlier demands, for a coefficient 1.5 times higher than that for other developing countries.

The EU and the US each called China's proposal "unacceptable," sources say. The US described it as "incompatible with what is expected from one of the biggest beneficiaries of the Doha Round." Japan,

Mexico, Korea, Switzerland, and Turkey were among other countries reluctant to countenance extra flexibilities for China.

A new paper from Mercosur called for allowing the share of manufacturing imports eligible for coverage by the flexibilities to be expanded, sources say. Mercosur, which includes Argentina, Brazil, Paraguay, and Uruguay, has previously argued that members of customs unions should be allowed to shelter a higher number of tariff lines from the full force of tariff reduction, since maintaining their common external tariff would require them to have a common list of sensitive products.

The African, Caribbean, and Pacific (ACP) group of countries identified some additional products for which they would like the US and the EU to be granted longer time periods to phase in tariff cuts, so as to slow the effects of preference erosion.

Senior officials' involvement needed

In his concluding remarks, Stephenson said that if Members do indeed end up trying to strike a modalities deal in May, some sort of negotiation process among senior officials would be necessary to set the stage for ministerial discussions.

Comparing the industrial goods talks to the agriculture talks, in which senior officials from key countries have been meeting on and off for months, he told delegates that "in NAMA, you desperately need a senior officials-level process, because you're not real close [to an agreement] yet." Implicitly referring to the farm trade negotiations, where small groups of countries have met on their own to try to thrash out various issues, he said that "these [NAMA] discussions are not moving forward elsewhere."

Stephenson has not scheduled any meetings before the end of the month, around which time he is expected to issue a new draft text.

Meanwhile, other preparations are underway for a modalities push in May. At a 15 April 'green room' meeting with WTO Director-General Pascal Lamy, ambassadors from some delegations discussed how a "signalling conference" on services trade might work, so that countries could provide some indication of the sort of market opening commitments they might offer if a deal were imminent on agriculture and NAMA.

However, some trade diplomats think that May is too soon, and that July would be more realistic. June may not be practical for a mini-ministerial meeting in Geneva

for reasons quite unrelated to the minutiae of the Doha Round negotiations: the European football championship, held that month in Switzerland and Austria, will make both security and hotel rooms hard to come by.

As for whether a deal on NAMA is even achievable, despite the longstanding divisions, Stephenson said "It still seems to me to be possible that for those of you who want an outcome, it's within your reach. And those of you who don't, there's not really much I can do for you."

ICTSD reporting.

OTHER NEWS

AG: POSITIONS HARDEN ON SPECIAL PRODUCTS, SPECIAL SAFEGUARD MECHANISM

WTO Members are failing to converge on special treatment for developing countries in the Doha Round agriculture negotiations. Countries largely repeated established positions on these issues earlier this week. The chair of the negotiating committee on 15 April even suggested that the talks were going "backwards."

Particularly controversial at the committee meeting, open to the entire WTO Membership, were the treatment and number of 'special products' that developing countries will be able to shield from standard tariff cuts on the basis of food security, livelihood security and rural development needs. Also prominent was the 'special safeguard mechanism' (SSM), which developing countries will be able to use to raise tariff levels temporarily in the event of an import surge or price depression.

Many members believe that an anticipated 'horizontal process' of trade-offs between negotiations on industrial goods, agriculture, and possibly also services cannot begin without greater clarity on special products and the SSM, which a large number of developing countries see as critical to the outcome of the talks on agriculture.

If negotiations make enough progress, Chair Ambassador Crawford Falconer (New Zealand) suggested that he may issue a revised draft text for a potential deal around the end of April.

Sources say that WTO Members are tentatively aiming to resolve enough issues on agriculture and industrial trade to make it possible for ministers to meet starting the week of 19 May to finalise the compromises necessary for a deal. However, without movement on special products and the SSM it is unlikely that ministers would be in a position to strike an accord on agriculture by then.

Exporters circulate new proposal on special products

A group of exporting countries (Australia, Canada, Costa Rica, Malaysia, New Zealand, Paraguay, Thailand, United States and Uruguay) last week circulated a paper calling for allowing developing countries to designate no more than 8 percent of tariff lines as 'special' - in contrast to the 20 percent favoured by the G-33 group.

As per the new proposal, half of these 'special' tariff lines would be subject to a 25 percent cut, and the other half would undertake a 15 percent reduction.

Countries could be allowed to fully exempt no more than 1 percent of tariff lines from reduction, provided that these did not cross certain import value and South-South trade thresholds. In this case, only 3 percent of tariff lines would be eligible for the 15 percent cut.

The G-33 group of developing countries, which has championed the notion of both special products and the SSM, has called for 8 percent of tariff lines to be exempt. In a statement, the group said that the exporters' proposal was not constructive, and that it "widens the gap" on special products.

The G-33 charged that the conditions on the reduction-exempt 'super-specials', especially the requirement that they should not account for more than 0.5 percent of a country's total imports for a product, would render the flexibility essentially meaningless.

The group also called for an "exchange mechanism" between special products and 'sensitive' products, which all countries, developed and developing, will be able to slate for gentler tariff cuts in exchange for expanded import quotas. It argues that this is necessary, since many developing countries do not have tariff rate quotas, and will not be able to fully benefit from the use of sensitive products. The exchange rate tabled by the G-33 is three to two, i.e., an entitlement to designate 3 percent of products as sensitive products should be convertible into an additional 2 percent of special products (up to a maximum of 25 percent of all tariff lines).

Sensitive products

Six countries had been expected to provide explanatory notes regarding a complex agreement that they reached two weeks ago on how to calculate tariff rate quota expansion for sensitive products (see [BRIDGES Weekly, 11 April 2008](#)).

However, due to a lack of internal agreement on sub-categorisation and sub-allocation - under which broad product categories would be split into narrow ones so that specific products can be protected - the notes were not submitted.

Tropical products and preference erosion

In recent weeks the talks on sensitive products have looked at the tension between separate mandates for speedy trade liberalisation for tropical products and steps to address the effects of the erosion of longstanding trade preferences for some of the same crops, notably sugar and bananas.

Preference beneficiaries in the group of African, Caribbean, and Pacific countries want their key export markets to designate these products as 'sensitive'. By reducing the depth of multilateral tariff cuts, this would minimise the extent to which the margin of their preferential access would be eroded.

On the other hand, the tropical products group - mostly Latin American countries that do not receive trade preferences - insists that the Doha mandate provides for the 'fullest liberalisation' of trade in tropical products.

Members of the ACP stated that there can be no hierarchy in the between tropical products and preference erosion.

During informal consultations, members of the tropical products group have met with developed countries to agree on a potential list of tropical products that would not appear on a list of sensitive products, a delegate said. The proposed list would be a compromise between the two interested groups and not one based on a strict definition of tropical products.

Special safeguard mechanism

On the special safeguard mechanism, the G-33 softened its stance, moving away from a call for all products to be eligible for increased duties under the SSM to saying that product coverage will be equivalent to the percentage of tariff lines covered by the existing special agricultural safeguard (SSG) used primarily by developed nations.

This stance is a departure from the draft text circulated by Falconer in February. That text contained options for either all products or a given percentage to be eligible for the SSM. The G-33's recent proposal of equating the number of tariff lines eligible under the SSM with the SSG may be a move towards a compromise.

Exporting countries have opposed provisions in the SSM that would allow members to raise applied tariffs to bound levels, citing the Chilean Price Band case. In that case, the WTO Appellate Body ruled that Chile's tariffs on farm products including wheat and sugar, which varied automatically against market prices and other external factors, were not in accordance with the Agreement on Agriculture's provisions against 'variable import levies' and 'minimum import prices'.

The G-33 has stated that a sovereign nation may raise its tariffs to bound levels without it being considered a variable import levy if it is an administrative procedure, and not an automatic response. Moreover, the G-33 reiterated that for the SSM to be effective, additional duties would have to be able to push tariffs beyond bound levels if necessary.

Next steps

The Chair proposed three possible alternatives in the preparation for the text expected in the week of 28 April.

The text could include the six-country compromise on sensitive product data verbatim, an alternative proposal, or a new compromise that would allow minister to make tradeoffs in mid-May.

The 15 April meeting is set to be reconvened at the end of the week, since delegations were not able to complete their interventions. Until then, intensive consultations on special products, tropical products, and preferences are set to continue.

ICTSD reporting.

IN BRIEF

**US LAWMAKERS EXTEND FARM BILL
FOR A WEEK WHILE PURSUING
COMPROMISE**

With lawmakers in Washington still struggling to come to agree on a new farm bill, the US House of Representatives on 16 April voted for a one-week extension to the current bill.

As the American planting season begins, US farmers have stressed that if no agreement can be reached, the current farm bill must be renewed for the full year so as to allow them to plan their harvests. The new deadline for the farm bill to expire is 25 April.

While both the House and the Senate approved their own versions of a farm bill last year, a joint committee charged with reconciling the two bills has not been able to agree on how farm spending for the next five years will be funded.

The current bill originally expired last September, but has been extended several times as lawmakers have debated potential reforms.

Rising farm incomes and the bump in commodity prices have led some critics to question the validity of the farm subsidies, but farmers argue that the US must subsidise to stay competitive on world markets.

One of the major sticking points in the current negotiations revolves around a so-called disaster relief fund. A stipulation in the Senate's proposed bill allots \$5.1 billion for a fund to protect farmers from droughts, tornadoes, and other natural disasters that could ruin an entire year's harvest. There is no such provision in the House's bill, but farmers have lobbied hard for its inclusion in the final legislation, with support from influential farm state senators.

The current proposed version of the bill allows for \$268 billion to be spent on farming and nutrition programs, but the plan calls for the money to be raised with new taxes and creative accounting methods described by critics as 'gimmicks.' Lawmakers are scrambling to find new sources of funding for the bill, as President George W. Bush has made it clear to Congress that he would veto any farm bill reform that raises taxes.

Conservationists are also worried, as lawmakers have proposed slashing funding to key conservation programs that have been sustained by the current farm

bill. However, they are worried that potential improvements to conservation plans might be lost if a new bill is not approved.

ICTSD reporting; "Opposition surfaces to Farm Bill Proposal" ASSOCIATED PRESS, 28 February 2008; "Land Once Preserved Now being farmed," US NEWS AND WORLD REPORT, 31 March 2008; "Congress debating bill to keep farm subsidies", SAN FRANCISCO CHRONICLE, 15 April 2008.

ASEAN COMPLETES FTA WITH JAPAN

The Association of Southeast Asian Nations and Japan have finished signing a free trade agreement, with the formal assent of Malaysia on 14 April.

Malaysia was the last member of the ten-country trading bloc to sign the ASEAN-Japan Cooperative Economic Partnership (AJCEP). Finalised last November, the pact, which calls for the elimination of tariffs on 90 percent of goods within ten years, should come into effect later this year. The comprehensive agreement also includes investor protections and provisions on services trade.

Before the agreement can enter into force, ASEAN countries -- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar (Burma), the Philippines, Singapore, Thailand and Vietnam -- must gain domestic legislative approval. AJCEP will become active on a country by country basis within two months of the first ASEAN member country gaining domestic approval.

Japanese Foreign Affairs Minister Masahiko Koumura released a statement saying "Japan hopes the agreement will further invigorate the trade and investment relations between Japan and ASEAN and enhance economic attractiveness of the Japan-ASEAN region."

Tokyo already has bilateral trade agreements in place with six of the ten ASEAN countries, but this is the first time that it has entered into an agreement with a multinational bloc.

Observers close to the foreign ministry say that Tokyo has long-term hopes of a more comprehensive trade programme including China, India, and Australia, but such a program is still in the thought process stage.

Along those lines, India has announced its hopes to have a comprehensive economic agreement with ASEAN completed by August, as it has completed

bilateral negotiations with all member countries except for Indonesia.

ICTSD reporting; "India bridges gap with ASEAN on trade pact" THE ECONOMIC TIMES, 15 April 15, 2008. "Japan, ASEAN finish inking free trade pact: statement," AGENCE FRANCE PRESSE, 14 April 2008.

EVENTS & RESOURCES

EVENTS

Coming up: 17- 23 April

19 April, Accra, Ghana. TRADE COMMODITIES AND DEVELOPMENT: PERSPECTIVES ON A DEVELOPMENT AGENDA IN COMMODITIES TRADE. This South Centre Side event, meant to correspond to the UNCTAD XII, will attempt to highlight the importance of taking action to address the problems linked to commodity dependence in developing countries, especially Africa. The event is aimed at Government representatives from both developed and developing countries, officials from IGOs, civil society in general, and media. For more information, please refer to the South Centre Website at http://www.southcentre.org/Events/2008/2008Apr_UNCTADXII_Side_Event_19April.htm.

20 April 2008, Algiers, Algeria. SEMINAR ON WTO ACCESSION ISSUES AND THE ROLE OF THE LAW-MAKING BODIES OF ALGERIA. This seminar is organised by UNCTAD in collaboration with the Senate (Conseil de la Nation) of Algeria for Members of the Algerian Senate and Parliamentarians. The objective is to help foster a better understanding of the WTO accession negotiations process and build the necessary support for Algeria's legislative and regulatory trade related reforms and, thus, resolve any remaining obstacles in Algeria's WTO accession process. 150 participants are expected to take part in the seminar. In addition to the Members of the Senate and the Chairs of the main committees of the Parliament, representatives of the civil society, national private sector, academia and research institutions as well as the media have been invited. For more information, please see the UNCTAD website at <http://www.unctad.org/Templates/Meeting.asp?intItemID=2068&lang=1&m=15343&year=2008&month=4>.

20-25 April. Accra, Ghana. TWELFTH SESSION OF THE UN CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD XII): This Conference, which is the highest decision-making body of UNCTAD,

will focus on the theme "Addressing the opportunities and challenges of globalization for development." The conference hopes to enhance coherence at all levels for sustainable economic development and poverty reduction in global policy making, discuss key trade and development issues, and enhance the enabling environment at all levels to strengthen productive capacity, trade and investment. For more information please e-mail: info@unctad.org or visit the conference website at <http://www.unctad.org/Templates/Meeting.asp?intItemID=4287&lang=1>.

21 April, London, England. INDIA'S ENGAGEMENT WITH THE AFRICAN INDIAN OCEAN RIM STATES. This meeting, hosted by the Chatham House to mark the release of a new paper (listed below), hopes to discuss the growing importance of India's Indian Ocean Rim partners. In recent years India has strengthened its involvement in the African Indian Ocean Rim considerably. This shift in policy comes in part because of India's desire to compete with China's growing influence in the region. The Indian Ocean has immense significance to India's development. India's strategy is deepening not only commercially but due to concerns over its security and hegemony in the region, which are underpinned by India's 2004 maritime doctrine. Speakers will discuss the motivations for African Indian Ocean Rim engagement and the implications for India and the region. For more information, please refer to the Chatham House website at <http://www.chathamhouse.org.uk/events/view/-/id/795/>.

22 April, London, England. GLOBAL MONITORING REPORT 2008: MDGs AND THE ENVIRONMENT-AGENDA FOR INCLUSIVE AND SUSTAINABLE DEVELOPMENT. This presentation of the Global Monitoring Report 2008, co hosted by the Overseas Development Institute and the World Bank, comes at the halfway point in the effort to achieve the Millennium Development Goals (MDGs) by 2015. The 2008 GMR warns that, if the current situation persists, most developing countries will fall short of meeting the MDGs. Though much of the world is set to halve extreme poverty by then, the goals of reducing child and maternal mortality are unlikely to be met, with serious shortfalls also likely in the primary school completion, nutrition, and sanitation goals. The special theme of this year's report is the link between environment and development, with a particular focus on the effects of climate change and the degradation of natural resources. The GMR stresses that, to sustain growth in developing countries, donors and policymakers in developing countries must anticipate long term pressures on the global commons, but also support measures to cushion the impact of food and oil price shocks as well as financial market turmoil on poor people in the short term. For more information, please

refer to the conference website at http://www.odi.org.uk/events/GMR_2008/index.html.

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.

17 April: COMMITTEE ON MARKET ACCESS

18 April: DISPUTE SETTLEMENT BODY

21-22 April: COMMITTEE ON REGIONAL TRADE AGREEMENTS

22-23 April: PANEL DS350 (ZEROING) PUBLIC VIEWING

23 April: TRADE POLICY REVIEW BODY - MAURITIUS

Other Upcoming Events

12 May, Bogor, Indonesia: FOOD, FUEL AND FORESTS: A SEMINAR ON CLIMATE CHANGE, AGRICULTURE AND TRADE. Organized by the International Food & Agricultural Trade Policy Council (IPC). Recognizing that economic, environmental, and social sustainability are becoming increasingly difficult objectives to balance in the agricultural and forestry sectors, IPC will convene key Indonesian agriculture and trade government officials, academics, and private sector representatives with other international experts to discuss solutions to these conflicts. The dialogue will center around the themes of climate change, biofuels, agriculture, and trade. For further information, contact Christine St. Pierre, tel: +1 202 328 5117; email: stpierre@agritrade.org; internet: www.agritrade.org.

economic policies and strategies, mainly in the context of structural adjustment programmes and, more recently, Poverty Reduction Strategy Papers. Trade liberalization and integration have remained a central focus and an essential component of development policies and strategies of LDCs. Unfortunately, the extensive policies and measures undertaken by those countries have not yet generated the form and quality of growth required for reversing their continued marginalization in the world economy. Their persistent underdevelopment and, in many cases, long-term decline illustrate how trade and integration may be necessary but not sufficient for development and poverty reduction in LDCs. This is due to the interplay of external and internal development challenges and the problems facing the LDCs. The present study argues that despite the many and complex obstacles, there is considerable scope for many LDCs to join the group of successful exporters, particularly in the field of traditional exports such as oil, copper, coffee, cocoa and groundnuts. It emphasizes three important areas of non-traditional exports with significant growth potential for LDCs: horticulture, fishing and tourism. There could also be dynamic gains particularly in traditional exports and horticulture, notably in the form of technological upgrading, quality control, marketing networks and market connections. The paper is available online at http://www.unctad.org/en/docs/aldc20081_en.pdf.

THE CONSENSUS FOR FREE TRADE AMONG ECONOMISTS - HAS IT FRAYED? By Jagdish Bhagwati. Columbia University, 2007. This paper, distributed at a WTO lecture in late 2007, focuses on the differences between what economists actually have to say about fair trade and the media's portrayal of those arguments. Many American politicians cite the press when pronouncing their lukewarm views on trade. However, according to Bagwhati, "The truth of the matter is that free trade is alive and well among economists, their analytical arguments in favour of it, developed with great sophistication in the postwar theory of commercial policy, having hardly been dented by any original arguments by the few economists[...]arrayed against it. The paper is available on the WTO website at http://www.wto.org/english/news_e/news07_e/bhagwati_oct07_e.htm.

RESOURCES

EXPORT COMPETITIVENESS AND DEVELOPMENT IN LDCs: POLICIES, ISSUES, AND PRIORITIES FOR LEAST DEVELOPED COUNTRIES FOR ACTION DURING AND BEYOND UNCTAD XII. UNCTAD, 1 April 2008. For several decades, the least developed countries (LDCs) have been pursuing wide-ranging

INDIA'S ENGAGEMENT WITH THE AFRICAN INDIAN OCEAN RIM STATES. By Alex Vines and Bereni Oruitemekai. Chatham House, April 2008. In recent years India has strengthened its involvement in the African Indian Ocean Rim considerably. This shift in policy comes in part because of India's desire to compete with China's growing influence in the region. The Indian Ocean has immense significance to India's development. India's strategy is deepening not only commercially but due to concerns over its security and hegemony in the region, which are underpinned by India's 2004 maritime doctrine. During the mid-1990s Indian foreign policy was largely introspective and concerned with consolidating its position as the regional power. Despite being a member of the Indian Ocean Rim Association for Regional Cooperation, there was little enthusiasm for the association and it produced few tangible results. The emergence of trilateral developmental initiative between India, Brazil and South Africa clearly reflected India's priority of positioning itself as a major developmental power. The growing importance of the African Indian Ocean Rim to India is evidenced by increasing bilateral and trilateral efforts and improved relations, notably with Mauritius, the Seychelles, Madagascar and coastal states such as Mozambique, Kenya and Tanzania..The paper is available online at http://www.chathamhouse.org.uk/files/11293_india_afri

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