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LEAD STORIES

CAUTIOUS WELCOME, SOME CRITICISM, FOR REVISED WTO AG TEXT

Many WTO Members extended a cautious welcome to the latest revision of a draft Doha Round agriculture deal circulated on 19 May by the chair of the farm talks (see Bridges Weekly, 21 May 2008, <http://www.ictsd.org/weekly/08-05-21/story1.htm>). However, some also offered criticisms of parts of the

draft that they felt were unbalanced, and called for a further revision of the text to be issued soon.

The new text has been seen as a crucial stepping stone on the path towards a much-delayed ministerial meeting that Members say would be needed to resolve outstanding political disagreements over issues such as the percentage cuts in overall trade-distorting subsidies, or the reductions to be faced by the highest tariffs. Many negotiators suggest that ministers must meet soon if the Doha Round is to be concluded by the end of the year.

While some, such as the EU, would like the meeting to be held as soon as the fourth week of June, developing countries have instead emphasised that progress on the substance of the talks must take precedence over arbitrary deadlines. While recent intensive informal consultations at the WTO have focused on accommodating developed country sensitivities, said one negotiator, many issues of concern to developing countries have yet to be discussed in comparable detail.

Two large developing country groups explicitly called for a further revision of the draft before senior negotiators begin discussing possible trade-offs between agriculture and other negotiating areas such as industrial tariffs. These were the African, Caribbean and Pacific (ACP) group, and the G-33 group - composed of some 42 developing countries that favour flexibilities to protect small farmers and rural communities.

The G-20 developing country coalition, which favours reform of developed world agriculture, welcomed the text as "a good basis to build on," saying that the group, which includes Brazil, India, and China, was "prepared to work hard this week to improve it and narrow the differences." The bloc told the chair that new elements resulting from this process could then "be incorporated in your document."

Earlier comments from individual trade ministers seemed more critical, however. A statement from Brazilian Foreign Minister Celso Amorim on 20 May said that "much work needs to be done in coming days to improve the texts," and, on 22 May, Indian Minister of Commerce and Industry Kamal Nath criticised the allowed levels of subsidy spending that the text

proposes. Gerry Ritz, Canadian Minister of Agriculture and Agri-Food also said on 20 May that Canada had "serious concerns" with some elements of the new draft.

Soaring food prices spark calls for steeper subsidy cuts

At a 26 May meeting that was open to all WTO Members, several participants made reference to the dramatic increases in international prices for a number of basic agricultural products, with many calling for steeper cuts in farm subsidies. As high prices have reduced the need for many developed country governments to step in and help farmers, leading to record lows in spending levels, the G-20 said that "current food price levels will require significant reductions of subsidy levels to meet the commitment to make effective cuts."

In a separate earlier statement, Indian trade minister Nath also pointed out that actual US subsidy spending was at around half of the proposed US\$13 billion cap that would result from the steepest proposed cut in the chair's text. "Where is the need for 100 percent headroom as a cushion?" he reportedly asked.

Others, such as the G-10 group of countries with highly protected farm sectors, emphasised the need for tighter controls on export taxes, which a number of countries have introduced in response to the rising prices. Two of the group's members, Japan and Switzerland, circulated a proposal on this issue at the end of April.

Some net food-importing developing countries suggested that constraints on export competition should be relaxed, to ensure that cheaper agricultural products remain available for their consumers.

One delegate who was present at the meeting noted that, ironically, while various negotiating blocs had referred to the rising prices, they had also used them to justify sometimes contradictory proposals, which tended not to differ from countries' established negotiating stances.

US farm bill could lead to subsidy increases, warn Members

Several Members also referred with concern to the possible impact of the US farm bill, which has recently been approved by Congress (see related story, this issue). Canada in particular warned that support for particular commodities could exceed the proposed limits in the chair's draft text.

Members nonetheless acknowledged that the draft language on domestic subsidies and on export

competition had 'stabilised'; the overall structure had remained relatively unchanged since the chair's original draft in August 2007, largely because Members were awaiting ministers' decisions on issues such as the precise percentage cut for overall trade-distorting subsidies.

The chair of the agriculture negotiations, Ambassador Crawford Falconer (New Zealand) also convened informal meetings among some three dozen delegations on 27 May. These aimed at making headway on proposed rules for domestic subsidies that are given for specific products in the trade-distorting 'amber' and 'blue' boxes at the WTO, which are expected to affect the US in particular. Delegates familiar with the discussions said no progress was achieved.

Cotton: African countries 'sound the alarm'

On 28 May, Falconer convened an informal 'quadrilateral' meeting for the C-4 group of four African cotton-producing countries, Brazil, the US and the EU. Participants reported that there was an exchange of views, but no real movement. The C-4 have long insisted on an 'expeditious' solution to the problem of developed country cotton subsidies, which they accuse of undermining otherwise competitive small-scale producers in Africa.

One C-4 negotiator reported how the group had had to 'sound the alarm' at the earlier meeting on 26 May, challenging other Members' assumption that all was well with the revised draft. The group has become increasingly disillusioned at the continued lack of developed country response to their own negotiating proposal.

A subsequent quadrilateral meeting is now planned for the week of 2 June, at which Falconer is expected to share some initial suggestions for a way forward.

Members re-enact market access battles

The Cairns Group of efficient agricultural exporters and the G-20 both called for the chair to introduce a maximum 'tariff cap' which would provide a ceiling for all farm tariffs. The G-10 and the EU both repeated their opposition to any such measure. Currently, the draft includes a compromise option that would require countries to expand tariff quotas for their 'sensitive' products if they maintain a large number of tariff lines above 100 percent.

Also still controversial were the flexibilities for developing countries' agricultural 'special products', which will be allowed more flexible tariff treatment on the grounds of food security, livelihood security and

rural development criteria. The G-33 proponents of special products objected to some new elements introduced by the chair, which they claimed had "disrupted the balance of a workable draft text." They also complained about the way in which the chair had amended draft language on the 'special safeguard mechanism', a tool that would allow developing countries to raise tariffs temporarily in the event of an import surge or price depression.

In separate comments to Bridges, one G-33 delegate suggested that the chair's draft did not reflect the current state of the negotiations, as it failed to incorporate new concessions from the exporting countries that in general oppose substantial flexibility in this area. While the draft suggests allowing either forty percent of special product tariff lines to be exempt from cuts - the G-33 position - or none of them, exporters have recently expressed willingness to consider allowing some tariff lines to be exempted, said the source.

Delegates reported that no conclusion had yet been reached in the ongoing informal talks on tropical products and preference erosion. Latin American countries that seek rapid liberalisation for tropical products have been discussing with the EU how specific products will be treated at a detailed tariff-line level; at the same time, the African, Caribbean and Pacific (ACP) group has also been in talks with the EU about enhanced protection for products that could be affected by the erosion of long-standing trade preferences. In some cases, the tropical products proponents are calling for liberalisation for the very same items that the ACP would like to protect, the most controversial cases being bananas and sugar.

EU, Lamy, reportedly press for ministerial

One source told Bridges that Members were divided over the extent to which a ministerial meeting is needed soon. While the EU has been vocal in insisting that ministers be called to Geneva as quickly as possible, perhaps as early as 23 June, many developing countries have emphasised instead the need to "put substance over process." WTO Director-General Pascal Lamy is nonetheless keen to ensure that the ministerial takes place soon, said the source, and had put pressure on Falconer to issue his latest draft at the time he did.

Only the immediate horizon is clear, however. While a senior officials meeting could take place as early as 9 June, this remains tentative. All Members will be invited to attend a 30 May 'transparency meeting', which Falconer will hold to report on the small-group meetings on Tuesday and Thursday of that week. Depending on progress, further consultations with selected

delegations could be convened the week of 2 June, although some negotiators have already indicated that they will attend meetings at the OECD and FAO that same week. A formal statement from the G-33 indicated willingness "to engage in intensive negotiations well into the early part of June".

Several negotiators then expected Falconer to issue a revised version of his draft text, although the timing of this also remains unclear.

ICTSD reporting; "Government of Canada continues to stand up for Canadian agriculture at WTO," AGRICULTURE AND AGRI-FOOD CANADA, 20 May 2008; "Brazil says WTO revised Doha texts need more work," REUTERS, 20 May 2008; "Kamal Nath's statement on the revised agriculture and NAMA texts of May 19 2008, INDIAN DEPARTMENT OF COMMERCE, 22 May 2008.

LONGSTANDING DIFFERENCES RESURFACE IN TALKS ON NAMA TEXT

Last July, with WTO Member governments unable to agree on cuts to manufacturing tariffs under the Doha Round trade talks, the chair of the negotiations put forward a draft deal describing where he thought consensus might be found.

Developed countries like the US and the EU said they could largely live with the terms outlined in that text. But Argentina, Brazil, India, South Africa and other members of the NAMA-11 group of developing countries cried bloody murder, or at least its equivalent in trade diplomat-speak. They complained that developing countries were being asked to cut their bound ceiling rates for industrial tariffs by deeper percentages than rich nations. Not only were these margins thus innately unfair, argued the NAMA-11, they were unjustified by the agricultural liberalisation on offer in the developed world.

Last week, with Members scarcely closer to an agreement on industrial goods trade, Canadian WTO Ambassador Don Stephenson, who chairs the negotiations, issued a new draft text. It suggested breaking the impasse might require allowing developing countries to shield a higher share of industrial imports from the full force of tariff reduction, if they agree to relatively steep overall duty cuts (see BRIDGES Weekly, 21 May 2008, <http://www.ictsd.org/weekly/08-05-21/story2.htm>).

The new text, dated 19 May, provoked a rare instance of unity, after a certain fashion, in the non-agricultural market access (NAMA) talks: at a 27 May meeting of

the negotiating committee, the camps at each extreme of the debate were protesting.

US: "no additional market access"

"Anyone reading this paper...would have to conclude that NAMA stands for 'no additional market access,'" complained US Ambassador Peter Allgeier. He argued that the potential exceptions for developing countries present in the draft text constituted "massive tariff-cutting avoidance." Without "major changes in this text," he warned, a broader Doha Round accord with farm subsidy and tariff cuts, services liberalisation, and development gains would be impossible.

The EU claimed that the increased flexibilities for developing countries would eliminate potential market access gains.

NAMA-11: better, but not enough

Meanwhile, the NAMA-11 group said that developing countries were still being asked to cut their manufacturing tariffs more deeply than industrialised nations. The bloc did praise the new text for acknowledging that a 'one size fits all' approach could not work, but said that even more flexibilities would be necessary to accommodate their needs.

At the end of the meeting, sources report that Stephenson expressed disappointment with Members' initial reactions to the text. He said that without a change in tone, countries would make no progress towards convergence during a week of planned meetings. He said that he was prepared to cut short the discussions if governments did not want to seriously try to resolve differences before a prospective meeting of trade ministers in June or July aimed at hammering out framework accords on agriculture and NAMA.

The deepest divisions centre on two issues: the 'coefficients' that determine future duty ceilings for the industrialised world and for the 30-odd developing countries required to apply the 'Swiss' tariff reduction formula, and the 'flexibilities' for developing nations alone to shield some products from duty cuts.

The new text put the coefficient for industrialised countries at between 7 and 9 percent, slightly below the 8-9 range provided for in earlier drafts dating back to last July.

Developing country formula coefficients ranged from 19 to 26. Lower coefficients were linked to greater flexibility to shelter a limited proportion of imports from tariff reduction.

If developing countries chose coefficients of between 19 and 21, the text would allow them to subject 12 to 14 percent of tariff lines to cuts half as deep as those required by the formula, albeit covering no more than 12 to 19 percent of manufacturing imports by value. Alternatively, they would be allowed to exempt 6 to 7 percent of tariff lines from cuts altogether, accounting for somewhere between 6 and 9 percent of import value.

Members opting for coefficients between 21 and 23 would be permitted 'half-formula' cuts for 10 percent of tariff lines and import value, or full exemptions for 5 percent of each.

Under the third and final option of the constrained 'sliding scale' between lower coefficients and higher flexibilities, developing countries that fully refrain from using the exceptions would receive a coefficient of 26.

All of these figures were within square brackets, signifying that they remain to be negotiated.

Same divisions persist

In reactions to the new text, Members have once again clashed over three divisive issues: the meaning of 'less than full reciprocity' in reduction commitments by developing countries, the tension between bound theoretical maximum tariffs and the often much lower applied rates, and what some call the 'exchange rate' between concessions on NAMA vis-à-vis agriculture.

Indian Commerce Minister Kamal Nath last week said that the text had "ignored the core mandate of the Doha Round of less than full reciprocity in reduction commitments and comparability in ambition between NAMA and agriculture." He said that a fair agreement would require developed countries to accept a coefficient that resulted in an average cut of 49 to 51 percent on their dutiable tariff lines, with developing nations accorded a coefficient that would entail lower cuts to their bound ceiling rates.

Developed nations have generally argued that the 'less than full reciprocity' mandate would be fulfilled by letting developing countries emerge from the Doha Round with higher tariff levels than those in the industrialised world - and the narrower the gap, the better.

At the 27 May meeting, South Africa, on behalf of the NAMA-11 group, called on developed countries to accept a coefficient of 5. According to calculations carried out by the WTO Secretariat two years ago, a coefficient of 5 would reduce US dutiable bound tariff lines by an average of 50.8 percent (since so many products are already at zero, the overall average cut for all bound tariff lines would be 30.4 percent). EU

dutiable lines would come down by an average of 48.6 percent.

Brazil, using a football metaphor, said that in a 'development round', developing countries had the right to expect a small victory, not a tied game.

However, the US ambassador rejected a developed country coefficient of 7 -- one of the options in the new text -- as unacceptably low.

Tariffs on most industrial products in the US and the EU are low, around 2 or 3 percent. The difference that a coefficient of 7-9 or even lower would make to these low tariffs would be minimal in terms of percentage points - likely dwarfed by the effects of currency fluctuation or increasing international shipping costs. However, these coefficients would mean substantial cuts to the higher tariffs levied on a handful of politically sensitive sectors, such as clothing and textiles - prompting opposition to a coefficient below 8. These protected products are often among those that poor countries export competitively.

Allgeier insisted that "every" country that applies the tariff reduction formula should have to "make a significant contribution by cutting into applied tariff rates," at least by the end of the Doha Round implementation period, likely to last a decade or so.

The NAMA-11 argued that nothing in the mandate called for applied tariff rates to be reduced.

The traditional currency of WTO negotiations has been 'bound' theoretical maximum tariff and subsidy levels, not actual duties levied or payments doled out. However, governments naturally want their trading partners to make changes that go beyond existing policy.

Years of autonomous domestic liberalisation have left many developing countries, notably India, with industrial tariff bindings that in many cases far exceed applied rates. Thus, fairly deep cuts to bound rates would be necessary to 'bite into' applied duties.

A comparable situation exists with regard to agricultural subsidies, where a combination of reforms and high commodity prices have left the binding limits on EU and US trade-distorting expenditures far higher than the sums they actually pay to farmers. (Both, however, are allowed unlimited billions more in non-distorting 'green box' payments.)

This has led to some unfavourable comparisons between the NAMA text and the concessions outlined in an accompanying draft deal on agriculture trade. Indian minister Nath claimed that the farm text's lowest figure

for a cap on US trade-distorting farm spending, around US\$13 billion, was nearly double the farm payments that Washington was currently making. "Where is the need for 100 percent headroom as a cushion?" he asked.

Argentina told the NAMA negotiating group that the new text was not a basis for an agreement, and was disproportionate to the gains on offer in the agriculture talks.

Sources say that members of the so-called 'middle ground' group of developing countries - which have called for coefficients roughly similar to those in Stephenson's texts - said that the new draft's expanded flexibilities ought to be sufficient to address everyone's concerns. However, countries such as Hong Kong, Mexico, Singapore, and Turkey were uncomfortable with the text's potential provisions for exceptional treatment for particular nations, such as South Africa, Bolivia, Venezuela, or states belonging to customs unions.

Despite the disagreements on the future terms for the formula and flexibilities, Stephenson said after unveiling the new text that the expanded range of possibilities was necessary, given the utter deadlock. "This text provides lots of room to negotiate," he said, "if that's what Members wish to do finally."

The ultimate figures for the formula and flexibilities are likely to be resolved -- if at all -- only when trade ministers strike 'modalities' agreements on agriculture and NAMA, at the end of a 'horizontal process' of cross-sectoral trade-offs. Sources say that some countries, including the EU, would like a ministerial meeting to be held as early as 23 June, following two weeks of talks among senior officials aimed at narrowing enough differences to present ministers with a manageable number of decisions. Others are calling for further revisions of the agriculture and NAMA texts, which would presumably take more time.

At time of writing, limited attendance meetings on the formula and flexibilities were set to take place on 28 May. One rationale behind holding these smaller gatherings is that countries might be less inclined to grandstand if in a more intimate group. In a relative rarity for WTO negotiations, any country that wishes to listen to the deliberations will be able to do so, by audio link. NAMA discussions are set to continue through 2 June, when a meeting of the entire negotiating committee has been scheduled.

ICTSD reporting.

ALONGSIDE AG, NAMA PUSH, SERVICES CHAIR ISSUES REPORT

Following the release last week of draft Doha Round deals on agriculture and manufacturing trade, the chair of the services negotiations on 26 May issued a report of his own (TN/S/33), describing the state of play in the struggling talks and setting out some views on how to proceed.

Services Chair Ambassador Fernando de Mateo (Mexico) prepared the report after intensive consultations with services delegates over the last three months, following his initial report on the subject in February (JOB (08)/5). WTO Members negotiate services market opening through a process of requests and offers. Therefore, unlike the agriculture and non-agricultural market access (NAMA) drafts, which contain mathematical formulae that will define countries' future market access and subsidy levels, the services report simply provides some guidelines for the negotiations.

The report, entitled 'Elements Required for the Completion of Services Negotiations', is based on written suggestions prepared by four groups of Members: the so-called Group "A" of primarily industrialised countries, including Australia, the EU, Japan, and the US; Group "B," made up of Brazil, China, India, Pakistan, and South Africa; Group "C," including Chile, Hong Kong, Singapore, and Turkey; and Group "D," comprised of other members of the group of African, Caribbean, and Pacific (ACP) countries, the Association of Southeast Asian Nations (ASEAN), SVEs (small and vulnerable economies) and RAMs (recently acceded Members). These were supplemented by Members' comments during various consultations, particularly through the "Room F" discussions with about 20-25 negotiators, named for the room at WTO headquarters in which they take place.

The paper re-iterates most of the principles that underlie the negotiating mandate, from Article XIX of the General Agreement on Trade in Services (GATS), including the provision for addressing developing country concerns in Article IV of the Agreement, to the 2001 Negotiating Guidelines Members, the Doha and Hong Kong Ministerial Declarations and Annex C of the 'July 2004 Framework'.

It provides a succinct snapshot of the state-of-play in the services negotiations and explicitly recognises the perspectives of the liberalisation-seeking services 'demandeurs' as well as those of other Members, mostly developing countries, that prefer a more cautious approach and moderated outcome to the

negotiations. The text refers to the need for an ambitious and balanced outcome in services to feed into the overall balance of the results of the Doha negotiations, as well as the point of view of many developing countries that the negotiations should accord due flexibility for individual countries. These statements largely re-hash countries' longstanding - and well-known - positions.

Instead, what caught the attention of observers of the negotiations was paragraph 4 of the draft. The more novel - and contentious - portions of this paragraph are within square brackets indicating that they are not agreed upon. One such clause stated that "Negotiations must be driven by the same level of ambition and political will as reflected in the agriculture and NAMA modalities."

A former delegate noted that this text was "neither here nor there," since "the level of ambition is a matter of perception" and there will always be varying opinions among the membership. Another trade expert opined however that in light of the recently released draft modalities in agriculture and NAMA, developing countries could very well use a provision like this to justify moderating the extent to which they commit to open their services sectors to foreign competition (see BRIDGES Weekly, 21 May 2008, <http://www.ictsd.org/weekly/08-05-21/story1.htm> and <http://www.ictsd.org/weekly/08-05-21/story2.htm>).

The other bracketed portion of the draft that has attracted controversy states that "(w)hile respecting the existing structure and principles of the GATS, Members shall respond to bilateral and plurilateral requests by offering commitments that substantially reflect current levels of market access and national treatment and provide new market access and national treatment in cases where significant trade impediments exist."

According to the former delegate, the apparent mandatory nature of the text, which would require countries to not only bind existing levels of liberalisation but also provide new market access and remove restrictions on foreign service suppliers, goes beyond the directives of any of the previous negotiating mandates for services trade. The former official pointed out that "in fact, this obligation exceeds those found in most free trade agreements which only require binding at the existing level of liberalisation, but not more."

A delegate from one of the services demandeur countries, however, suggested that this obligation is actually tempered by the opening line of the bracketed phrase: a stipulation that the mandate shall be carried out "respecting the existing structure and principles of the GATS." The delegate said that this means that liberalisation commitments would thus have to be made

with due respect for individual Members' national policy objectives and level of development, in conjunction with the principles, developing countries would be able to open fewer sectors, liberalise fewer types of transactions, progressively extend market access in line with their development situation, and attach conditions to market access. According to this delegate, a possible compromise could be to phrase the provision in non-mandatory "best endeavour" language and thus make it consistent with the structure and principles of the GATS. Sources say that this compromise was in fact floated by Thailand in de Mateo's informal consultations but was not taken up in the draft.

Sources said that the bracketed portions, if not resolved, will be left to ministers to decide, if and when they meet in an attempt to agree on framework Doha Round deals on agriculture and manufacturing trade. Although the timing of such a gathering has not been determined, one tentative proposal is for the third week of June.

De Mateo's paper does not contain any deadlines for the submission of revised offers and final draft schedules of commitments. These dates - left blank in the report -- will be decided at the time of the "expected agreement on modalities in agriculture and NAMA," he said.

Three WTO Members -- Bolivia, Cuba and Venezuela -- meanwhile continued their opposition to the drafting of a services text by the chair. According to these three, the principles and essential elements to conclude the negotiation had already been agreed in Members' earlier agreements. In their view, "there was no mandate for any negotiating text, nor a consensus to draft one."

ICTSD reporting.

OTHER NEWS

TPR LAUDS CHINA'S RAPID GROWTH BUT CALLS FOR ADDRESSING ECONOMIC IMBALANCES

China has enjoyed impressive economic growth since 2006 but faces challenges in the form of rising income inequality, a widening gap between savings and investment, as well as other economic imbalances, according to a review of the country's economic policies conducted by the WTO.

China's second Trade Policy Review (TPR), which was released by the WTO Secretariat last week, noted that

the structural reforms, including trade liberalisation, that the country has enacted since its previous TPR in 2006 have significantly boosted the country's economy, which reached a peak growth rate of over 11 percent in 2007. The review (WT/TPR/S/199) stated that China now ranks as the world's third-largest economy, as well as its third-largest trader. Despite this increased stature and a rise in per capita income, the review pointed to several remaining challenges, including rising income inequality, a widening gap between savings and investment, and imbalances in growth driven more by investment and exports rather than by consumption.

Rapid growth and integration

China's rise in per capita GDP from US\$1,490 in 2004 to US\$2,017 in 2006 was accompanied by a fall in poverty, as the number of people living on less than one dollar a day declined to 21.5 million people in 2006, down from 23.7 million in 2005. Real GDP growth in 2007 was 11.4 percent. Trade in goods alone constituted 65 percent of GDP and 13 percent of global trade in 2006. China continued to be a major recipient of foreign direct investment (FDI), the fourth largest in the world and largest among developing countries. Chinese overseas investment also grew to US\$18.72 billion in 2007, more than ten times what it was just three years earlier.

On a less optimistic note, the report cited a widening gap between savings (comprising 54.4 percent of GDP) and investment (comprising 44.9 percent of GDP). However, an increase in revenues relative to expenditures led to a cut in the fiscal deficit from 1.3 percent of GDP in 2006 to 0.6 percent in 2007, and reduced public debt from 17.5 percent of GDP in 2005 to 16.3 percent in 2006.

The report also noted that China is suffering from a number of growing economic imbalances, including a reliance on investment and exports as sources of growth; inefficiency in allocation of capital owing to an under-developed capital market; and various forms of aid for manufacturing. Other negative impacts of economic growth include environmental degradation and a larger divide between urban and rural incomes.

However, the report acknowledged that China has taken steps since its previous review to increase the transparency of its economic governance, including establishing a bureau on corruption prevention and enacting legislation to regulate monopolies, bankruptcy proceedings, and property and tax law.

Export restrictions persist

Tariffs continue to be China's primary trade policy instrument, although import duties accounted for only

3.3 percent of tax revenue in 2006. The report pointed to a reduction in China's non-tariff barriers such as the number of tariff lines subject to automatic import licensing. Tariff rate quotas (TRQs) on soybean oil, palm oil, and some rapeseed oil were eliminated in 2006.

China granted most-favoured-nation (MFN) status to all WTO Members except El Salvador and some territories of EU member states. China's average applied MFN tariff has held steady at 9.7 percent for the past two years, with average applied tariffs of 15.3 percent for agriculture and 8.3 percent for industry.

During the period under review, two free trade agreements (FTAs) concluded by China entered into force, the China-Chile FTA in October 2006 and the China-Pakistan FTA in July 2007, the same month that the services chapter of the China-ASEAN FTA also entered into force. Applied preferential tariffs in these bilateral deals range from 3.5 to 9.1 percent. Four additional two-way agreements - with Australia, the Gulf Cooperation Council, Iceland, and New Zealand - are currently in negotiations.

China continues to use various trade tools to promote investment in high technology, encourage innovation, and protect the environment (by, for example, reducing energy consumption). Such tools included tax incentives, non-tax subsidies, price controls, and various forms of "guidance," including sector-specific industrial policies.

One interesting aspect of China's trade policy is its use of export taxes, reduced VAT rebates, licensing requirements, and other trade measures to restrain, if not prohibit, exports of a considerable and growing number of products that use large amounts of natural resources and energy. A good example is China's recent increase in interim duty rates on 142 tariff lines with a view to reducing exports of highly energy- and pollution-intensive products as well as those that consume large amounts of raw materials.

Agricultural support, energy price distortion

In a significant shift, China has recently moved from taxing agriculture to actively supporting farmers and farm productivity. According to the TPR report, China did away with most agricultural taxes in 2006, and farmers have been offered financial support since 2004. However, despite the additional aid from the government, agriculture's contribution to GDP declined from 13.4 percent in 2004 to 11.8 percent in 2006, although it still accounts for 40 percent of employment (but only one-fifth of labour productivity).

Low agricultural productivity and continued labour surplus in the sector have helped fuel a growing divide between average incomes and living standards in rural and urban areas. In response, the government has sought to increase farm productivity by providing support for improved infrastructure, production technologies, and training. Moreover, to keep food prices stable and ensure adequate supplies, the government has intervened with subsidies, state trading, procurement, marketing and distribution, and TRQs, which have been maintained on cereals, sugar, wool, cotton, minerals and chemical fertilisers.

If agriculture is struggling, the industrial sector has flourished: manufacturing accounts for 92.4 percent of China's merchandise exports. Although some incentives and export restrictions persist, in general the industrial sector is characterised by a relatively liberal trade regime,

While the large size of China's industrial sector is partly responsible for the energy intensity of the country's economy, the report also pointed out that price mechanisms for oil, coal, electricity and natural gas have artificially lowered prices, causing an overconsumption of energy. The second-largest energy user in the world, China is also the second-largest greenhouse gas emitter, thanks in large part to the fact that 70 percent of the country's energy production comes from coal.

The report also noted that Chinese services sector has experienced a slower pace of liberalisation than have other parts of the economy, and that it still suffers from a lack of competition, restrictions on foreign investment, and a greater degree of state control.

Lack of access to external financing through capital markets also means that domestic firms continue to rely heavily on retained earnings (or funds raised from friends and family). However, the government has undertaken some initiatives to reform the banking sector as well as in service sectors such as telecommunications.

Challenges remain but good prospects for sustained growth

The report outlined a number of potential areas for reform. Specific recommendations include measures to lessen rural-urban income disparities, facilitate the movement of surplus farm labour into other activities such as services, encourage technological progress, raise expenditures on research and development, and increase spending on health, education, and pensions. Greater social services spending would also increase consumption and make people less reliant on savings, which in turn would reduce China's reliance on exports

as a driver of growth. Such a development could narrow the gap between gross domestic savings and investment and further reduce China's current account surplus.

The report also called for a gradual dismantling of price controls and other impediments to the efficient allocation of land, energy, water, and other natural resources. Such changes would promote stronger environmental protection, especially if supplemented by market-based instruments that require polluters to pay for the damages they cause.

The report also highlighted the need for greater flexibility in exchange rates, which could help lower inflation and thus obviate the need for price controls and non-market measures.

While the report noted the World Bank's prediction that China's growth will slow to 9.6 percent for 2008, it forecasted that the Asian giant will be able to enjoy sustained economic growth in future, though at a slower rate as the country's economy matures and labour force shrinks. Such continued growth could be fuelled by China's vast human resources, high rate of investment in physical and, to a lesser extent, human capital, strong growth in labour productivity, and an increasingly market-oriented economy that is open to international trade and foreign investment (and associated technology).

US critical; China responds

During the review, the US raised concerns about a number of Chinese trade policies, including the country's export restrictions on many commodities, its use of unique national standards where international standards already exist, its weak enforcement of intellectual property rights, and its increasingly restrictive investment regime. The US also urged China to take on a greater leadership role in the Doha Round, particularly in each of the three core areas of the negotiations - agriculture, industrial goods, and services.

China, however, in a response statement, pointed to the active role that it has played in the negotiations and asserted that under the mandate of placing development at the heart of the round, more attention should be paid to the interests of developing country Members throughout the DDA negotiations. It also called attention to the Chinese government's first-ever donation to the WTO in February 2008 to support other developing country Members and enhance their capacity to participate in international trade. China also pointed out its grant of duty-free treatment to 41 least-developed countries for most products they were able

to export, accounting for 97.9 percent of their total export volume to China in 2007.

ICTSD reporting.

US FARM BILL PASSES WITH BROAD SUPPORT, CASTING A PALL ON WORLD TRADE TALKS

Both houses of the US Congress last week passed a US\$307 billion farm bill last week with majorities large enough to override President George W. Bush's promised veto of the bill. The legislation largely continues the current system of agricultural subsidies for the next five years, despite a recent jump in food prices and farmers' incomes. Critics are calling the new farm bill a missed opportunity for reform.

The passage of the bill, with its many provisions for trade-distorting subsidies, has raised fears that the US will be more constrained than ever in its negotiating stance in the ongoing push for a framework agriculture deal at the WTO.

In votes last week, the House of Representatives passed the bill 306-110, and the Senate 82-13, thus rendering the measure immune to an executive override. Under the US system, the President can veto measures passed by the House or Senate; however, if a bill achieves a two-thirds 'super majority', it cannot be rejected by the executive. This bill is just the second time that President Bush's veto has been overturned.

The measure received broad bipartisan support, garnering the votes of 216 Democrats and 90 Republicans in the House, and 47 Democrats, 34 Republicans, and one Independent in the Senate. The two Democratic contenders for the presidency, Senators Barack Obama and Hillary Clinton, expressed their approval of the bill, although neither was present for the vote. Senator John McCain, the presumptive Republican nominee for the presidency, also missed the vote, but criticised the bill's "flawed policies that distort the markets," and said that he would veto the measure if he were president.

While the farm bill is perhaps best known for its controversial subsidy payments, over two-thirds of the measure's total funding has been allocated for food stamps, emergency food assistance, and other domestic nutrition programmes. Conservation programmes that aim to protect environmentally sensitive farmlands will receive US\$27 billion, or roughly 9 percent of the total funding.

The more controversial sections of the bill, and the ones that could cause trouble in WTO negotiations, are those that govern farm subsidies, which will receive US\$43 billion in the current bill (14 percent of the total cost). Another form of support, crop insurance to help shield farmers from losses, will be given US\$23 billion (8 percent of the total).

Critics of the bill claim that it misses a key opportunity to lower subsidy levels at a time when farmers are enjoying substantial income increases due to high food prices. Indeed, with wheat prices 87 percent above their five-year average, soybean prices up 70 percent, and corn prices up 90 percent, producers have made windfall profits. Net farm income in the US will reach US\$92.3 billion this year, more than 50 percent above where it was two years ago, according to US government statistics.

Complex world trade implications

The passage of the farm bill casts a shadow on trade talks at the WTO, as US negotiators aiming to conclude a trade deal this year must now work within the strictures of the new measure. If and when the Doha round concludes, the negotiated agreement will be put to a vote in Congress, and, if it approves the deal, the US will have to bring its farm payments into compliance with its WTO commitments. Congressional leaders on agriculture largely ignored ongoing WTO negotiations as they drafted the farm bill, saying that they will amend it if a Doha accord is finalised.

As Congress is unlikely to support a Doha agreement that conflicts with the programmes in the farm bill that it has just passed, US trade negotiators will likely be more restricted in the positions that they take in ongoing modalities talks. According to Public Citizen's Lori Wallach, representatives who recently voted in favour of the farm bill will be unlikely to support any subsidy-lowering deal sent to Capitol Hill for approval.

In past trade talks at the WTO, the US agreed to reduce so-called 'amber box' subsidies, or payments that have the most distorting effects on products and trade. Under the latest proposals at the WTO, which Washington has hinted it could accept, the US ceiling for overall trade-distorting support would fall from the current level of roughly US\$48 billion to US\$13-16.4 billion. However, such a reduction could prove challenging given the subsidy levels written into the farm bill.

These sorts of concerns helped fuel President Bush's opposition to the bill. Indeed, in his veto message to the House of Representatives, sent on 22 May, the President decried the bill's lack of progress toward cutting farm payments: "At a time of high food prices and record farm income, this bill lacks programme

reform and fiscal discipline. It continues subsidies for the wealthy and increases farm bill spending by more than US\$20 billion...It is inconsistent with our objectives in international trade negotiations."

The Bush administration's top agriculture officials were even harsher in their criticism of the measure.

"This farm bill heads in the wrong direction in terms of our international obligations," Deputy Agriculture Secretary Chuck Conner said in a press briefing. US trade partners "are going to be incensed, and we would expect them to protest in every way they can," he said.

In a written statement, Conner reiterated that the measure "fails to reform farm programmes at a time when farm income and crop prices are setting records...the US Farm economy has never been stronger."

In Geneva, Ambassador Crawford Falconer (New Zealand), the chair of the WTO's committee on agriculture, said that the passage of the US farm bill did not have an immediate impact on negotiations at the global trade body, but remarked: "It's another factor which complicates everybody's life, there's no doubt about that politically."

Several specific provisions of the new bill could prove troublesome for world trade talks. Major problem areas include revenue guarantees for farmers, disaster recovery aid, and subsidies for sugar and cotton.

One potential problem area is the Average Crop Revenue Election (ACRE) programme, a critical component of the new farm bill, which represents a significant shift from previous payment structures in that it requires farmers to show a loss in order to qualify for subsidies. The programme provides revenue guarantees for farmers who choose to forgo a proportion of the direct payments to which they would otherwise be entitled. In exchange, those farmers would be given subsidies equal to the difference between their home state's actual revenue from a crop and a calculated average that will be based on both five-year state average yields as well as the national average price for that crop over the previous two years.

Because the calculated average for 2009 will be based on recent record-high food prices, a sudden drop to regular price levels could cause a substantial rise in payments. Experts disagree over how popular the programme would be, but given that the potential payout could be quite large, it is possible that a very high proportion of farmers could opt into the programme. If enough producers enrol, ACRE could end up doling out billions of dollars in subsidies. If that were the case, the US could run into problems at the

WTO, as experts say that ACRE payments would be considered amber box subsidies, which the US has pledged to reduce.

A new and permanent agriculture disaster programme, funded at US\$3.85 billion over five years, will also conflict with US reduction commitments at the WTO. The programme, which will also be classified as an amber box activity, will allow farmers who suffer crop losses due to weather-related production problems to collect payments for both crop insurance and disaster aid.

Changes to sugar subsidies could further affect the US' ability to meet its amber box commitments. Under the new farm bill, loan rates for sugar cane marketing assistance will go up by 4.2 percent between 2008 and 2012, while loan rates for sugar beets will rise by 5.2 percent by next year. These loan rate increases, which effectively ensure that the price for sugar in the US will remain above world market prices, will certainly increase the US' total amber box payments, albeit by a relatively small amount.

US cotton subsidies, the source of much controversy at the WTO, are also addressed in the farm bill, but with little change in terms of compliance with international trade rules. While the new measure slightly lowers the target price for cotton, it also establishes a payment programme for domestic cotton mills that is very similar to a cotton incentive programme that the WTO recently ruled illegal.

Despite the many subsidies it maintains, the farm bill does make at least some progress toward WTO compliance. Changes to the dairy price supports in the new farm bill will decrease the US' amber box commitments. Specifically, the new measure changes the distribution of dairy price supports in a way that reduces US trade-distorting activities while maintaining support levels for dairy farmers at essentially the same level.

ICTSD reporting. "WTO delegates say U.S. farm bill hikes subsidies while they're trying to cut them," REUTERS, 27 May 2008. "Glance: A look at programs and spending in newly enacted farm bill," ASSOCIATED PRESS, 22 May 2008. "Trade: US Farm Bill passed, will cast shadow on Doha talks," THIRD WORLD NETWORK, 22 May 2008. "New US Farm Bill will anger the world," THE STAR ONLINE, 19 May 2008; "New farm bill seen adding fodder for trade feud," REUTERS, 12 May 2008; "Farm bill a major win for old politics," THE BOSTON GLOBE, 18 May 2008.

WHO ADOPTS STRATEGY ON PUBLIC HEALTH, INNOVATION AND INTELLECTUAL PROPERTY

The World Health Organisation (WHO) concluded its annual high-level meeting, the World Health Assembly (WHA), with the adoption of a resolution endorsing a global strategy on public, health, innovation and intellectual property. The resolution, the WHO's Plan of Action, aims to promote new thinking on innovation and access to medicines and to provide a framework for essential health research and development relevant to diseases which disproportionately affect developing countries. However, only parts of the Plan of Action giving effect to this strategy were adopted. Disagreements on the wording of the resolution persisted until the final hours of the meeting on Saturday before a compromise was reached.

The resolution was the culmination of the two years of work by the WHO Intergovernmental Working Group on Public Health, Innovation and Intellectual Property (IGWG). Established in 2006 by the WHA, the IGWG was asked to draw up a global strategy and plan of action on ways to, inter alia, promote needs-driven, essential health research and development on diseases that disproportionately affect developing countries.

The meeting started on a positive note as Director General of WHO Margaret Chan commended members for the "tremendous progress" made in meetings of the IGWG, noting the reduction from nearly 200 to 18 unresolved paragraphs in the global strategy document.

An open-ended working group on the remaining intellectual property (IP) paragraphs and other contentious issues was established and started to work early in the week ending late Friday night. According to a WHO official, this had been the longest working group in the WHO negotiating history.

Ultimately, consensus was reached on a number of topics that were considered controversial only a few years ago. For instance, the Global Strategy stipulates that "research and development of developed countries should better reflect the health needs of developing countries." While it recognises that intellectual property rights (IPRs) are an important incentive for the development of new products, it also states that "this incentive alone does not meet the need for the development of new products to fight diseases where the potential paying market is small or uncertain."

On this premise, the strategy encourages governments to consider new ways to stimulate research and development into health treatment for diseases that disproportionately affect developing countries.

Examples of potential tools include prizes to reward drug development, a biomedical research and development (R&D) treaty, and patent pools, in which patent holders share technology to provide a common platform for further innovation.

One of the contentious issues in the Global Strategy relates to a principle advanced by a number of developing countries that the right to health should take precedence over commercial interests. However, due to significant opposition, particularly from developed countries, consensus was not reached on this suggested language and it was removed from the final document.

WHO as lead stakeholder?

With regard to the Plan of Action, there is need for further work on timeframes, progress indicators, and estimated funding needs. Differences also focused on the matter of deciding who would be the primary stakeholders on a number of specific actions in the Plan of Action. In particular, countries disagreed over whether WHO will serve as the lead stakeholder on intellectual property-related actions in relation to other intergovernmental organisations such as the World Trade Organisation and the World Intellectual Property Organisation (WIPO).

Disagreements on this point played out in the last hours of the meeting. A number of developed countries supported an amendment stipulating that the WHO Director-General would only implement actions in the Global Strategy and agreed parts of the Plan of Action in which WHO is a stakeholder. Developing countries argued that the amendment could call into question the role of WHO in areas where it already has mandates through existing World Health Assembly resolutions, emphasising that the differences focused not on the WHO role per se as a stakeholder, but on its role as the lead stakeholder for some specific actions.

In attempts to find a compromise formulation, member countries made different wording suggestions; ultimately, agreement was reached on language that calls on the WHO Director General to take actions "in implementing the global strategy and agreed parts of the [Plan of Action] without prejudice to the existing mandates."

The resolution creates an expert working group to develop new and innovative sources of funding to stimulate research and development to address developing country health needs. The resolution also calls on the WHO Director General to take immediate action to finalise the outstanding components of the plan and to submit the final version for consideration by the 62nd World Health Assembly in 2009. In the shorter

term, the resolution also instructs the Director General to prepare a Quick Start Programme to immediately begin implementing the elements of the global strategy and plan of action that fall under the responsibility of the WHO. A progress report on the implementation of the Global Strategy and Plan of Action is to be presented to the 2010 World Health Assembly.

"This is a major breakthrough for public health that will benefit many millions of people for many years to come," said WHO Director General Dr. Margaret Chan in her closing remarks on Saturday. "This is a contribution to fairness in health and this is pro-active public health at its very best."

Commenting on the outcome, German Velazquez, Director of the WHO's Committee on Public Health, Innovation and Intellectual Property, affirmed that it was a "legitimation of the role of WHO in the area of public health, innovation and intellectual property." He added that the "negotiations witnessed substantive discussions which were animated by a constructive spirit" and that ultimately "all sides had to make concessions in order to reach a balanced compromise."

Several member countries also praised the meeting's outcome. At the concluding session of the WHA, developed country representatives such as Slovenia, in the name of the EU, and Norway, expressed their satisfaction with the general result of the negotiations. Earlier in the week, Secretary Mike Leavitt, of the US Department of Health and Human Services, had indicated that, although the US had a well-defined position on many issues under discussion, including matters relating to intellectual property and innovation, it recognised the need to come to an agreement and was committed to finding a solution.

According to one of the main Brazilian negotiators, the "Global Strategy is the most important and significant multilateral document in the area of public health and intellectual property since the adoption of the Doha Declaration on TRIPS and Public Health in (2001)." He indicated that ultimately the role of WHO in this area was reinforced, making reference to paragraph 15 of the Global Strategy, which stipulates that the "WHO shall play a strategic and central role in the relationship between public health and innovation and intellectual property within its mandates, capacities and constitutional objectives, bearing in mind those of other relevant intergovernmental organisations." He added that despite discussions over whether WHO should be the lead stakeholder in implementing a number of measures in the Plan of Action, the principle of its role was not contested.

Another developing country negotiator stressed the importance, in such a long and complex process, of

considering the wider picture, pointing to the fact that "the most important achievement was a substantial mind shift to advance a public-health-oriented needs agenda." He added that strengthening the role of WHO in the relationship between public health and intellectual property, and encouraging the full use of all flexibilities to guarantee access to health care products are both important aims of the Global Strategy and parts of the Plan of Action.

Jamie Love of Knowledge Ecology International hailed the meeting as a "big step forwards taken by WHO to change the way we think about innovation and access to medicines." He was particularly impressed with the adopted language on the use of compulsory licensing and other flexibilities to protect public health, the continued and expanded support for work on a biomedical research and development treaty, and the use of new mechanisms, such as prizes, to provide innovative incentives that are not linked to product prices. He added, however, that it was unfortunate that the WHA still has not created an estimate of funding needs for priority R&D, nor has it developed a framework for sustainable sources of funding. Love pointed to the fact that the WHO Secretariat has yet to engage on the issue of new mechanisms that de-link R&D incentives from product prices.

Médecins sans Frontiers also praised the outcome. "Countries have pledged to give health interests the pre-eminence they deserve when considering how to manage IP," said Dr. Tido von Schoen-Angerer, Director of MSF's Access to Essential Medicines Campaign. "Some important steps in the right direction have been made. The expert working group now needs to take serious steps to move forward with a set of practical proposals that are on the table. It needs to take on more ambitious proposals to change the way essential health R&D is financed."

The European Generics Association (EGA) expressed its satisfaction that the provision in the Global Strategy and Plan of Action that would have encouraged information sharing on data exclusivity had been dropped. According to Lidia Mallo of EGA, data exclusivity "is not an incentive for R&D and is related to the pharmaceutical regulatory area and not to intellectual property issues and should not be used as a market exclusivity tool."

Also discussed at the WHA was a draft resolution aimed at strengthening WHO involvement in anti-counterfeiting of medicines. However, that issue was ultimately deferred to the WHO Executive Board meeting, to be held in January 2009.

ICTSD reporting

IN BRIEF

LATIN AMERICA AND EU CONFRONT SOCIAL ISSUES, TRADE AT LIMA SUMMIT

Poverty, famine, climate change, and trade were some of the issues that featured prominently at the fifth Latin American, Caribbean, and European Union Summit, held in Lima from 16-17 May. The more than 50 heads of state and government who attended the meeting reached consensus on the need for action on several critical social issues but failed to resolve ongoing disputes on matters of trade.

The Lima Declaration, the official output of the meeting, contains a strategy with concrete objectives to combat poverty over the next ten years, according to the EU External Relations Commissioner, Benita Ferrero-Waldner. Indeed, nations committed to reaching specific goals by 2010 including the eradication of malnutrition, the universalisation of health services for pregnant women, universal access to pre-school education, as well as the improvement of living conditions for vulnerable groups. However, effective finance mechanisms to reach these objectives were not discussed, casting doubts on how countries in the region that face sweeping levels of poverty, inequality, and low levels of growth will reach such objectives.

Commercial interests were also an important part of the agenda and a source of tension. EU Commissioner José Manuel Barroso demanded more flexibility from Argentina's President, Cristina Fernández de Kirchner, who was representing MERCOSUR, the Southern Common Market Bloc that includes Brazil, Argentina, Uruguay, and Paraguay. Barroso emphasised the need for MERCOSUR countries to open up their industrial goods and services markets both in the Doha Round and the Free Trade Agreement (FTA) talks between the two continental trade blocs. Negotiations in both forums have seen meagre progress. Fernández de Kirchner replied forcefully that negotiations are in essence a trade-off and thus "nobody gives away anything in exchange for nothing."

On the whole, the Lima Summit was a rather peaceful and uneventful meeting particularly if compared with the Ibero-American Summit held in Chile in 2007, in which Venezuelan President Hugo Chávez and Juan Carlos, King of Spain, were involved in a diplomatic argument.

The next Latin America and European Union Summit will take place in Spain in 2010.

ICTSD reporting; "Expectativas Cumplidas," BBC MUNDO, 18 May 2008; "Cumbre de Lima: drama y diplomacia," BBC MUNDO, 16 May 2008; "La V Cumbre UE-América Latina arranca centrada en la lucha contra la pobreza," EL PAIS, 16 May 2008.

REPORT: GLOBAL FISHERIES ON THE BRINK

Global fisheries have little capacity to withstand any increase in fishing activities, according a new report on the state of world marine stocks.

"Too Few Fish: A regional assessment of the world's fisheries," released Monday by the environmental group Oceana, maintains that more than 80 percent of the world's fisheries cannot survive increased fishing activity and that only 17 percent of global fish stocks should be considered able to withstand any growth in catch at all.

Oceana's report reviews data gathered by the UN Food and Agriculture Organisation (FAO) on the status of fish stocks both regionally and globally. The report maintains that "the reality (is) that the vast majority of stocks are exploited at or beyond their maximum sustainable potential." Of stocks reviewed in the report, 77 percent are at a level at which no further expansion is possible. Significantly, this is the first time ever that total global catches are reported to be declining, despite technological advances.

Regionally, the northeast Atlantic, southeast Atlantic, southeast Pacific, and the southern oceans have the highest proportion of overexploited, depleted and recovering stocks. Additionally, eight out of the ten species that account for 30 percent of the global marine catch are either fully exploited or over exploited.

The report also highlights the need for strong action to limit global fisheries subsidies in the ongoing fisheries negotiations of the Doha Round of the WTO. Oceana argues that continued government subsidies to fishing sectors create incentives for fishers to over-exploit the marine environment in an increasingly inefficient manner. Instead of preserving fish stock through sustainable practices and effective management, demand is growing for what are becoming rarer and more sought after fish. Thus, stocks that have already been exploited are now being pushed to extinction.

The report was released in conjunction with a photography exhibition The Deep: Life on the Deep Sea Floor at the WTO by Claire Nouvian ocean ambassador for the World Conservation Union (IUCN). Nouvian was joined by WTO Director-General Pascal Lamy and Carl

Gustaf Lundin, head of IUCN's global marine programme.

The report is available online at http://oceana.org/fileadmin/oceana/uploads/dirty_fishing/toofewfish4.pdf.

ICTSD reporting.

CORRIGENDUM

BRIDGES Weekly published a story on the agriculture negotiations in Vol. 12, No. 18 (21 May 2008). In it, we stated: "The revised text on the special safeguard mechanism (SSM) reorganises the options that the chair had set out before, setting them out as two broad alternatives for negotiators to decide on. Members are invited to choose between two approaches. Under one, easier-to-trigger safeguard remedies are expressed in larger percentage point terms, but constrained by the maximum permitted 'bound' tariff levels that will apply after the conclusion of the Doha Round. Under the second option, safeguard remedies would be harder to trigger and expressed in smaller percentage point terms, but Members would be allowed some flexibility to exceed Doha Round bound tariff levels - especially in the event of large surges."

The paragraph should have read as follows: "The revised text on the special safeguard mechanism (SSM) reorganises the options that the chair had set out before, setting them out as two broad options for negotiators to decide on. Members are invited to choose between two approaches. Under one, easier-to-trigger safeguard remedies are not constrained by the maximum permitted 'bound' tariff levels that applied after the conclusion of the Uruguay Round. Under the second option, safeguard remedies would be harder to trigger and Members would be limited to Uruguay Round bound levels for large surges, and Doha Round bound tariff levels for smaller ones."

We apologise for the error.

EVENTS & RESOURCES

VACANCIES

The International Institute for Sustainable Development (IISD), a Canadian-based not-for-profit organisation with personnel in more than 30 countries, is seeking an experienced Senior Economist (Climate Change, Energy and Trade) to participate in research and projects within IISD, and to provide advice to the Swiss government on the links between climate change,

trade, finance and economic development. The position is based in Geneva, Switzerland, at IISD's European office. Successful candidates would have a solid understanding of the international and European climate change regimes, their objectives and functions. Applicants must have a few years' experience and knowledge of international trade law and policy, particularly negotiations within the World Trade Organisation as well as the regional and international investment systems. They must also have strong written and oral communication skills in English and French, with the ability to read German. Please send a CV (no longer than 2 pages including the names, phone numbers and email addresses of 2 referees) as well as a covering letter (1 page) to Fariba Di Benedetto - fdibenedetto-achtari@iisd.org. For more information please see <http://www.iisd.org/about/employment.asp>. The deadline for applications is 31 May. IISD is grateful for all applications, but regrets that it shall only acknowledge those of shortlisted candidates.

The Action Group on Erosion, Technology and Concentration (ETC Group), an international civil society leader in researching, writing, and advocating on issues of concern to marginalised peoples, has posted two new job opportunities. ETC Group will hire a full-time English-language editor and a full-time programme manager to begin work in or around October 2008. All positions with ETC Group begin with a one-year mutual probation period. Following that year and subject to adequate funding, new positions become permanent. All applications will be treated as confidential and references will not be pursued without the express permission of the applicant. Applications will be accepted until June 6, 2008. Details on the positions and the application process are summarised below and available on the ETC Group website at http://www.etcgroup.org/en/materials/publications.html?pub_id=686.

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: 29 May - 4 June

May 29, Tokyo, China. THE ROLE OF INFRASTRUCTURE IN WOMEN'S ECONOMIC EMPOWERMENT. The objective of this workshop is to bring gender and infrastructure issues to the fore of the development agenda in the broader context of the Tokyo International Conference on African Development Conference. Through case studies presented by practitioners, academics, and donor representatives, participants will have the opportunity to share experience and knowledge on policies, programmes, projects, and tools which have given significant results. Discussions and interactions will enable

participants to start building up a consensus on how to address these issues and to identify potential areas of cooperation for mainstreaming gender in the development of infrastructure in Africa. For further information please refer to <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21764076~menuPK:34482~pagePK:2524753~piPK:51421526~theSitePK:4607,00.html>.

29-30 May, Bonn, Germany. INFORMAL PRE-SESSIONAL MEETING ON PROGRESS ON THE IMPLEMENTATION OF DECISION 1/CP.10. The UN Framework Convention on Climate Change's Subsidiary Body for Implementation at its twenty-seventh session, requested its Chair to convene an informal pre-sessional meeting, in conjunction with its twenty-eighth session with representatives of interested parties. The meeting will consider further actions with regard to the adverse effects of climate change, including financial resources; vulnerability and adaptation assessments; adaptation planning and implementation; risk management and risk reduction; regional collaboration and cross-cutting issues; capacity-building, education, training and public awareness; and data, systematic observation and monitoring. With regard to the impact of the implementation of response measures, topics to be discussed include: financial risk management; modeling; and economic diversification. For further information please refer to the website http://unfccc.int/adaptation/implementing_adaptation/items/4368.php.

30 May - 1 June, Palampur, India. GLOBAL CONVENTION ON CLIMATE CHANGE: DELIVERING A HOLISTIC RESPONSE TO COMBAT CLIMATE CHANGE. Climate change is the biggest challenge of our times and a serious threat to humanity. At the 3rd Global Conference on Social Responsibility, policy makers, business leaders, climate change experts and economists from across the world debated the growth models that combat climate change and alleviate poverty in a holistic manner. The main conclusion of the conference was that we must put business at the heart of climate change agenda and turn climate change into an opportunity for business innovation and social change. The convention recommended adoption of an holistic integrated 11-point growth model called 'proactivate'. At Palampur businesses will present case studies of their policies and practices for combating climate change. For further information please contact Dr. S. Z. Qasim, email: jsa@iodonline.com; and refer to the website at www.wef.org.uk.

1-4 June, Riyadh, Saudi Arabia. WORKSHOP ON DISPUTE SETTLEMENT; AGREEMENTS ON ANTIDUMPING, SUBSIDIES, AND SAFEGUARDS. The objective of the UN Conference on Trade and Development's Project on Dispute Settlement in International Trade, Investment and Intellectual Property is to contribute to a permanent capacity in developing countries and countries with economies in transition as regards dispute settlement in the fields of international trade, investment and intellectual property. This workshop offers a general and up-to-date review of World Trade Organisation Dispute Settlement and Trade Remedies on the topics of anti-dumping measures, subsidies and countervailing measures and safeguards measures. For further information please refer to the website at

<http://www.unctad.org/Templates/Meeting.asp?intItemID=2068&lang=1&m=15358&year=2008&month=6>.

1-5 June, Sao Paulo, Brazil. 12TH INTERNATIONAL CONGRESS ON ENVIRONMENTAL LAW. The 12th International Congress on Environmental Law of the World Conservation Union presents an opportunity for dialogue among key stakeholders about best practices in the implementation of Payments for Environmental Services (PES) and the contribution that legal and institutional frameworks may provide to strengthen this mechanism's effectiveness in areas such as land property, forests, biodiversity, water and fiscal law, among others. The findings from this dialogue will help the Department of Sustainable Development of the Organisation of American States validate its analytical work which will be of importance to the member states as they develop their PES national policies. For further information please refer to <http://www.oas.org/dsd/SpecialMeetings/PESmeeting.htm>.

2-6 June, Feria Valencia, Spain. 16TH EUROPEAN BIOMASS CONFERENCE AND EXHIBITION. The theme of the Biomass Conference and Exhibition is 'From Research to Industry and Markets'. According to the Chair of the Conference, Prof. Dr. Jürgen Schmid, "after the decision of the EU Council of Ministers in the Spring of 2007 to dramatically increase the share of renewable energies, biomass utilisation has to be seen in a new light: It is one of the few options which can provide a substantial part of this share in the near future." Over 1,500 participants from more than 80 countries are expected to attend and learn about the latest breakthroughs in the field. The Exhibition, taking place in parallel with the Conference from 2-5 June, will feature the foremost companies and state-of-the-art products in the Biomass Industries. For further information please refer to the website at www.conference-biomass.com.

2-7, June, Manila, Philippines. ASIA CLEAN ENERGY FORUM (ACEF) 2008: INVESTING IN SOLUTIONS THAT ADDRESS CLIMATE CHANGE AND ENERGY SOLUTION. In recognition of the pursuit for clean energy solutions that address the growing challenges of climate change and energy security by policymakers, private sector firms, and non-governmental organisations, the Asian Development Bank, and cooperating partners, will host the Asia Clean Energy Forum 2008. The Forum aims to promote increased use of clean energy in Asia and the Pacific through donor cooperation and the promotion of successful clean energy policies and finance solutions that respond to the region's climate challenge. The Forum will bring together a diverse group of 400-700 clean energy professionals including: government officials and policymakers; national and multinational financial institutions; private sector manufacturers, project developers and service providers; and researchers, academics, civil society groups, and development professionals working on clean energy and climate change. For further information please refer to the website at <http://www.adb.org/Documents/events/2008/ACEF/default.asp>; email: cleanenergy@adb.org.

2-13 June, Bonn, Germany. TWENTY-EIGHTH SESSIONS OF THE SUBSIDIARY BODIES AND RELATED MEETINGS. As part of an ongoing series of negotiations

under the UN Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol a series of meeting will take place in early June. These negotiations are focused in particular on finalising a multilateral agreement on climate change for after 2012, when the Kyoto Protocol's first 'commitment period' expires. The UNFCCC established two permanent subsidiary bodies: the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI). These bodies give advice to the COP and the CMP, and each has a specific mandate. The SBSTA and the SBI traditionally meet in parallel, at least twice a year. The twenty-eighth sessions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the UNFCCC will be held from 4-13 June 2008. The second session of the Ad hoc Working Group on Long-term Cooperative Action under the Convention and the second part of the fifth session of the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol will be held from 2-12 June 2008. For further information please refer to <http://unfccc.int/meetings/sb28/items/4328.php>.

3-5 June, Rome, Italy: HIGH LEVEL CONFERENCE ON WORLD FOOD SECURITY: THE CHALLENGES OF CLIMATE CHANGE AND BIOENERGY. Securing world food security in light of the impact of climate change may be one of the biggest challenges we face in this century. The recent thirty-fourth session of the Food and Agriculture Organisation of the UN Conference, held in November 2007, called for a series of expert meetings and stakeholder consultations on climate change and bioenergy, to be followed by a High-Level Conference on World Food Security and the Challenges of Climate Change and Bioenergy. The preparatory meetings were held January-April 2008. This High-Level Conference has become even more relevant in light of soaring food prices and the additional challenges this situation poses to achieving global food security. Many heads of state and governments have confirmed their attendance, as well as the UN Secretary General, Ban Ki-moon, transforming the June High-Level Conference into a true summit on world food security. For further information, please refer to the website at http://www.fao.org/foodclimate/home1.html?no_cache=1.

3-5 June, British Columbia, Canada. BIOENERGY CONFERENCE AND EXHIBITION 2008. As nations begin to learn how to live in a post-Kyoto Accord world, the pace of alternative energy development quickens. Bioenergy holds within it the potential to transform the way we live in the world. In 2008 the third BioEnergy Conference and Exhibition will be held at Prince George, one of one of the forestry capitals of the world. Prince George perfectly to lead the dialogue on the new technologies and processes that will bring about a global change in the way we perceive and use energy. For further information, please refer to the website at <http://www.bioenergyconference.org/index.php>.

3-4 June, Paris, France. OECD FORUM 2008: CLIMATE CHANGE, GROWTH, STABILITY. The Organisation for Economic Cooperation and Development's (OECD) Forum is a 'multi-stakeholder summit' which brings together business and labour leaders, civil society personalities, government ministers and leaders of international organisations to discuss the hottest issues on the international agenda. It takes place in conjunction with the annual OECD ministerial summit. This

year's focus is on climate change and growth and stability. For further information please refer to the website at http://www.oecd.org/site/0,3407,en_21571361_39644413_1_1_1_1,00.html.

4-5 June, Paris, France. MEETING OF THE OECD COUNCIL AT MINISTERIAL LEVEL: OUTREACH, REFORM AND THE ECONOMICS OF CLIMATE CHANGE. The economic impact of climate change, rising food prices and a broad range of other trade, growth and development issues will be discussed at this year's OECD Ministerial Council Meeting at OECD headquarters in Paris. Government leaders, OECD experts and representatives of business, labour, civil society and the media will debate the issues on the ministerial meeting agenda. Topics to be discussed include the current economic situation, the economics of climate change, the political economy of reform, the multilateral trading system, sovereign wealth funds, and key challenges for growth and prosperity. For further information please refer to the website at http://www.oecd.org/site/0,3407,en_21571361_40155017_1_1_1_1,00.html.

4-6 June, Johannesburg, South Africa. FIFTH AFRICAN ROUNDTABLE ON SUSTAINABLE CONSUMPTION AND PRODUCTION. Participants will discuss the African 10-Year Framework Programme on Sustainable Consumption and Production, which was approved in March 2005 by African Ministerial Conference on Environment (AMCEN). For further information please refer to the website at <http://www.unep.fr/scp/events/details.asp?id=469>.

WTO Events

An updated list of forthcoming WTO meetings is posted at: http://www.wto.org/english/news_e/meets.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.

26-30 May: NEGOTIATING GROUP ON TRADE FACILITATION

2 June: DISPUTE SETTLEMENT BODY

3 June: COMMITTEE ON TRADE IN FINANCIAL SERVICES

3 June: COMMITTEE ON SPECIFIC COMMITMENTS

3-4 June: WORKING PARTY ON GATS RULES

Other Upcoming Events

5 June, worldwide: WORLD ENVIRONMENT DAY 2008. Recognising that climate change is becoming the defining issue of our era, UNEP is asking countries, companies and communities to focus on greenhouse gas emissions and how to reduce them. The World Environment Day will highlight resources and initiatives that promote low carbon economies and life-styles, such as improved energy efficiency, alternative energy sources, forest conservation and eco-friendly consumption. The main international celebrations of World Environment Day 2008 will be held in New Zealand. UNEP is honoured that the city of Wellington will be hosting this United Nations day. The World Environment Day slogan for 2008 is Kick the Habit! Towards a Low Carbon Economy. For further information, please refer to the website at <http://www.unep.org/wed/2008/english/>.

16-17 June, London, UK: A NEW GLOBAL CLIMATE DEAL? ACHIEVING REAL COLLABORATION FOR A LOW CARBON FUTURE. This will be the 11th Chatham House conference on climate change. Topics will include how to balance economic growth with the need for emissions reductions in developing countries, developing low carbon technologies, carbon markets and equity, and climate strategies that can be agreed to in Copenhagen 2009. For further information, please refer to the website at <https://www.chathamhouse.org.uk/events/conferences/view/-/id/118/>.

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RESOURCES

DEVELOPMENT AND GLOBALIZATION: FACTS AND FIGURES 2008. UNCTAD, April 2008. This second issue of UN Conference on Trade and Development's (UNCTAD) Development and Globalization: Facts and Figures is more than an update of the 2004 edition. With economic globalisation challenging much of our traditional wisdom, the 2008 edition is meant to enhance the analytical emphasis and to offer some explanations for new and emerging economic trends. The report provides a synopsis of UNCTAD's independent research in the areas of trade and development, and related issues in the fields of finance, technology, investment and sustainable development. The report can be accessed at

http://www.unwater.org/downloads/UNW_Status_Report_IWRM.pdf.

INTERLINKAGES AND THE EFFECTIVENESS OF MULTILATERAL ENVIRONMENTAL AGREEMENTS. United Nations University, April 2008. This book seeks to fill the existing gaps in knowledge and policy-making with regard to the need for greater coordination and synergies among environmental institutions, policies and legal instruments, particularly focusing on international law. It also provides a framework for measuring the effectiveness of multilateral environmental agreements (MEAs) and shows how the effectiveness of MEAs can be improved by interlinkages. The report is available online at <http://www.unu.edu/unupress/sample-chapters/1149-InterlinkagesAndEffectivenessOfMultilateralEnvironmentalAgreements.pdf>.

RIISING FOOD PRICES, POVERTY, AND THE DOHA ROUND. By Sandra Polaski. Carnegie Endowment Policy Outlook, May 2008. Sandra Polaski examines the role of a Doha agreement in light of rising food prices and their impact on global poverty. Polaski points out that all sophisticated models of the Doha Round conclude that it would raise food prices modestly, but she argues that a carefully crafted agreement could nonetheless play a positive role in improving global food security and reducing future hunger and poverty. Although many poor households will require urgent assistance because of rising food prices, more are likely to gain than lose. However, proper diagnosis of the problem will be required to avoid counterproductive measures that could have disastrous results. For further information and access to the policy paper, please refer to <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=20144&prog=zgp&proj=zted>.

