



International Centre for Trade
and Sustainable Development

Bridges

Weekly Trade News Digest

2 July 2008

Volume 12 Number 24

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LEAD STORIES

PROGRESS OVER NEXT TWO WEEKS CRITICAL TO MINISTERIAL'S PROSPECTS

WTO Director-General Pascal Lamy rolled the dice last week, summoning ministers to Geneva later this month in a risky bid to salvage a deal in the troubled Doha Round of trade talks.

The move is a gamble. Despite recent progress, significant divisions persist, particularly on how deeply governments should have to cut farm subsidies and industrial tariffs as part of a multilateral accord. Similar differences caused earlier pushes for a deal over the past two summers to break down in acrimony.

Whether this year will prove any different will hinge to a large degree on the extent to which trade negotiators succeed at narrowing differences on agriculture and non-agricultural market access (NAMA) over the next two weeks.

Lamy himself admits that as things stand right now, the 'mini-ministerial' meeting's odds of successfully yielding framework agreements on opening up global trade in agriculture and industrial goods are only "over 50 percent."

Why call the meeting, then, given the real chance of yet another high-profile breakdown? Without such 'modalities' agreements by the end of July, "the chances of concluding the round this year are much less than 50 percent," he explained to WTO Members at an informal meeting of the Trade Negotiations Committee on 27 June.

"We can increase the chances from above 50 percent to somewhere around 75 percent" with "serious and intensive" negotiations in the coming days, he said.

"I think it is clear to all that everything that has been accomplished so far in the round is at stake if we do not succeed in establishing modalities in the next very few weeks," he warned, calling for "maximum effort" over the next few weeks "to make the movement we need."

Lamy recommended that the 30 to 40 ministers arrive in Geneva a couple of days early, in order to hold bilateral meetings and adequately prepare for the talks starting 21 July. This group would try to hammer out compromises, but would be unable take any official decisions; any agreement they reach would have to receive the assent of all Members.

The WTO chief urged delegations to pursue convergence on both agriculture and NAMA ahead of the ministers' arrival, in order to enable the chairs of each negotiating committee to produce comprehensive revised draft deals that would leave fewer issues open to debate. The more issues ministers have to resolve, the harder it will be for them to reach an agreement, trade diplomats generally believe.

The two committee chairs also addressed the meeting, briefly outlining recent developments as well as the planned schedule for the upcoming weeks.

Crawford Falconer, the New Zealand ambassador who mediates the talks on agriculture, said that Members had two alternatives. Either they could proceed on the basis of the existing 19 May text, which would leave ministers with "rather a lot of things" to address, or they could work to "further narrow the differences so that there are less things for ministers to do when they turn up on the 19th." He will organise work based on the latter, which would involve a new revision of the text before ministers arrive.

Pointing to the failure of senior agriculture officials to show up for consultations with him during the past two weeks, Falconer said he would presume that they had "been working very hard to improve the political signals at home so that they can come back to Geneva... in order to make the important political moves that are required in order to achieve an outcome next week." So long as the political background work has been done, he suggested, the necessary progress would not take long to achieve.

Falconer said that he would start three days of informal, so-called 'walk in the woods' consultations with small groups of countries from 1 July, which is when the US and the EU lead agriculture negotiators would become available. These talks would focus on issues including flexible tariff treatment for developing countries ('special products' and the special 'safeguard mechanism') and cotton-specific subsidy cuts. They are also set to address the rules governing income support to farmers that is unrelated to production volumes, to ensure that they meet the reduction-exempt 'green box' requirement that subsidies distort neither trade nor cultivation levels. Developments in these discussions would first be shared with a 3 July 'Room D' session of

some three dozen delegations representing the spectrum of interests in the negotiations, and then with a meeting open to the entire Membership the following day.

The agriculture chair said that based on his consultations, "it would and should be possible" to narrow and clarify the options in the May draft text, making it "an even more workable document for ministers to work with." The challenge would be to make enough progress during the week "that it's worthwhile doing a revised paper." A new paper would be released to Members early next week, with just enough time for analysis before ministers are set to arrive.

In the absence of progress, Falconer said that the ministerial gathering would have to proceed on the basis of the existing text. Alternatively, he could "try to invent" potential compromises, although countries have been uncomfortable with that notion thus far.

Meanwhile, NAMA Chair Ambassador Don Stephenson (Canada) said that he might convene the negotiating group later this week. He suspended meetings in early June, after discussions on his May draft text went nowhere.

He said that there had since been "some progress" in talks among a group of a dozen countries, as well as his own consultations with delegations. There was "very significant convergence" on issues including the implementation period; the functioning of the 'sliding scale' for developing countries to trade deeper tariff reduction for greater flexibility to shield more products from duty cuts (although not on the numbers that will determine the depth of future tariff levels and extent of flexibilities); how to calculate trade volumes for developing country customs unions for the purpose of using these flexibilities; how to address tariff lines without binding caps at the WTO; and on which non-tariff barriers merit further discussion. There was also "good convergence" on the treatment of South Africa, which has sought more lenient treatment so that its much poorer partners in the Southern African Customs Union are not forced to make far deeper cuts than they would have had to otherwise. But it was not enough, Stephenson said.

"We have less than two weeks. We have made some real progress. But we have too many unresolved issues to expect a successful ministerial meeting. Those who want a successful conclusion will use all of the remaining time to narrow the gaps and to make the options clear."

Stephenson asked countries to make senior officials available for consultations starting this week, aimed at producing guidance for the content of a revised text. "I make no promises on whether your weekends will be free," he told delegates.

The NAMA chair emphasised that convergence would be necessary for him to revise his current text, which has been criticised by industrialised nations complaining about too little access to developing country markets, and by developing countries complaining that they were being asked to do too much.

"You can change the text, if you work towards convergence with other members," Stephenson said. "If there is clear convergence, explicit convergence, I will amend the text to reflect that convergence. If there is no clear convergence on an issue, the text you will get is the text you have now."

Incremental progress notwithstanding, convergence will remain a challenge, particularly on the 'headline' numbers that will determine future levels for farm tariffs and subsidies, and industrial duties. Moreover, countries would need to find some way to assure each other that their interests would not be ignored on a wide range of to-be-resolved matters, notably services trade, rules, and some intellectual property issues.

Key players in the negotiations each insist that a deal requires concessions - by others. The US and the EU insist that developing countries such as Brazil and India must do more to open their markets to industrial products. Brazil, India, South Africa, and others counter that they are being asked to do far more on NAMA than is justified by the agricultural reforms, or indeed the tariff cuts to heavily protected manufactured goods such as textiles, on offer in the industrialised world.

Growing domestic political opposition to further trade concessions poses a further threat to prospects for a deal at the WTO.

France and the European Commission have long been at odds on the farm subsidy and tariff cuts offered at the WTO by the Commission on behalf of EU members. Most recently, French President Nicolas Sarkozy this week threatened to block a Doha deal that would sacrifice a fifth of EU agricultural production upon the "altar of global liberalism." He had earlier put part of the blame for Ireland's vote against the Lisbon treaty on EU Trade Commissioner Peter Mandelson's stance at the WTO. Mandelson has hit back, saying that Sarkozy's projections for production and job losses were vastly inflated. "I am being undermined and Europe's negotiating position in the world trade talks is being

weakened," he told the BBC, reports Thomson Financial.

France is not alone among EU member states in voicing scepticism about a potential Doha deal. German Chancellor Angela Merkel this week vowed not to approve an agreement that would be unfair to her country's agriculture sector.

Meanwhile, the leftist parties that prop up India's ruling coalition have called on the government to take a harder line in the WTO talks, particularly on agriculture.

ICTSD reporting; "UPA allies for tough stand at WTO," THE STATESMAN, 27 June 2008; "Sarkozy-Mandelson tensions flare as WTO talks loom," THOMSON FINANCIAL, 2 July 2008; "Merkel: Germany won't sacrifice agriculture for WTO Doha agreement," XINHUA, 1 July 2008.

AFTER 3-YEAR HIATUS, WIPO PATENTS STANDING COMMITTEE LAUNCHES NEW PROGRAMME OF WORK

The WIPO Standing Committee on the Law of Patents (SCP), under the chair of Maximiliano Santa Cruz (Chile), met from 23-26 June to discuss how the SCP should continue its work. The meeting, which followed a three-year break in the talks, occurred amidst much speculation about the fate of the negotiations on the Substantive Patent Law Treaty (SPLT).

Discussions at the SCP have been at a standoff since June 2005, due to differences in opinion between developed and developing countries, particularly as to how the SCP should continue its work with regards to the SPLT, a treaty that would expand the minimum standards agreed in the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Developing countries, led by a group called the Friends of Development, argue that the negotiations on the SPLT should have a wide scope, and should not be limited to prior art, grace period, novelty, and inventive step, as advocated by developed countries. Instead, they argue that the treaty should also include areas of interest to them, such as provisions on transfer of technology, anti-competitive practices, public interest flexibilities, as well as specific clauses on principles and objectives.

After the three-year impasse in the SPLT negotiations, and pursuant to a decision by the WIPO General Assembly last October, the WIPO Secretariat prepared a report on the International Patent System (SCP/12/3) to serve as a basis for future deliberations and to lay out a programme of work. The report was not meant to draw any conclusions; instead, it was intended to cover the needs and interests of all members, and to make reference to the WIPO Development Agenda.

The Secretariat's report reviews the existing situation in the patent system and covers, in the main, three distinct issues: the economic rationale of the patent system and its role in innovation and technology dissemination; organisational aspects of the patent system; and policy considerations and development concerns. For a number of observers, the report contained interesting and open reflections on the future of the international system. Indeed, the report has been described as offering a fresh look at new issues, incorporating recent critiques on how the system actually operates, particularly with respect to developing countries.

The examination of the report and the future work programme of the SCP was the main subject of last week's meeting. Yet, from the start of the gathering, it was evident that countries had not overcome the old stalemate and were not ready to engage in in-depth discussions of the report. Members did, however, show readiness to exchange views on how to allow the SCP to have a clearer and more forward-looking programme of work.

The initial reactions to the report were mixed. Some delegates shared the view that the report discussed key elements of the patent system, whereas others felt the report was biased in favour of the current patent system, and that it only made passing reference to the current global debate over whether the existing system is able to meet development and public policy objectives. In the view of many, the report, without being comprehensive, reflected a variety of complex and inter-linked issues, thereby reflecting the diverse and contrasting interests of those who have a stake in the treaty negotiations.

Nigeria, in particular, commented that, while the report covers a mix of issues, it effectively focuses on harmonising patent laws, a goal that is essentially at odds with the interests of developing countries. To that end, Nigeria maintained that important issues for developing countries included flexibilities, development objectives, technology transfer, alternative models of innovation, and exceptions and limitations. India, for its part, acknowledged the importance of the quest for harmonisation, but strongly supported the "harmonisation of the aspirations of developing

countries." Whilst India did not agree with all the implied conclusions of the report, it welcomed the broad discussion on the issues.

Brazil, a leading member of the Friends of Development, contended that a gradual approach needs to be taken in the negotiations, and proposed that discussions on substance should drive the development of a new consensus on the SCP work programme.

For their part, developed countries favoured a work programme based on a selected number of issues aimed at the further harmonisation of patent law; this is the issue that was at the heart of the three-year impasse in the work of the SCP. This was resisted in the past by developing countries under the perception that this process of selected harmonisation would lead to an unbalanced expansion of the minimum standards contained in the TRIPS Agreement.

The US restated its support for the harmonisation of patent law, affirming that such a move would allow for benefits for all such as, for example, an increase in the number of applications, reduction of backlogs, and the improvement of predictability for patent applications. The US expressed its hope that the meeting could agree on a detailed work plan for the SCP.

From the outset, the chair of the meeting actively sought to reach a consensus on the basis of a broad understanding of the future work programme of the SCP. This consensus was finally achieved when members agreed that the Secretariat's report constituted a good basis for discussion and that it should be re-examined at the next session of the SCP. In addition, the SCP identified a non-exhaustive list of 18 issues that would remain open for further elaboration and discussion at the following session.

The SCP also requested that the Secretariat prepare preliminary studies on four issues perceived to be of interest to both developing and developed countries: dissemination of patent information; exceptions from patentable subject matter and limitations to rights; patents and standards; and client-attorney privilege.

The SCP further recommended that a conference be held on issues relating to the implications of patents on certain areas of public policy, such as health, the environment, climate change and food security. The conference would be convened in the framework of the SCP and, where relevant, would work in conjunction with other WIPO bodies.

Committee chair Maximiliano Santa Cruz, explained to Bridges that, in his view, last week's meeting marked an

important step forward: "This is a fresh start for the SCP. All Members showed a great deal of flexibility during the 12th session and demonstrated that, despite our differences we can have common goals. We have chosen to follow several paths towards agreeing on a Work Program for the SCP, including the preparation of preliminary studies on four important issues and the celebration of a Conference on patents and policy issues, which is quite a big deal considering that the Committee did not meet for three years."

ICTSD reporting.

HIGH FOOD PRICES CREATE OPPORTUNITY FOR SUBSIDY REFORM, REPORT SAYS

Developed countries should take advantage of the current spike in commodity prices to reduce their agricultural subsidies, according to a report issued last week by the Organisation for Economic Cooperation and Development (OECD).

"Not grasping the reform opportunities will prolong the life of policy measures that create imbalances," the report said.

State aid to farm producers in the thirty developed countries that constitute the OECD area totalled US\$ 258 billion in 2007, or roughly 23 percent of OECD farmers' gross receipts for the year. That figure represents a drop from previous years; indeed, the percent of total farm output provided by subsidies is now at its lowest point since the OECD started tracking those numbers in 1986, having declined from 37 percent in 1986-1988 to last year's 23 percent.

But the drop in subsidies has not been even throughout the OECD area. While payment levels have decreased in the EU, Japan, and the US, they have risen in drought-stricken Australia. In the US, direct subsidies to farmers now represent 10 percent of the value of farm output, down from 22 percent two decades ago. Meanwhile, EU subsidies account for 26 percent of total European farm output; Japan's subsidies are worth 45 percent.

The report noted, however, that the recent drop in dollars spent on subsidies was not driven by domestic policy reforms but was instead an inadvertent result of the current spike in world food prices. That price jump, the report contended, is being caused by a confluence of several factors: a rise in demand from emerging

economies, higher energy prices, and a shortened crop supply due to adverse weather conditions in critical production regions. Other contributing factors include a rise in speculative activity in commodities markets and an increasing use of critical crops for biofuels production.

In light of the price spike - coupled with the lack of policy reform in OECD countries - the current decline in state aid may not last long, the report said. Once food prices drop from their current highs, subsidies might very well return to the higher levels of the past.

Thus, the report recommended that policymakers in the 30 developed countries that comprise the OECD area jump on the opportunity presented by the current spike in prices to reduce the levels of state aid for farmers now, while their incomes are relatively high.

"Careful policy design granting farmers the greatest possible freedom to respond to market signals will allow them to become more innovative and competitive," the report said.

But the report also noted that, while subsidies have not necessarily declined in number, there is some evidence that recent reforms have decreased the extent to which state agricultural aid is distorting trade. Specifically, a growing number of subsidies have been de-coupled from commodity output levels, and instead linked to other parameters, such as land area, livestock numbers, farm receipts, or total income. The report also noted that farmers are increasingly being required to meet certain conditions - especially with regards to the environment - in order to qualify for government support.

A shift away from output-related payments is considered beneficial as it reduces the extent to which government policies influence the amount that farmers produce. In a completely distortion-free scenario, farmers' production decisions would be based solely on market signals.

But despite some progress away from production-related payments, the report concluded that the use of highly trade-distorting support "still dominates," and that "reform is uneven across countries."

Whether developed countries follow the OECD's advice is a different matter. In fact, significant subsidy reform seems unlikely at this stage, at least in the US and the EU. The US farm bill passed last month largely continues past levels of agricultural support (see BRIDGES Weekly, 28 May 2008, <http://www.ictsd.org/weekly/08-05-28/story5.htm>). Meanwhile, with France assuming the presidency of the

EU as of the beginning of this month, Europe is unlikely to implement substantial cuts in its Common Agricultural Policy (CAP) any time soon. Indeed, French President Nicolas Sarkozy has indicated that defending the CAP - and protecting the interests of European farmers - will be one of his priorities.

The OECD report was announced as trade negotiators at the WTO are attempting to work their way through disagreements over market opening in both the agricultural and industrial sectors (see related story, this issue). While some of the gaps have narrowed in the agriculture negotiations, much work remains to be done. Ambassador Crawford Falconer (New Zealand), the chair of the negotiations on agriculture, told WTO Members last week that delegates will need to work very quickly in order to prepare for a ministerial conference that has been scheduled for the week of 21 July. To that end, Falconer said that he would meet with small groups of delegations early this week, and convene session open to all Member countries on 4 July.

ICTSD reporting; "Hoarding nations drive food costs even higher," THE NEW YORK TIMES, 30 June 2008; "Ride high food prices to cut subsidies, boost production: OECD," AGENCE FRANCE PRESSE, 29 June 2008; "Rush to secure world trade deal," THE AGE, 27 June 2008; "French priorities at the EU," THE WALL STREET JOURNAL, 1 July 2008.

OTHER NEWS

TPR: RIDING A STRONG ECONOMY, OMAN SEEKS TO DIVERSIFY

Oman has experienced generally impressive economic performance, characterised by high real GDP growth of 5.3 percent, low inflation, and budgetary surpluses, according to a recent review by the WTO. However, the country could further boost its economy by removing restrictions on foreign direct investment in areas such as tourism, internal waterways and taxi transport, the review said.

The Trade Policy Review (TPR) for Oman (WT/TPR/S/201) was held last week at WTO headquarters in Geneva. TPRs take place on a regular basis for all WTO Members. In preparation for the review, the government in question and the WTO secretariat prepare reports regarding the country's trade

and trade policies. Those reports are then discussed at a meeting open to all WTO Members.

Employment Generation: Oman's Main Challenge

Oman's external current account surpluses averaged 8.6 percent of GDP between 2001 and 2007; a surplus of 11.7 percent of GDP has been projected for 2008. This impressive performance has been attributed to a surge in oil revenues, which rose from US\$8.9 million in 2000 to US\$14.5 million in 2006. The share of fuels in the country's total merchandise exports rose from 82.5 percent in 2000 to nearly 95 percent in 2006. In value terms, non-oil exports have increased in recent years, but their share of total merchandise exports has fallen, thanks to current high oil prices. Thus, the total contribution of manufacturing to GDP fell from 12.4 percent to 2.8 percent during the period under review, while that of agricultural products fell from 3.7 percent to 2 percent.

The review pointed out that the country's primary economic and social priority under its "Omanisation" programme was to generate employment for its citizens. Twenty-six percent of Oman's 2.6 million inhabitants are expatriates; the country's per-capita income is US\$14,500. Capital receipts and payments were free of restrictions in Oman, whose currency has been pegged to the US dollar since 1986.

Oman's merchandise trade was relatively diversified. The country's main trading partners are the United Arab Emirates and South Korea. Globally, Oman ranked 44th among merchandise exporters and 57th among merchandise importers. Thanks to measures the country took to improve its investment climate, foreign direct investment (FDI) more than tripled between 2003 and 2006. Examples of recent investment reforms include the establishment of the Oman Centre for Investment Promotion and Export Development. However, some investment restrictions are still in place, such as the prohibition of land ownership for foreigners, except in new tourist areas.

Discussions on Bilateral Trade Agreements Underway

According to the review, Oman's membership in both the WTO and the Gulf Cooperation Council (GCC), a bloc comprising the six Arab states of the Persian Gulf, were the main factors driving recent changes in Oman's trade policy. Under the GCC, negotiations are ongoing for a trade agreement with the EU; possible agreements are also being discussed with Australia, China and New Zealand. Any new preferential agreement entered into by a GCC Member state would

apply to all GCC Members, with the exception of deals struck with the US.

In 2005, Oman became the second GCC country after Bahrain to sign a bilateral trade agreement with the US, although that agreement has yet to enter into force, pending Oman's adoption of legislation governing intellectual property rights. Under the US deal, virtually all tariffs on agricultural and non-agricultural products would be removed, and the country would liberalise a number of services sub-sectors, including consultative professional services.

Simple Tariff Structure

Since January 2003, Oman has applied the GCC's common external tariff, a simple tariff structure that consists of rates of zero for 9.4 percent of tariff lines and 5 percent for 88.8 percent of tariff lines. On alcoholic beverages, tobacco and pork products, which comprise 1 percent of tariff lines, Oman imposes a 100 percent duty.

Oman's average bound tariff rates - the highest possible tariffs that the country can apply - were 28 percent on agricultural products and 11.6 percent on non-agricultural goods. The average applied rates - the tariffs actually imposed - were 9.9 percent on agriculture and 4.6 percent on non-agricultural products.

During TPR discussions at the WTO last week, Members urged Oman to reduce the gap between its average bound tariffs and its applied tariffs. Concerns were also raised about certain consular formalities, such as the requirement that all imported products be authenticated by the Consulate of Oman or a representative from an Arab Embassy in the country of origin. Members further called on Oman to change its minimum import prices for tobacco and tobacco products, and for the country to eliminate the import restrictions it has put on a number of products for health, security, moral, and religious reasons.

The review noted that, despite significant progress in enforcing intellectual property rights, sales of unauthorised software and DVDs reportedly persists in some locations.

Diversification Away from Oil and Gas

The review noted that, under its Long Term Development Strategy, Oman intends to increase the contributions of agriculture and manufacturing to GDP, while significantly decreasing the contributions of oil and natural gas, as well as services.

Members asked Oman to further reduce the level of state ownership in the economy and to implement competition legislation. Petroleum Development Oman, a major state-owned enterprise, dominated the country's oil and natural gas sector during the period under review. Several state-owned enterprises (SOEs) in Oman, such as the Oman Telecommunications Company, the Oman Postal Company and Oman Air, reportedly operated as monopolies.

According to Oman's Minister of Commerce and Industry, Maqbool bin Ali Sultan, who addressed the Committee, privatisation is "one of the main pillars" of Oman's economic development programme.

However, the minister went on to defend his country's past reliance on state enterprises: "At the beginning, the private sector did not possess the resources or expertise to play an active role in the development process, therefore the public sector had to undertake the assignment to fill the gap. This justifies the big role played by the public sector in the economy."

In agriculture, Oman sought to ensure domestic food security by imposing low import tariffs on farm products of which it was a net importer. The government also supported domestic agricultural production by providing basic infrastructure, soft loans, and free inputs, including new seed varieties, fertilisers and chemicals.

WTO Members in general appreciated Oman's push to diversify its economy away from crude oil, and its efforts to ensure intergenerational equity in the exploitation of its non-renewable resources. However, they called for further reforms, including stronger multilateral commitments on goods and services.

ICTSD Reporting; "Oman to Reduce Dependence on Oil Revenues", KHALEEJ TIMES ONLINE, 27 June 2008."

SPS COMMITTEE CONSIDERS ESTABLISHING WORKING GROUP ON PRIVATE SECTOR STANDARDS

The WTO Committee that deals with food safety and animal and plant health measures recently considered the option of creating a new group to look at the controversial issue of private sector standards. Members also discussed procedures for using the chair's help to find a solution in cases in which parties disagree over the use of specific trade-related sanitary or health standards.

The WTO Committee on Sanitary and Phytosanitary Measures (SPS) met from 24-25 June, with Members raising specific export-related concerns with regard to health and safety standards set by other Members. The meeting was preceded by informal consultations on 23 June.

Discussion on private sector standards to continue, divisions remain on form

A number of developing countries are highly critical of the use of private sector standards, saying they reduce the efficacy of the SPS regime by creating higher standards outside of government control. These countries stress that the standards are arbitrary and end up penalising developing countries and small farmers exporting to the North since they lack capacity and funding. Many developing countries argue that governments should take responsibility for standards set by private-sector actors within their boundaries. Others, especially developed countries, say that private sector standards fall outside the remit of the WTO and its SPS Agreement. This debate has been going on since 2005 (see Bridges Weekly, 6 July 2005, <http://www.ictsd.org/weekly/05-07-06/story3.htm>).

Uruguay, one of the proponents of further discussions on how to rectify problems posed by private sector standards, made a submission outlining the terms of reference for a Working Group on Private Standards (G/SPS/W/225, available at <http://docsonline.wto.org>) just prior to the latest session of the SPS Committee. According to the submission, the Working Group would be charged with coming up with concrete recommendations to the SPS Committee within a defined timeframe. It would be chaired by a developing country representative. The scope of its work would be limited to SPS aspects of private sector standards, although a joint workshop could be held with the Committee on Technical Barriers to Trade (TBT). The Working Group would undertake a study of the differences between standards set by the private sector and the official standards in the same area; address government responsibilities with regard to private sector standards; communicate and coordinate with the SPS reference organisations (Codex Alimentarius, the International Animal Health Organisation and the International Plant Protection Convention); and undertake a legal analysis of the consistency between private standards and the SPS Agreement.

Members discussed how to move the work forward during an informal meeting on 23 June. While several countries supported the proposal by Uruguay, others felt that it prejudged any work by taking a negative approach to private standards. During the discussions, disagreements surfaced around the areas of work

suggested by Uruguay, and also over practical issues, such as the size and chairmanship of the group.

Following the meeting, the Secretariat will send Members a questionnaire about the organisation of further work on private standards. Based on the replies, countries will continue informal discussions on the way forward in conjunction with the next SPS Committee meeting.

Using the "good offices" of the chair

During the formal meeting of the SPS Committee from 24-25 June, Members continued considering ways to facilitate their own work. Members have the option of using the Chair's "good offices," or mediation, to help resolve differences and conflicts that occur between trade partners with regard to health and safety standards. This option provides a middle way between an airing of concerns within the SPS Committee and a full-fledged dispute. However, mediation is seldom used, so the group discussed the development of concrete guidance on the practicalities of using the chair's assistance when needed.

Both the US and Argentina had put forth proposals in this regard since the last meeting of the SPS Committee (G/SPS/W/227 and G/SPS/W/219). Both papers set out concrete timelines and steps to be taken in case the Chair's mediation was needed. Both also emphasised the technical and scientific nature of the consultations, and suggested inviting expert input from the Codex Alimentarius, International Animal Health Organisation or International Plant Protection Convention as needed. The Geneva-based consultations would be voluntary and confidential in nature, although the Chair would provide a general report to the SPS Committee at the end of the consultations.

The US and Argentina said they would work on consolidating their two drafts in advance of the next meeting of the SPS Committee. This meeting is scheduled to take place from 8-9 October 2008.

ICTSD reporting.

IN BRIEF

US, VIETNAM TO DEEPEN ECONOMIC TIES

The US and Vietnam agreed last week to initiate talks for a bilateral investment treaty during a visit to

Washington by Vietnamese Premier Nguyen Tan Dung. When concluded, the investment deal would provide US investors in Vietnam additional legal protections and enhanced market access. Some consider the potential accord a prelude to a free trade agreement between the two former enemies.

In addition to the investment treaty, several business deals that focus on expanding US access to Vietnam's growing market were concluded during the state visit. Aluminium giant Alcoa, electronic communications manufacturer Motorola, and travel technology firm Sabre Holdings were among the companies that signed contracts with their Vietnamese counterparts.

Dung's recent stop in Washington marked the third time that a high-level Vietnamese official has visited the US capital since the former enemies established normal trade relations in 1995, two decades after the end of the Vietnam War. The countries have since forged strong economic ties, particularly with the signing of a US-Vietnam bilateral trade agreement in 2000.

Since that deal took effect, trade between the two countries has grown by more than 700 percent, with a rise of 30 percent recorded from 2006 to 2007, according to US government statistics. Vietnam represents one of the fastest-growing markets for US exports; for its part, the US is Vietnam's third-largest trade partner and its largest export market. US foreign direct investment in Vietnam nearly doubled between 2001 and 2006, the most recent year for which data are available.

Vietnam, which joined the WTO at the end of 2006, has been enforcing new trade regulations to help facilitate foreign investment.

ICTSD reporting; "US Vietnam launch talks for an investment treaty," BILATERALS, 25 June 2008; "US, Vietnam: Trade ties and a China buffer," BILATERALS, 22 June 2008; "U.S. - Vietnam development, trade and investment," SCOOP, 24 June 2008.

INDIA, MYANMAR SIGN FOUR ECONOMIC COOPERATION AGREEMENTS

India and Myanmar deepened their bilateral economic relations last week with the finalisation of four economic cooperation agreements. Along with an investment protection accord, India has agreed to provide

Myanmar with US\$ 84 million in loans and credits to expand the country's power distribution network.

The Bilateral Investment Promotion Agreement (BIPA), the first of the four agreements, is intended to facilitate greater investment flow between the neighbouring nations by providing a framework for resolving disputes, extending national treatment, and repatriating investment and returns, among other things.

Under a separate agreement, India will finance three 230-kilovolt transmission lines in Myanmar. The deal, worth US\$ 64 million, is to be executed by the Power Grid Corporation of India Limited.

In a related credit line agreement, the Exim Bank of India and the Myanmar Foreign Trade Bank will contribute US\$20 million towards the establishment of a manufacturing facility to help facilitate the expansion of Myanmar's power distribution network.

Finally, the United Bank of India and the Myanmar Economic Bank signed an agreement aimed at facilitating the implementation of a border trade agreement between the two countries.

Relations between the two nations, which share a 1,330-kilometre border, soured in 1988 when a military junta took control of Myanmar, but the relationship has improved steadily since 2000. An example of their advancing economic ties was a US\$ 120 million deal struck in April, in which India agreed to invest in waterways and highways along Myanmar's Kaladan River and to develop the north-western port of Sittway.

Bilateral trade between India and Myanmar reached US\$ 590 million in 2005-2006. Currently Myanmar is striving to develop its hydroelectric potential; India, China and Thailand have thus far proven to be the biggest foreign investors.

ICTSD reporting; "India, Myanmar sign agreements," THE HINDU, 26 June 2008; "India, Myanmar sign investment promotion pact," THE ASSOCIATED PRESS, 25 June 2008; "India to give Myanmar \$84 million in loans, credit," THE ASSOCIATED PRESS, 25 June 2008; "India, Myanmar ink four pacts, including BIPA," THE ECONOMIC TIMES, 24 June 2008; "India, Myanmar to sign investment pact," AGENCE FRANCE-PRESS 23 June 2008.

EVENTS & RESOURCES

EVENTS

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

Coming up 3-9 July

4 July, Manila, Philippines. TOWARDS A MORE SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE CITY. To present the philosophy of sustainable urban design and architecture the event is based on the Bogota success story that focused on 'building a city for people, not for cars'. The session is organised by Asian Development Bank's Urban and Transport Communities of Practice. For further information, please refer to <http://www.adb.org/Documents/events/2008/Environmentally-Sustainable-City/default.asp>.

7-9 July, Tokyo, Japan. G8 SUMMIT 2008. At July's G8 Hokkaido Toyako Summit, world leaders will discuss the world economy, environmental concerns, African development and other pressing issues that must be tackled. For further information, please refer to <http://www.g8summit.go.jp/eng/index.html>.

7-11 July, Bangkok, Thailand. 28TH MEETING OF THE OPEN-ENDED WORKING GROUP OF THE PARTIES TO THE MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete THE OZONE LAYER. This meeting is scheduled to take place in Bangkok, Thailand, from 7-11 July 2008. For more information please contact: Ozone Secretariat; tel: +254-20-762-3850/1; fax: +254-20-762-4691; e-mail: ozoneinfo@unep.org; and refer to the website <http://ozone.unep.org/>.

7-11 July, Geneva, Switzerland. COMMITTEE ON DEVELOPMENT AND INTELLECTUAL PROPERTY. Among the issues to be discussed is a revised text on the initial working document for the committee on development and intellectual property. For further information, please refer to http://www.wipo.int/meetings/en/details.jsp?meeting_id=15487.

7-11 July, Fort Lauderdale, Florida, US. 11TH INTERNATIONAL CORAL REEF SYMPOSIUM. The symposium is organised under the theme 'Reefs for the Future'. This meeting will focus on key concepts of coral reefs, including reef structure and function, pattern and process, ecosystem-based management, and human interactions. Plenary speakers will summarise current scientific knowledge about reefs. Mini-Symposia and field workshops will be thematic, question driven, and define specific science-based outcomes as well as management strategies. Field trips to diverse reef types will help illustrate specific reef types, environmental problems and management successes. For more information please contact: Nancy

Copen; tel: +1-301-634-7010; and refer to the website <http://www.nova.edu/ncri/11icrs/>.

8-9 July, Geneva, Switzerland. GLOBAL PREPATORY MEETING ON THE MID-TERM REVIEW OF THE IMPLEMENTATION OF THE ALMATY PROGRAMME OF ACTION. The purpose of this meeting is to review the recent progress relating to trade facilitation for the benefit of landlocked and transit developing countries. The outcome of the meeting will contribute to further discussions on the review and implementation of the Almaty Plan of Action for the next five years. For further information, please refer to <http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=15695&year=2008&month=7>.

8-11 July, Mubende, Uganda. HEALTH AND SAFE WATER FOR THE WORLD INTERNATIONAL CONFERENCE. This conference aims to provide a global forum for practitioners, organisations, donors and agencies from a wide range of disciplines working in the water and environmental sanitation sectors. The meeting includes field trips to see examples of activities that need to be done in the community and the work done in the community in Mubende, Uganda. For more information please contact: Walusimbi Willy; e-mail: rahecafo@yahoo.com; and refer to the website <http://www.stopwdi.net/CleanWaterConference.htm>.

8-11 July, Rome, Italy. INTERNATIONAL SYMPOSIUM ON COPING WITH GLOBAL CHANGE IN MARINE SOCIAL-ECOLOGICAL SYSTEMS. For more information please contact: Kevern Cochrane, FAO Senior Fisheries Officer; tel: +39-6-570-56109; fax: +39-6-570-53020; e-mail: kevern.cochrane@fao.org; and refer to the website http://www.fao.org/fi/NEMS/events/detail_event.asp?event_id=36388.

8-11 July, St. Petersburg, Russia. POLAR RESEARCH: ARCTIC AND ANTARCTIC PERSPECTIVES IN THE INTERNATIONAL POLAR YEAR. The International Polar Year (IPY) Joint Committee has endorsed this event as the first in a series of international interdisciplinary IPY conferences. It is therefore cosponsored by the International Council for Science (ICSU) and the World Meteorological Organisation (WMO). Sessions will take place in the Pribaltiskaya Hotel and at the Arctic and Antarctic Research Institute (AARI). For further information, please refer to <http://www.scar-iasc-ipy2008.org/>.

9-11 July, Manila, Philippines. 13TH POVERTY AND ENVIRONMENT PARTNERSHIP MEETING. The 13th Poverty and Environment Programme (PEP) meeting aims to highlight, among other topics, experience from Asia and the Pacific with various types of interventions meant to simultaneously reduce poverty and improve environmental management. Participants will hear from practitioners on innovative programmes that link environmental management to poverty reduction, ranging from coastal resources management to urban air quality. Special attention will be given to climate change issues, including new financing mechanisms, and how they relate to PEP. For further information, please refer to <http://www.adb.org/documents/events/2008/13th-PEP-Meeting/default.asp>.

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.

4 July: WORKING PARTY ON THE ACCESSION OF THE LAO PEOPLE'S DEMOCRATIC REPUBLIC

Other Upcoming Events

14-18 July, Geneva, Switzerland. 57TH MEETING OF THE CITES STANDING COMMITTEE. This meeting is organised by the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora. For more information please contact: tel: +41-(0)22-917-8139/40; fax: +41-(0)22-797-3417; e-mail: info@cites.org; internet: <http://www.cites.org/eng/news/calendar.shtml>

RESOURCES

ADDRESSING THE GLOBAL FOOD CRISIS: KEY TRADE, INVESTMENT AND COMMODITY POLICIES IN ENSURING SUSTAINABLE FOOD SECURITY AND ALLEVIATING POVERTY. UNCTAD, 30 May 2008. Once the international community has begun to meet the most immediate challenges of the global food crisis, says UNCTAD in a new report, it should also use the crisis as a wake-up call for overhauling the agricultural trade and production systems. The report, entitled "Addressing the Global Food Crisis: Key trade, investment and commodity policies in ensuring sustainable food security and alleviating poverty," looks at the causes of the crisis and proposes a host of responses, particularly for the long term. The report, issued in advance of the 2008 high level conference on world food security in Rome from the 3 to 5 of June, can be accessed at <http://www.unctad.org/Templates/Page.asp?intItemID=4521&lang=1>.

A HANDBOOK ON ACCESSION TO THE WTO. WTO, June 2008. This handbook provides the first detailed explanation and analysis of the process whereby governments become Members of the WTO. The WTO Agreement, which came into force on 1 January, 1995, provides few details on how this process is to take place. Consequently, the steps in the detailed negotiations leading up to access have evolved through the actual negotiations for governments which have become Members of the WTO since 1995. This handbook is unique in providing an account of how the process evolved and in offering details on the process as it is now applied. Moreover, the input of the WTO Secretariat into the

preparation of the guide provides information not available until now to anyone outside the Secretariat. The Secretariat has supported production of this handbook in the hope it will serve as a useful source of reference for officials from acceding governments, WTO Members, academia, and the general public. For further information or to purchase the handbook, please refer to http://onlinebookshop.wto.org/shop/article_details.asp?Id_Article=738.

FUELLING EXCLUSION? THE BIOFUELS BOOM AND POOR PEOPLE'S ACCESS TO LAND. By Lorenzo Cotula, Nat Dyer, Sonja Vermeulen. FAO and IIED, May 2008. What are the impacts of the increasing spread of biofuels on access to land in producer countries, particularly for poorer rural people? Biofuels could revitalise rural agriculture and livelihoods - or, where there are competing claims on land - exclude poorer land and resource users. This study documents current knowledge on current and potential impacts of commercial biofuel production for access to land in Africa, Latin America and Asia, charting both negative experiences and promising approaches. For further information and to access the report, please refer to <http://www.iied.org/pubs/display.php?o=12551IIED>.

GLOBAL DEVELOPMENT FINANCE 2008: VOL I. REVIEW, ANALYSIS AND OUTLOOK. The World Bank, June 2008. 'Global Development Finance' - the World Bank's annual report on the external financing of developing countries - provides monitoring and analysis of development finance, identifying key emerging trends and policy challenges in international financial flows that are likely to affect the growth prospects of developing countries. As major financial institutions currently recognise losses from the US subprime mortgage market crisis and rebuild their balance sheets through a more conservative approach to lending and risk management, the central theme of this year's report will be the market for international bank credit to developing countries. It is meant to serve as a resource for governments, economists, investors, financial consultants, academics, bankers, and the development community. For further information or to purchase a copy of the report, please refer to http://publications.worldbank.org/ecommerce/catalog/product?item_id=8045513.

NEW DAY, NEW WAY: U.S. FOREIGN ASSISTANCE FOR THE 21ST CENTURY. The Modernising Foreign Assistance Network, 10 June 2008. 'New Day, New Way: U.S. Foreign Assistance for the 21st Century' calls on the next American president, Congress, policymakers and the American people to overhaul how the US helps poor people in developing countries. Among the recommended steps is the proposal of a new national foreign assistance strategy and a new Foreign Assistance Act to replace the outdated framework that President Kennedy signed nearly 50 years ago. The paper can be accessed at <http://www.cgdev.org/content/publications/detail/16210>.

WTO PUBLIC FORUM 2007: HOW CAN THE WTO HELP HARNESS GLOBALIZATION? WTO, June 2008. The second edition of the Public Forum addresses the discussions and concerns raised during the 2007 WTO Public Forum, whose theme was 'How Can the WTO Help Harness Globalization?'

The discussion of this topic comes at a time when many member countries are experiencing concerns regarding the impact of global trade on an already fragile environment, the ever-present economic and trade differences between the North and the South, and the possible completion of the overdue Doha Development Round and its ensuing benefits for increased global trade. These disparate issues are organised into sub-themes of: global governance, coherence, economic growth, and sustainable development. More specific topics are also discussed, such as the ability of global trade to help reduce climate change, to create win-win situations in international trade, and to push international trade into the national development strategy. For further information or to purchase this document, please refer to http://onlinebookshop.wto.org/shop/article_details.asp?Id_Article=740.

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

Contributors to this issue of *BRIDGES Weekly Trade News Digest* are Trineesh Biswas, Paige McClanahan, Pedro Roffe, Camille Russell, Malena Sell, Mahesh Sugathan, and Jessica Thorn. Editor: Paige McClanahan. Director: Ricardo Meléndez-Ortiz. ICTSD is an independent, not-for-profit organisation based at: 7, chemin de Balexert, 1219 Geneva, Switzerland, tel: (+41-22) 917- 8492; fax: 917-8093. Excerpts from *BRIDGES Weekly Trade News Digest*® may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

BRIDGES Weekly Trade News Digest is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK) and NOVIB (NL). *BRIDGES Weekly* also benefits from support for the *BRIDGES* series of publications from donors including the Rockefeller Foundation and the Swiss Agency for Development and Cooperation. ISSN 1563-003X

