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LEAD STORIES

OBAMA'S TRADE STANCE COMING INTO FOCUS

Barack Obama, who will become the 44th president of the United States in 75 days, will have the opportunity to make drastic changes to the country's role in international trade at a time of global financial turmoil and deep frustration at the slow progress of multilateral trade talks at the WTO.

Indeed, exit polls conducted outside polling places on Election Day suggested that the US economy was the chief concern among voters, with 62 percent of those surveyed citing it as the most important issue facing the US. This figure was far ahead of the 10 percent of voters who said Iraq was their most important concern.

On international trade issues, the president-elect has pledged to take a stronger stance against China, take another look at NAFTA and to reject bilateral and regional trade deals that "put the interests of multinational corporations ahead of the interests of American workers."

"When it comes to trade, there is no one-size-fits-all approach," Obama said in a speech at a trade and manufacturing forum in April. "If countries are committed to reciprocity, if they are abiding by basic rules of the road, then we should welcome trade. Many poor countries need access to our markets and pose no threats to our workers," he said.

Although the president-elect has yet to take any policy decisions or make any appointments, his approach to trade can be drawn out from speeches he made on the campaign trail and in interviews that his chief economic advisers have given.

The attitude that the Obama administration will adopt in the ongoing Doha Round of Trade talks at the WTO will no doubt be the subject of much speculation. The multilateral negotiations have stalled repeatedly in their seven-year history -- the most recent major setback

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came in July. Some analysts say that the talks may effectively go into hibernation over the next one or two years as new administrations find their feet not only in the US, but also in India and the EU.

Ever optimistic that a deal to liberalise trade in agriculture and industrial goods can still be concluded in the coming months, Brazilian Foreign Minister Celso Amorim has urged WTO Members to finalise an agreement before Obama's inauguration on 20 January.

"It will facilitate things for President-elect Obama if we are able to finalise the modalities by the end of this year. It would relieve him of very difficult choices at the start of his government," Amorim said during a visit to Geneva on Wednesday, Reuters reported.

Amorim dismissed the notion that having a Democrat in the White House would hinder progress toward a global trade deal.

"I don't think that holds any more," he said, referring to the widely held belief that Democrats are more protectionist than Republicans. "This has more to do with manufacturing than with the agricultural problems we are facing, and the Democrats are also more multilateralist," he said.

Indeed, Obama has promised that his administration will actively engage in the multilateral talks.

"I believe that we can work within the framework of the WTO to ensure our international standards for workers, poor nations, public health and environment are all improved," Obama said during the Democratic primaries earlier this year.

But the president-elect's views on agriculture subsidies may not sit well with many of the US' trading partners.

Obama, who in May of this year voted for the US farm bill -- a broad piece of legislation that, among other things, largely preserves previous levels of agriculture subsidies -- has repeatedly pledged to protect the interests of US farmers in international trade. A supporter of US ethanol production, Obama has vowed to invest US\$ 150 billion over the next decade in biofuels and to maintain the US\$ 0.45 blenders' tax credit and the US\$ 0.54 ethanol tariff. He has also publicly backed crop revenue insurance programmes as well as a permanent mechanism to encourage farmers to use crop insurance.

Further complicating the potential for progress at the multilateral level, Obama has said that he would only

support giving the executive branch 'fast track authority' to submit trade deals to Congress for a simple up-or-down vote on the condition that the legislative branch is given more power under the authority. Such a shift could complicate negotiations at WTO headquarters in Geneva, as Obama's trade officials might need to carefully consider Congress' views before making commitments to trading partners.

More details of Obama's trade views will emerge over the coming weeks as the president-elect appoints a new US Trade Representative and selects the members of his cabinet. Such appointments will all be subject to the approval of the Senate, but as Obama's Democratic Party is in the majority in the 100-member legislative body, his picks for the cabinet and other high-level positions will most likely be endorsed.

A stronger stance on China

At the bilateral level, one theme that has clearly emerged is Obama's commitment to taking a strong stance on trade relations with China. The Democrat outlined his views on the matter in a letter to the National Council of Textile Organisations last month:

"The massive current account surpluses accumulated by China are directly related to its manipulation of its currency's value," Obama wrote. "The result is a large imbalance that is not good for the United States, not good for the global economy, and likely to create problems in China itself. China must change its policies, including its foreign exchange policies, so that it relies less on exports and more on domestic demand for growth."

"I will use all diplomatic means at my disposal to induce China to make these changes," he wrote.

Obama has also levelled criticism at the Asian giant's industrial subsidies, and has called for stronger measures to stop the piracy of US intellectual property in the country.

Walking a fine line on NAFTA

Obama's views on the North American Free Trade Agreement, or NAFTA, are somewhat more nuanced. The deal - whose passage is considered one of the major achievements of Bill Clinton, the last Democrat to occupy the White House - has not sat well with many in the Democratic base. Indeed, some union leaders have claimed that the agreement has shut down factories in the Midwest, while conservationists have argued that the deal to liberalise trade on the continent has spurred an environmental 'race to the bottom'.

Some would say that Obama's stance on NAFTA shifted somewhat over the course of the campaign. Amid his battle for the Democratic nomination against Senator Hillary Clinton last February, Obama called the regional trade deal "devastating" and "a big mistake" and vowed to either renegotiate NAFTA's environmental and labour standards or pull the US out of the agreement altogether.

But in a meeting with Canadian leaders the following month, senior Obama adviser Austan Goolsbee reportedly indicated that Obama's protectionist-sounding messaging "should be viewed as more about political positioning than a clear articulation of policy plans," according to a memo from the meeting that was leaked to the press.

"On NAFTA, Goolsbee suggested that Obama is less about fundamentally changing the agreement and more in favour of strengthening/clarifying language on labour mobility and environment and trying to establish these as more 'core' principles of the agreement," the memo said.

Uncertainty over bilateral trade deals

Just how well other trade deals will fare in an Obama administration remains to be seen. The president-elect has backed the US' bilateral deal with Peru, to which Congressional Democrats successfully added labour and environmental provisions last year, but he has opposed pacts with Colombia and Korea, which he says would be bad for American workers. These latter two pacts, as well as one with Panama, are currently awaiting Congressional approval.

Obama's opposition to the agreement with Colombia stems from the violence against unionists in that country. "When organising workers puts an organiser's life at risk, as it does in Colombia, it makes a mockery of our labour protections," he said in a speech to unionists in April.

But despite Obama's stated opposition to the deal, at least in its current form, some in Washington think that the president-elect might push the Senate to approve an amended version of the agreement once he is in office, especially if he is able to get significant union input on amendments to the deal.

Prospects for the passage of a US-Korea deal, which the two countries finalised last year, could also be brighter than some might have thought during the primary season. Obama has long opposed the pact, which he has called "badly flawed," because it does not offer enough protections for US industry. "In particular, the terms of the agreement fall well short of assuring

effective, enforceable market access for American exports of manufactured goods and many agricultural products," Obama wrote in a letter to President Bush, a supporter of the agreement, in May.

But just last month, Obama's foreign policy adviser, Frank Jannuzi, said that Obama would submit a US-Korea trade deal to Congress for approval if he were to win the election. But that deal would first have to satisfy several pre-conditions, Jannuzi said, including increased access of US autos to the Korean market, stronger protections for US workers who lose their jobs because of the deal, and resolution of a long-running dispute over beef imports.

ICTSD reporting; "Obama: NAFTA not so bad after all," FORTUNE, 18 June 2008; "Bush presses for Colombia trade deal Obama opposes," Reuters, 16 October 2008; "Colombia deal has better shot under Obama, say trade lobbyists, union reps," THE HILL, 16 September 2008; "WTO needs new labor, environment rules-Clinton, Obama," REUTERS, 29 February 2008; "Obama urges Bush back off South Korea trade deal," REUTERS, 23 May 2008; "Obama to Submit Korean Free Trade Pact for Ratification in 2009," YONHAP, 27 October 2008; "Obama watching Bush closely in WTO talks: aide," REUTERS, 10 July 2008; "Brazil urges Doha deal before Obama start," REUTERS, 5 November 2008.

OTHER NEWS

COALITION CONTINUES TO PRESS FOR DEMANDS ON BIODIVERSITY AND GEOGRAPHICAL INDICATIONS

The EU and many developing countries reaffirmed their support for a requirement to disclose the source of genetic resources in patent applications and for wider protection for geographical indications in WTO meetings on intellectual property held in Geneva last week. But opponents continued to resist such proposals.

At the same time, the Council of Trade-Related Aspects of Intellectual Property Rights (TRIPs) and the Special Session of the TRIPs Council elected new chairs. The Ambassador of Trinidad and Tobago, Dennis Francis, was elected as the new Chairman of the TRIPs Council. The Ambassador of Barbados, Trevor Clarke,

who is the chair of the Committee on Development and Intellectual Property of WIPO, was also confirmed as the new chair of the Special session of the Council for TRIPS. Both chairs are known for having played significant roles in various multilateral negotiations.

TRIPS and Doha: controversy continues

One of the primary sources of disagreement is whether some TRIPS issues should be part of the single undertaking in the WTO's Doha Round negotiations on tariff-cutting deals on agricultural and industrial goods.

At issue are three topics on which talks have largely stalled in the TRIPS Council: extending to all products the strong protection currently accorded to geographical indications of wines and spirits (GI extension); making it mandatory for patent applicants to disclose the origin of any genetic resources and/or associated traditional knowledge involved in their inventions; and the establishment of a register for geographical indications (GIs) of wines and spirits.

Those who support the parallel consideration of the three TRIPS issues under the Doha negotiations continued to advance their case, making reference to the draft modalities that a coalition of more than one hundred countries put forward in July (TN/C/W/52) (see Bridges Weekly 16 July 2008, <http://ictsd.net/i/news/bridgesweekly/12791/>).

The EU confirmed its commitment to the common platform established under the draft modalities. Switzerland emphasised the importance it attaches to the parallel treatment of the three issues and the need for text based negotiations on the basis of the parameters determined in TN/C/W/52.

The EU further indicated that it supported a legally binding disclosure requirement regarding the country of origin or sources of genetic resources and associated traditional knowledge to all international, regional and national patent applications, at the earliest possible time. The EU demanded further discussion towards establishing a definition of 'traditional knowledge'. According to the EU, the disclosure requirement might include a remedy that suspends the consideration of patent applications if the applying party either fails or refuses to disclose.

The countries that oppose this proposal -- which include Australia, Canada, Chile, Mexico, New Zealand, South Korea, Taiwan and the US -- have not taken a common position. Some have argued only against the parallel treatment of the three issues, while others have rejected outright the mere consideration of issues related to the Convention on Biological Diversity in the

TRIPS forum. The US and Japan restated their position that there is no need to amend the TRIPS Agreement in order to introduce a disclosure requirement. Nevertheless, a proposal to do just that garnered the support of two-thirds of those present, including the addition of a new country, Sri Lanka which expressed its support for the TRIPS-CBD amendment.

During the Special Session, the EU, supported by several co-sponsors of the draft modalities for the TRIPS issues, said that the Special Session should focus on the three TRIPS negotiation issues in parallel and on equal footing. There was no common African Group position, since some countries such as South Africa are not in favour of the parallel treatment of TRIPS issues that include register for GIs. But Nigeria, among others, supported the parallel consideration of the three TRIPS issues. It is unclear if the Special Session can consider the three TRIPS issues without further guidance from the Ministers.

August 2003 Decision: revisions needed?

Canada informed the Council that it had authorised the first shipment of a low-cost HIV/AIDS drug produced under the 'August 2003 Decision' of the TRIPS Council. That decision waived certain provisions of the TRIPS Agreement so that countries could legally export generic drugs produced without the patent-holders' consent to developing countries that are unable to produce the drugs themselves. The Canadian shipment, the first batch of medicine to be sent under five-year-old agreement, went to Rwanda (see Bridges Weekly, 25 September 2008, <http://ictsd.net/i/news/bridgesweekly/29778/>).

Critics of the August 2003 decision -- which include many public health groups, developing countries, and some pharmaceutical companies -- say that it requires an inordinate amount of notification, domestic legislative reforms, and other bureaucratic hurdles.

Ecuador complained about the complexity of implementing the August 2003 decision at last week's meeting and requested countries to adopt a flexible approach under their domestic legislations. India also voiced its concerns about the procedures to implement the decision and asked Members to compile a list of domestic laws needed for such implementation.

A report by the WTO secretariat indicated that the protocol for amending the TRIPS Agreement in order to incorporate the August 2003 Decision received a total of 18 acceptance and ratifications. Jordan was the latest country to join that list.

LDCs request a new methodology for Technology Transfer

The Council considered proposals on technology transfer put forward by Canada, Japan, New Zealand, Norway, Switzerland, and the US.

Lesotho, on behalf of least-developed countries, or LDCs, called for a review of the implementation of Article 66.2 of the TRIPS Agreement, which obliges developed countries to provide incentives for domestic firms to transfer technology to LDCs. The Lesotho delegate said that there should be uniform reporting mechanisms, as well as clear parameters of what constitutes a technology transfer or a developed country incentive. The LDC position also held that incentives should not be targeted exclusively at the private sector, but that the measures should also encourage technology transfer from quasi-governmental agencies, public-private partnerships, educational institutions, research institutions and even government agencies. Technology transfer cannot be an incidental result of an un-related measure, the LDC representative said, pointing out that many developed country reports had given such an impression.

The LDCs further proposed that technology transfer should be carried out on less than commercial terms and in a manner that enables the effective use and adaptation by institutions in the recipient countries. The development of a self-assessment tool kit for ascertaining whether technology transfer has occurred would also help LDCs, the delegate said. Lesotho insisted on settling these issues no later than August 2009.

Technical cooperation and capacity building under TRIPS

The Council considered a new submission by Sierra Leone (IP/C/W/523) for a two-year intellectual property, or IP, technical assistance project that it will discuss with donors. The project stems from needs assessments that both Sierra Leone and Uganda conducted last year to determine the levels of technical and financial assistance they would need on IP-related matters. The US and the EU indicated that they found this approach useful for working with the two countries, and the EU mentioned it had already agreed to provide funding for Uganda.

The needs assessments are part of an effort to help these least-developed countries meet the obligations they will face when they join the TRIPS Agreement. A 2005 decision of the TRIPS Council gave LDCs until July 2013 to sign on to the agreement.

On the general issue of technical assistance under TRIPS, Brazil, supported by Argentina, Ecuador and Egypt, reiterated its June submission (IP/C/W/513) on the need to consider technical assistance in accordance with the principles agreed under the WIPO Development Agenda. But the US and Canada opposed the transfer of those issues to the WTO, particularly when some of those matters deal specifically with WIPO's activities. Canada expressed its support for cooperation between WTO and WIPO on technical assistance.

ICTSD reporting.

IN BRIEF

TAIWAN, CHINA LOWER TRADE BARRIERS IN GROUND-BREAKING PACT

In a landmark deal signed on Tuesday, leaders from China and Taiwan agreed to open up their sea ports and dramatically increase air traffic between the two countries.

The agreement puts on hold sovereignty disputes that have prevented such cooperation for nearly six decades. China has considered Taiwan a breakaway province since the two countries split amid a civil war in 1949. Beijing has since declared that it will bring Taiwan back under mainland control, even if that means using military force.

But tensions have eased since the election in March of Taiwanese President Ma Ying-jeou, whose Nationalist Party supports eventual reunification with the mainland. Ma has promised to build closer economic ties with China and work to de-fuse military tensions between the two countries.

The agreement, which will take effect in 40 days, will allow cargo ships to travel directly between 63 seaports in China and 11 in Taiwan. Such shipments have long been routed through the Japanese island of Okinawa, at significant additional cost.

Indeed, Taipei prohibited direct shipping and flights with the mainland for more than half a century out of fear that ostensibly civilian boats or planes might be Chinese war vessels in disguise.

"The direct shipping will finally help Taiwan become a transport hub in Asia and better explore the mainland

market," the Taiwanese envoy Chiang Pin-kung told journalists after the meeting, AP reported. "With each cruise, they won't have to go to Okinawa, and they save about 16 hours and cut costs by between 15 and 30 percent," he said.

The agreement also opens up airways between the two countries, allowing 60 cargo flights per month and 108 charter flights per week. Commercial flights will be able to operate seven days per week, as opposed to only four, once the deal takes effect.

The two countries also said they would set up systems to resolve trade disputes, streamline postal service and increase cooperation on food safety.

ICTSD reporting; "Taiwan, China envoys sign historic trade pact," AP, 4 November 2008; "Taiwan and China sign trade deals," REUTERS, 4 November 2008.

WTO IN BRIEF

LAMY SEEKS SECOND TERM AS WTO CHIEF

WTO Director-General Pascal Lamy confirmed on Tuesday that he will seek a second term as head of the global trade body.

"I stand ready to continue to serve the WTO for a second term and to make a contribution to reinforcing multilateralism and development," Lamy said in a letter to the chair of the WTO's General Council, Australian Bruce Gosper, who will preside over the selection process.

The 61-year-old marathon-running Frenchman has been at the helm of the international trade organisation since September 2005. His current term, which concludes next August, has been dominated by efforts to finalise a deal on the Doha Development Agenda Round of trade talks. Now in their seventh year, the talks suffered a major setback in July when ministers failed to secure a breakthrough deal.

"Much remains to be done, not only to conclude the Doha Round of negotiations, but also to ensure a better functioning of the multilateral trading system," Lamy said in his letter.

Recently Lamy, a former EU Trade Commissioner, has argued that reaching agreement in the Doha talks would lend confidence to the world economy, given its current financial turmoil, and fend off protectionism.

In his letter Lamy also pointed to the progress made over the last three years at the WTO, including advances, although not success, in the Doha negotiations, the prominence of the Aid for Trade Agenda and the addition of five new Member countries to the global trade body, among others, he said.

Brazilian Foreign Minister, Celso Amorim, who has been rumoured as a future WTO head, spoke positively about Lamy's decision to re-run.

"I think he's a great asset for the organisation. He is someone who has shown fairness, understanding, courage but at the same time equilibrium, so he has the qualities to continue to steer this ship," Amorim told reporters on Tuesday, Reuters reported.

While Lamy's intention to seek reappointment will most likely dissuade others from running, the decision may mean that the organisation will not be exposed to the prolonged and vicious campaigns that have marked past elections.

According to WTO selection procedures, other candidates have the month of December to throw their hats into the ring (see BRIDGES Weekly <http://ictsd.net/i/news/bridgesweekly/31202/>). The nominees then have three months -- until the end of March -- to "make themselves known" to the WTO Membership, followed by a two-month selection process that will conclude at the end of May.

Lamy's letter is available at: http://www.wto.org/english/news_e/news08_e/pl_secon_d_term_e.htm.

ICTSD reporting; "Lamy to seek new term as WTO chief," FINANCIAL TIMES, 4 November 2008; "WTO head seeks new term in office," BBC NEWS, 4 November 2008; "WTO chief Lamy seeks second term, renews Doha vow," REUTERS, 4 November 2008.

EU OUTLINES IDEAS FOR REVIEW OF IT AGREEMENT

The EU introduced specific suggestions for a revision of the WTO's Information Technology Agreement, or ITA at the agreement's 50th Committee meeting on 30

October. The suggestions build on proposals to update the deal that the EU put forward last month.

"The ITA remains a milestone duty-free agreement, but it risks being left behind after 12 years of technological development," Peter Mandelson, the former EU trade commissioner, said before he left his post in September. "We need an ITA for the 21st century that will continue to benefit our consumers and businesses."

Signed in 1996, the ITA applies to trade in IT products among 71 WTO Members, covering approximately 97 percent of global trade in the sector and some 180 IT goods.

Under the proposal, negotiations on potential amendments to the 12-year-old agreement would 'immediately' commence. Brussels has said that delegates should consider doing away with and preventing the formation of new non-tariff barriers, reviewing the agreement's coverage, establishing a framework to ensure the ITA is kept up to date, and including major producers of IT products that are still outside the agreement's jurisdiction.

EU representatives told delegates at the meeting that 'ideally' a revised agreement would be sought by the end of 2009, hopefully in parallel with the conclusion of the WTO's still-languishing Doha Round of negotiations.

But many members, including Japan, Taiwan and the US, are cautious about jumping into what they have called 'premature' negotiations on ITA revision. In particular, the countries had questions about the timing of the negotiations, potential overlap with the industrial goods talks, as well as possible intersection with dispute settlement cases. Singapore, on behalf of the Association of South East Asian Nations, was among those that sought more information on the matter and as such presented the EU with a list of questions.

Others, including China and Costa Rica, were more critical of the proposal, questioning the need for any revision to the agreement. These countries suggested that the problem is not the agreement, but rather some Members' interpretation of it and their willingness to further liberalise trade in the IT sector.

The EU has long lobbied for a review of the ITA. In particular, Brussels claims that the agreement does not necessarily extend to products that have developed multiple functions through technological advances (see BRIDGES Weekly, 18 September 2008, <http://ictsd.net/i/news/bridgesweekly/29499/>). On this issue Brussels has said that many of these products have become common household items, not just business commodities in need of specific benefits.

Instead Brussels has argued for periodic reviews of the ITA and the products it covers. But historically the US has objected to renegotiation of the ITA, saying that the technological developments of the products covered in the agreement were foreseeable and thus should automatically fall under the ITA's jurisdiction.

Indeed, Japan and the US, later joined by Taiwan, filed a complaint at the WTO in June against EU tariffs on certain high-tech products, which they argued should be duty-free in accordance with the ITA (see BRIDGES Weekly, 4 June 2008, <http://ictsd.net/i/news/bridgesweekly/12303/>). A revision of the ITA could pre-empt this potentially costly WTO dispute.

ICTSD reporting; "Brussels seeks to update 12-year-old trading pact to catch up with hi-tech innovation," 15 September 2008, THE GUARDIAN.

WTO RULES ON INDIA-US LIQUOR DISPUTE

The WTO's Appellate Body issued a mixed ruling on 30 October that said that a WTO dispute panel had erred in rejecting a US complaint against Indian alcohol duties. However, the judgement did not call on New Delhi to withdraw the measures.

Both India and the US had appealed the June 2008 ruling that favoured India. In that judgement, a WTO panel rejected Washington's claim that New Delhi was illegally imposing extra duties ('additional' duties and 'extra additional' duties) - in addition to basic customs duties - on imported US alcoholic products such as beer, spirits and wine, resulting in combined tariffs of up to 550 percent.

New Delhi had argued that the tariffs were allowed because they simply offset certain internal taxes, such as local or value-added taxes.

But the Appellate Body reversed the panel's decision (WTO/DS360/AB/R) that any import tariff offsetting an internal tax need only "serve the same function" as the internal tax but not necessarily be the equivalent amount of the internal tax. The ruling also found that the extra duties are inconsistent with India's WTO tariff concessions. Under WTO rules, India can charge a maximum 150 percent duty on the alcoholic imports.

"The Appellate Body reversed a deeply flawed panel report and reaffirmed a fundamental WTO rule that Members cannot impose duties on imports that exceed their tariff commitments," US Trade Representative,

Susan Schwab, said in a statement welcoming the ruling.

"This is an important decision for all WTO members, particularly at a time when they are negotiating tariff commitments," she said.

While the report faulted India for failing to justify the import tariffs, it also said that the US had "failed to establish that the additional duty and the extra-additional duty are inconsistent with India's WTO obligations."

But in the end the ruling has proved largely symbolic. The Appellate Body did not recommend any changes to India's import rules, as India has already lifted most of the 'additional' duties and modified the 'extra-additional' charge to provide a refund mechanism, eliminating discrimination against US imports.

In this sense, Indian officials have claimed that they were also victors in the dispute, as the WTO did not find any inconsistencies with India's current duties, reported the Economic Times.

However, a lack of forthcoming information from India prevented the Appellate Body from determining whether the country's tariffs in fact exceeded the amount charged on domestic products, the ruling said.

The US, which is the world's third-largest exporter of spirits and sixth-largest exporter of wine, filed the complaint against India in May 2007.

The EU recently restarted a separate WTO complaint against India over the same issue and, like the US, argued that the tariffs prevent their products from breaking into the Indian market. India's 1.1 billion population represents an alcohol market with huge potential, as it currently registers few imports.

ICTSD reporting; "WTO appeals body issues mixed ruling on US, India spirits spat," AGENCE FRANCE PRESSE, 31 October 2008; "WTO supports US objection to India's wine duties," BUSINESS STANDARD, 31 October 2008; "U.S. wins WTO appeal in India wine, spirits case," REUTERS, 31 October; "WTO ruling on wine duty is a damp squib," THE ECONOMIC TIMES, 1 November 2008; "WTO issues ruling in US-India wine dispute," THE ASSOCIATED PRESS, 1 November 2008; "WTO rules against India on wine duties: US," THE ECONOMIC TIMES, 2 November 2008.

NAMA-11 ISSUES WARNING ON SECTORALS

A group of major developing countries released a statement last week rebuking efforts to create incentives for countries to join sector-specific liberalisation initiatives in the WTO's industrial goods negotiations.

Dated 27 October, the statement (TN/MA/W/108) by the NAMA-11 group of 10 developing countries outlined the group's concerns that sectoral initiatives are becoming an integral part of the non-agricultural market access (NAMA) negotiations. According to a declaration agreed at the 2005 WTO ministerial in Hong Kong, participation in the measures should be purely voluntary.

The US and some other developed countries have pushed for liberalisation initiatives in 14 sectors, including auto parts, bicycles, chemicals, electronic products, fish products, forestry products, gems and toys. The measures would either eliminate or drastically reduce tariffs on goods in the sector in question.

While the NAMA-11 countries do not object to supplementary voluntary sectoral deals, they say that linking participation in the proposals to an overall Doha deal effectively make them obligatory.

"For the NAMA-11 any attempt to elevate sectoral negotiations negates many aspects of the NAMA mandate and the ministerial directions governing the negotiations," the statement said.

Such deals, the group said, would likely hurt the poorest developing countries that rely on preferential access to developed markets.

Developed countries have argued that sectoral tariff cuts, which would go beyond the demands of the standard tariff reduction formula, should only take effect once a 'critical mass' of countries that account for a significant proportion of total international trade in the product have signed on to the agreement (see BRIDGES Weekly, 30 October 2008, <http://ictsd.net/i/news/bridgesweekly/32370/>). This view has upset China, which, though not part of the NAMA-11 group, is also critical of the sectoral proposals. Given the size of the Chinese market, Beijing considers the 'critical mass' approach to be code for Chinese participation.

But of the NAMA-11 group members, the signature of the Philippines was absent from the statement. Manila "did not sign the statement because [we are] unsure of the real status among [WTO] members [of whether

sectoral deals] are voluntary or mandatory," Senior Trade Undersecretary Thomas G Aquino said, reported Business World.

The division highlights the fact, which has been underscored by WTO Director-General Pascal Lamy, that many serious issues -- in addition to the contentious special safeguard mechanism that has scuppered the agricultural talks -- must still be addressed if the Doha trade talks are to be brought to a successful conclusion.

The NAMA-11 group is made up of Argentina, Brazil, Egypt, India, Indonesia, Namibia, the Philippines, South Africa, Tunisia and Venezuela.

ICTSD reporting; "Developing countries warn against WTO sector deals," REUTERS, 4 November 2008; "RP breaks ranks in WTO talks," BUSINESS WORLD, 5 November 2008.

WTO GIVES US 6 MONTHS TO REFORM STEEL TARIFFS

The US has until the end of April to bring its taxes on imports of Mexican steel in line with international commerce rules, the WTO ruled on Friday.

The US imposed tariffs on the lower-priced Mexican goods to protect its domestic market under the WTO's Anti-Dumping Agreement, but Mexico objected to the method Washington used to calculate the size of the tariff. In April, a WTO appellate decision upheld the Mexican claim, but did not specify a timeline for actions to be taken.

Mexico originally pushed for a mid-December compliance deadline, arguing that the US had had plenty of time since the April ruling to pass the necessary legislation. The US, however, argued for a 15-month period after the report was issued, the maximum recommended amount, putting the compliance date at the end of August 2009. The US cited the complex legislative system and the fact that the legislation would need to be addressed by the new Congress in 2009 since the current session was too close to its adjournment date. April or May would be the absolute earliest that any legislation could be passed, the US had argued.

The dispute revolves around Washington's use of a controversial method known as 'zeroing' in its dumping investigations. When calculating the extent to which

imports are being 'dumped' - that is, exported at artificially low prices - US trade authorities ignore ('zero out') instances where goods command higher prices in the US than at home. They only take into account cases where prices in the US are lower, saying there's no need to include cases in which dumping does not occur into the equation. Critics say that this inflates 'dumping margins', allowing injured US companies to secure inappropriately high levels of anti-dumping duties on competing imports. The WTO has consistently ruled against the US in similar cases with the EU, Canada, Japan, and many others.

If the US does not comply within the specified time, Mexico can seek a compliance investigation from the WTO, which could potentially lead to punitive sanctions. Many US Congressional leaders consider these rulings to be overstepping the mandate of the WTO appeals body, as the body can only apply agreements that the US and other countries have already negotiated when writing a report

Zeroing took another blow earlier this month when the WTO condemned the practice in a case brought to it by the EU concerning a variety of different exports. In the Doha Round, the US is trying to get the method recognized in any emerging trade deal in an attempt to make it more viable.

ICTSD reporting. 'WTO sets U.S. deadline in Mexico steel case,' FORBES, 31 October, 2008. 'WTO: US has 6 months to fix Mexican steel charges,' ASSOCIATED PRESS, 31 October, 2008.

WTO MEMBERS TO PAUSE FOR THOUGHT ON AG TALKS

Members need more time to analyse complex issues, the chair of the WTO agriculture negotiations has said, explaining a decision to call no further meetings of the full membership until the week of 17 November. Slow progress in small group discussions prompted his decision, he indicated.

The chair, Ambassador Crawford Falconer (New Zealand), has been holding informal consultations with Members on tariff simplification, tariff quota creation and the special safeguard mechanism (see BRIDGES Weekly, 23 October 2008, <http://ictsd.net/i/news/bridgesweekly/31623/>). While Members have expressed willingness to engage, "no tangible movement" has taken place, sources said.

Delegates confirmed Falconer was unlikely to host another 'room E' meeting, with around three dozen delegations representing a cross-section of the membership, until there was more to report. At present, "there's kind of nothing to say," one negotiator acknowledged.

While some Members (such as Brazil) have suggested that a ministerial meeting could still be held before the year end, possibly preceded by revised draft texts on agriculture and industrial goods, most others remain sceptical that the round can be concluded soon. The US elections may also have influenced the general mood, as negotiators await signals of political will from the new administration (see related article, this issue). In the meantime, discussions appear to be in limbo, with one delegate describing the talks as "very quiet."

ICTSD reporting.

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: 6 November - 12 November

6-7 November, Montreal, Canada. CBD EXPERT MEETING ON SOUTH-SOUTH COOPERATION ON BIODIVERSITY FOR DEVELOPMENT. Organized by the CBD Secretariat, this meeting will address a framework for a multi-year plan of action on biodiversity for development, as a complement to the Development Platform for the South launched by the G-77, and a process of South-South Cooperation leading to CBD COP 10. For further information, please refer to: <http://www.cbd.int/doc/?meeting=EMSSC-01>

7 - 10 November, Alexandria, Egypt. NINTH INTERNATIONAL CONFERENCE ON DRYLAND DEVELOPMENT: SUSTAINABLE DEVELOPMENT IN THE DRYLANDS - MEETING THE CHALLENGE OF GLOBAL CLIMATE CHANGE. This Conference will provide an opportunity to examine the probable impact of global climate change on the natural resources and agricultural productivity of the dry area ecosystems and exchange information and possible ways to enhance

the resilience of these systems through adaptation and mitigation strategies. It will also identify many challenges faced by the research community in responding to the problems of arresting desertification, devising ways to sustainably using oases by the communities that live there, and reducing the pace of global climate change through improved management of natural resources in the dry areas. For further information, please refer to:

<http://www.sdgateway.net/events/default.asp?EventID=5670>

8 - 9 November, São Paulo, Brazil. G20 FINANCE MINISTERS' AND CENTRAL BANK GOVERNORS' MEETING. The G-20 finance ministers and central bank governors meet once a year. The last meeting of ministers and governors was held in Cape Town, South Africa on 17-18 November 2007. This year's meeting will be held in São Paulo, Brazil on 8-9 November 2008. The ministers' and governors' meeting is preceded by two deputies' meetings and extensive technical work. This work, which takes the form of workshops, reports and case studies on specific subjects, aims to provide ministers and governors with contemporary analysis and insights, to better inform their consideration of policy challenges and options. For further information, please refer to: <http://www.g20.org/G20/home.asp>

10 November, Albany, US. INTERNATIONAL NGO'S WORKSHOPS ON DEVELOPMENT FINANCING. The International Workshop on Development Financing organized by the John and Ann Doerr Foundation is a NGOs' ends into pioneer in international meeting and is based on a network of several practitioners. The program offers an incomparable meeting and learning environment, enriched with the experience of several human and community development practitioners. The John and Ann Doerr Foundation (JADF) invites you to attend the International NGOs' Workshop on Development Financing as Delegate(s) of your country. Microfinance Institutions (MFI's), Non-governmental Organizations (NGO's), Associations, donor agencies, consulting firms, government agencies, central and commercial banks, socially responsible investors and private individuals are invited to attend. The Workshop's goal is to help reduce poverty and to raise the standards of living by mobilizing resources inside as well as outside the countries while providing a technical and financial assistance for development projects and programs in the concerned countries. For further information, please contact Miss Jennifer Clifford at secretariat@doerrfoundation.com.

10 November, London, UK. MAKING TRADE WORK FOR DEVELOPMENT IN LATIN AMERICA. How can trade have a positive impact on the poorest in Latin America? Two decades of deepening trade liberalization and expanding trade flows in Latin

America have brought growth and improvements in efficiency in key sectors; but poverty remains a big issue in the region. This conference will look at ways in which trade agreements can be used to enhance development and ensure that benefits from trade reach the poorest. For further information, please refer to: <http://www.chathamhouse.org.uk/events/conferences/view/-id/130/>

10 - 12 November, Trento, Italy. CAPACITY BUILDING SEMINAR FOR NEW AND NASCENT LOCAL DEVELOPMENT PARTNERSHIPS IN CENTRAL-EAST AND SOUTH-EAST EUROPE. Throughout OECD countries, local partnerships are being set up as governments, business and civil society increase co-operation to promote economic development and to address social issues, such as exclusion from the labour market and limited access to public services. The objective of this 2.5-day seminar is to improve the functioning of local partnerships. The seminar is aimed at local partnership practitioners and their counterparts in local and national governments. It will provide an opportunity for the sharing of experience, as well as discussion of the interests, expectations and demands of different partners. It will contribute to an improved understanding of the issues faced by local partnerships. For further information, please refer to: http://www.oecd.org/document/34/0,3343,en_2649_34455_41040610_1_1_1_1,00.html

11 November, London, UK. UNWTO SUMMIT: RESPONDING TO THE ECONOMIC DOWNTURN AND STAYING ON COURSE WITH THE CLIMATE AND POVERTY REDUCTION AGENDA. The UN World Trade Organization (UNWTO), in partnership with the World Travel Market, will hold a Ministers' Summit at the World Travel Market with the theme "Responding to the Economic Downturn and Staying on Course with the Climate and Poverty Reduction Agenda." During the meeting, tourism ministers will consider climate and poverty goals in the context of the economic downturn. Items on the Summit's agenda include: tourism as a driver of socio-economic progress and poverty alleviation; the UNWTO's Davos Declaration Process on Climate Change; and TOURpact, the first UN Global Compact Industry Sector Network, which calls on the tourism sector to actively support UN objectives. For further information, please see: http://www.wtmlondon.com/page.cfm/Link=220/t=m/goSection=3/trackLogID=6993706_C089D2B4FA

10 - 12 Kuala Lumpur, Malaysia. ENSURING PRODUCT SAFETY FOR CONSUMERS: APEC CAPACITY BUILDING WORKSHOP. The broad objective of the workshop is to expose participants to the latest thinking and best practices on managing generic consumer product safety regulation, including

products bans, recalls, and safety standards. In particular, it will address the challenges posed in managing global production networks and the development of effective tools to identify and mitigate the impacts of hazardous consumer products, which are not covered by industry specific regulation (such as chemicals and food). For further information, please refer to:

http://www.apec.org/etc/medialib/apec_media_library/downloads/events/2008/b.Par.0007.File.tmp/08_scsc_PrdtSafetyConsWkshp_GI.pdf

11 - 12 November, Sanya, China. APEC E-TRADE AND SUPPLY CHAIN MANAGEMENT TRAINING COURSE (PHASE II: FINANCIAL SUPPLY CHAIN MANAGEMENT). This circular provides administrative, logistical and general information for APEC e-trade and supply chain management training course. Its goals are to: introduce the new models and management of financial supply chain for SME finance through education among APEC members, especially developing member economies, strengthen cooperation including supply chain and the facilitation of payment, electronic presentation and other financial services so as to enhance bilateral or multi-lateral trade flow among APEC member economies, and reinforce the collaboration between policy makers, officials, enterprises and academies to create a better economic environment. In the long term, such exchanges and cooperation will be expected to be continued and strengthened, with a view to help member economies, especially developing economies better participate in promoting trade facilitation. For further information, please refer to: http://www.apec.org/webapps/events_calendar/1024/events_calendar.php#currentmth

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.

7 NOVEMBER: TENTH ROUND OF CONSULTS ON THE DEVELOPMENT ASSISTANCE ASPECTS OF COTTON

7 NOVEMBER: WORKING PARTY ON THE ACCESSION OF MONTENEGRO

10 + 12 NOVEMBER: TRADE POLICY REVIEW
BODY: JORDON

10-14 NOVEMBER: GENEVA WEEK

10 + 17 NOVEMBER: DISPUTE SETTLEMENT BODY
MEETING

Other Upcoming Events

13 November, Washington DC, USA. REFLECTIONS AND PROJECTIONS: A TRADE TRANSITION MEMO FOR THE NEW ADMINISTRATION. Commerce Undersecretary Christopher Padilla will offer observations on trends that will be valuable to his successors as decision-makers of US trade policy. Some specific topics likely to be covered: What role should/could/will China and India play in the global trading system? How can bipartisan consensus on trade policy be rebuilt? What should the US do about Doha Round at the WTO? How big and how real is the threat of an Asian economic architecture that excludes the US? What is the connection of trade, investment, and immigration policy? How can we all speak more effectively about trade? For further information, please refer to:

http://www.wita.org/index.php?tg=addon/4/form&idx=2&id_app=25&id_step=79&id_form=62&form_row=1018&popup=0&parent_id_form=40&parent_id_step=78&form_menu=&trt_step=1&form_value=Reflections%2Band%2BProjections%253A%2B%2BA%2BTrade%2BTransition%2BMemo%2Bfor%2Bthe%2BNew%2BAdministration

13 November, Geneva, Switzerland. TRADE AND DEVELOPMENT BOARD, FOURTY-FIFTH EXECUTIVE SESSION (FINANCING FOR DEVELOPMENT). 2008. The principal purpose of the session will be to allow member States to discuss the implications of the current financial crisis for development and for financing for development from the perspective of UNCTAD's areas of competence - trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development - and to relay the views expressed to those engaged in the preparatory process for the follow-up conference and to the conference itself. For further information, please refer to: <http://www.unctad.org/Templates/meeting.asp?intItemD=1942&lang=1&m=15375&info=not>

15 November, Washington DC, USA. G20 SPECIAL SUMMIT ON THE FINANCIAL SITUATION. Major disruptions to financial institutions and markets in

developed countries have spread to emerging economies. Its repercussions are being felt by people in real economies around the world which are facing recession and the rapid loss of hard-won economic gains over the last decade. The crisis we are seeing today will impact all countries, developed and developing, but its most serious repercussions will be felt most by those who are least responsible -- the poor in developing countries. The market and regulatory failures that have led to this crisis must be addressed as a matter of urgency. Therefore a G-20 summit-level meeting will convene on 15 November to respond to this crisis. We need a meaningful, comprehensive and well-coordinated reform of the international financial system. We must respond now to prevent today's crisis becoming tomorrow's disaster. It will take proactive leadership among multilateral institutions to ensure coordinated and comprehensive response on trade, development, employment, finance, humanitarian assistance, the environment and the protection of global goods and norms to help build a fair and sustainable globalization. For further information, please refer to: <http://www.g20.org/G20/home.asp>

15 - 17 November, Strausbourg, France. EUROPEAN DEVELOPMENT DAYS 2008. European Development Days 2008 is the European Commission's major event. Each year the EDD hosts some 3000 participants from every continent, representing over 1200 organisations in the development community. Everyone has a say at the European Development Days: administrations, parliaments, local authorities, civil society, international organisations, academics, development agencies, the private sector and the media. It is an open forum that brings together the whole development family. By breaking down walls between different issues, the European Development Days serve as a natural platform for debating the major issues of development cooperation and launching new initiatives. For further information, please refer to: <http://www.eudevdays.eu/Public/Homepage.php?ID=518>

16 - 18 November, New Delhi, India. INDIA ECONOMIC SUMMIT. With energy and commodity prices directly linked to global supply and demand, record setting prices present multiple challenges to India's future domestic growth. Moreover, a strengthening rupee and forthcoming national elections are also setting the stage for a range of new issues that will reshape the country's agenda going forward. It is in this context that the 24th India Economic Summit will have as its principal theme, "Securing India's Future Growth". The programme is designed to generate insight and to improve the alignment of India's development and industry priorities and as such is organized on four thematic pillars: Global Shifts; Managing Risks; Inclusive Growth; and Future

Competitiveness. For further information, please refer to:

<http://www.weforum.org/en/events/IndiaEconomicSummit/index.htm>

18 - 19 November, Paris, France. INNOVATION AND SUSTAINABLE GROWTH IN A GLOBALISED WORLD - JOINT OECD - WORLD BANK CONFERENCE.

Innovation is crucial to long-term economic growth. Making innovation-driven growth happen requires action on a wide range of policy areas, from education and science and technology to product and labour markets and trade. OECD and the World Bank are joining forces to work more closely on innovation, particularly insofar as this issue is a crucial factor in the success of development policy, notably in middle income market economies. For further information, please see:

http://www.oecd.org/document/45/0,3343,en_2649_37417_41437101_1_1_1_1,00.html

RESOURCES

IMPLICATIONS FOR JAPAN OF THE JULY 2008 DRAFT AGRICULTURAL MODALITIES. By Kazuhito Yamashita. Published by ICTSD, October 2008. To what extent would a successful conclusion of this Round along the lines of the Revised Draft Modalities paper issued by the chair of the agriculture negotiations, Ambassador Falconer, require changes in Japanese agricultural policies? How much increased market access is likely to be generated as a result of tariff cuts and tariff rate quota expansion? Could Japan play a more aggressive role in the world market, taking advantage of the expansion of market access generated in other countries? This study examines how Japan would be impacted by the Doha draft agricultural modalities of July 2008. To download the paper, please visit <http://ictsd.net/i/publications/32340/>.

SUSTAINABLE BIOENERGY DEVELOPMENT IN UEMOA MEMBER COUNTRIES. By The West African Economic and Monetary Union (UEMOA) and The Hub for Rural Development in West and Central Africa. October 2008. Energy is essential to development. Countries with access to abundant and affordable modern energy have significantly larger gross domestic product (GDP), higher per capita income levels, longer life expectancies, increased literacy rates, and greater educational attainment. Without energy, we cannot improve the productivity of the rural poor - nor achieve the Millennium Development Goals (MDGs). In September 2007, the UEMOA joined with the Rural Hub of Western and Central Africa in commissioning a

report from the United Nations Foundation (UNF), the International Centre for Trade and Sustainable Development (ICTSD), and the Energy and Security Group (ESG) to explore opportunities for bioenergy in the region. The goal of this report was to assess the agriculture sector's potential for bioenergy production and identify constraints in UEMOA member countries, recognizing the equally vital need for food security in the region. For further information, please see: http://www.globalproblems-globalsolutions-files.org/gpgs_files/pdf/UNF_Bioenergy/UNF_Bioenergy_exec_summary.pdf

USING NON-RENEWABLE REVENUES FOR SUSTAINABLE LOCAL DEVELOPMENT. By UNDESA. October 2008. The past several years have witnessed a sustained increase in oil, gas and mineral prices. For many countries that produce and export such products, this upward trend in prices has generated substantial windfall revenues. Given the importance of such resources in many developing countries and their non-renewable character, it is crucial to improve the understanding of how such revenues are used at the local level and to what extent they contribute to sustainable development. This Brief aims to shed light on these issues. For further information, please refer to: <http://www.un.org/esa/sustdev/publications/innovationbriefs/no6.pdf>

THE USE OF BLANKET GUARANTEES IN BANKING CRISES. By Luc Laeven and Fabian Valencia. October 1, 2008. In episodes of significant banking distress or perceived systemic risk to the financial system, policymakers have often opted for issuing blanket guarantees on bank liabilities to stop or avoid widespread bank runs. In theory, blanket guarantees can prevent bank runs if they are credible. However, guarantee could add substantial fiscal costs to bank restructuring programs and may increase moral hazard going forward. Using a sample of 42 episodes of banking crises, this paper finds that blanket guarantees are successful in reducing liquidity pressures on banks arising from deposit withdrawals. However, banks' foreign liabilities appear virtually unresponsive to blanket guarantees. Furthermore, guarantees tend to be fiscally costly, though this positive association arises in large part because guarantees tend to be employed in conjunction with extensive liquidity support and when crises are severe. For further information, please refer to: <http://www.imf.org/external/pubs/cat/longres.cfm?sk=22411.0>

DOES OPENNESS TO INTERNATIONAL FLOWS RAISE PRODUCTIVITY GROWTH? By Ayhan M. Kose, Eswar Prasad, and Marco Terrones. This paper provides a comprehensive analysis of the relationship between financial openness and total factor productivity

(TFP) growth using an extensive dataset that includes various measures of productivity and financial openness for a large sample of countries. We find that de jure capital account openness has a robust positive effect on TFP growth. The effect of de facto financial integration on TFP growth is less clear, but this masks an important and novel result. We find strong evidence that FDI and portfolio equity liabilities boost TFP growth while external debt is actually negatively correlated with TFP growth. The negative relationship between external debt liabilities and TFP growth is attenuated in economies with higher levels of financial development and better institutions. For further information, please refer

to:

<http://www.imf.org/external/pubs/cat/longres.cfm?sk=22387.0>

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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/>.

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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.

