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LEAD STORIES

LDCs OUTLINE PRIORITIES, AS WTO MEMBERS TRY ONCE AGAIN FOR DOHA DEAL

The world's poorest countries have set out a common set of priorities for a global trade accord, as WTO Members gear up for another attempt to strike a deal in the long-running Doha Round trade talks.

Trade ministers from the group of least-developed countries (LDCs) met in Maseru, Lesotho from 27-29 February in an attempt to promote their interests, in the event that the ongoing push for a WTO agreement is successful.

At the forefront of the LDCs' concerns was access for their exports in overseas markets, both in terms of expanded access to developed and developing country markets, and minimising the effects of the erosion of the trade preferences currently enjoyed by their very limited number of exports. Cotton subsidy reform in rich countries, protection against agricultural import surges, and biopiracy also featured prominently, as did the need to start implementing already-promised trade-related assistance.

According to the United Nations' definition, least developed countries have a combination of a low gross national income (generally below \$750 per capita), poor health and education levels, and high vulnerability to economic fluctuations and natural disasters.

Paradoxically, the world's poorest countries are relatively expensive places to do business. Poor infrastructure and other supply side constraints mean that it is often cheaper for companies to base production in China or other low-cost centres. Despite a variety of trade preference schemes in major markets, the fifty LDCs account for a minuscule share of global trade, not even one-hundredth of the world total.

LDCs wielding influence

Nevertheless, many LDCs have made trade part of their development strategies, in an attempt to move beyond the confines of their tiny domestic markets. The group

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counts 32 of the WTO's 152 Members, with ten more in the process of accession, and thus cannot be ignored in the global trade body. And despite major constraints on their participation in negotiations at the WTO - even when LDCs have trade missions in Geneva, they are notoriously overstretched - the group is wielding this influence with increasing savvy.

The Maseru Declaration adopted by ministers in Lesotho was the latest sign of this, said many longtime trade observers who attended the conference, including WTO Director-General Pascal Lamy.

The declaration identified several specific desired negotiating outcomes based upon the current state of the Doha Round talks, which have seen incremental progress but no agreement-enabling breakthroughs since last year. Although LDCs will not be required to cut tariffs or subsidies as part of the Doha Round - leaving them outside the principal tradeoffs being haggled over - the group pinpointed a series of objectives.

For instance, WTO Members agreed in 2005 that developed countries should remove all tariffs and quotas on LDC exports of 97 percent of all types of merchandise, with an exhortation to extend this to all products. At the time, LDCs noted that the 3 percent exclusion might be enough to cover the handful of items that they produce competitively.

In the Maseru Declaration, the group called on rich countries to ensure "commercially meaningful" unrestricted market access for at least 97 percent of products from all LDCs by the end of 2008. They asked developed countries to identify the remaining 3 percent in their draft commitment schedules (due to be produced by the end of the year), and to remove duties and quotas on them by the end of the Doha Round implementation period. "A larger number" of non-LDC developing countries "declaring themselves in a position to do so" were also asked to provide similar access.

The LDCs stressed that nominally unrestricted access would mean little unless accompanied by simplified rules of origin, which determine how much of a product's 'value added' would have to occur in an LDC for it to qualify. They asked for WTO Members to base the new rules of origin on the group's own proposal, which would make it easier for goods to qualify as being from an LDC.

LDCs are a diverse group, sharing vulnerability (and to a lesser extent, poverty) more than anything else. Some, like Chad, are landlocked; others are small

islands so remote that sheer distance is a barrier to full participation in the globalised economy.

The joint demand for duty- and quota-free access for products from all LDCs demonstrated the extent to which the group succeeded at bridging different interests to develop a common agenda.

Several LDCs have no interest in such access - simply because they produce nothing exportable, except perhaps oil and other minerals that do not face tariff barriers anyway. Others, notably in Africa, already receive preferential access to the US market (all LDCs already get nearly unrestricted access to the EU market). Their textile exports would risk being affected negatively if Washington were to extend unrestricted market access to Asian LDCs such as Bangladesh and Cambodia.

LDC officials also had to overcome differences before agreeing that governments should be allowed to sell food aid to raise money for purposes they deem fit.

Cotton the "human face" of Doha

Other issues posed no such dilemmas, such as the Maseru Declaration's demand for all LDCs to have "full access" to the agricultural 'special safeguard mechanism (SSM)' to address import surges and price declines. Contrary to potential options set out in a draft deal issued by the chair of the agriculture negotiating committee last month, the LDCs said that there should be no cap on the level of additional tariffs that they are allowed to levy in order to arrest import surges.

The LDCs also called for rapid, deep cuts to rich country cotton subsidies along with assistance to the cotton farmers in LDCs whose livelihoods have been affected by distortions resulting from billions of dollars of payments. The issue, championed by four West African countries, has become a rallying point for LDCs. "To our mind, cotton remains the human face of the Doha Development Round," Debapriya Bhattacharya, Bangladesh's ambassador to the WTO, told the meeting in Maseru. Without a satisfactory resolution of the cotton question, the Doha Round cannot be concluded, he said.

In informal talks last week in both Geneva and Maseru, US officials provided clearer hints that Washington could agree to deeper-than-standard cuts for cotton, sources report. However, they maintained that this could only occur after an overall framework deal on cutting tariffs and subsidies was agreed. Nor did they suggest precisely how far they might go. The US cotton industry has expressed opposition to a mathematical formula proposed by the so-called 'cotton four', which

would ensure that cotton subsidies face heavy cuts even if the overall level of farm subsidy reduction is modest.

Preference erosion major concern

While the LDCs' position on cotton has been easy for non-LDC developing countries to support, some of the group's other demands may affect the latter's commercial interests, giving them the potential to be more contentious.

In particular, 'trade solutions' to address preference erosion in the modalities on agriculture and non-agricultural market access (NAMA) would entail either lower tariff cuts on certain products, or longer periods for implementing tariff reduction. Both would mean diminished commercial opportunities for more competitive exporters. Some of these competitive exporters have previously suggested that preference erosion would best be addressed through 'non-trade' solutions, such as aid to affected workers and countries.

The LDCs asked for the US and the EU to be allowed to phase in tariff cuts on certain products, mostly textiles and clothing, over 15 years (around three times longer than the standard period). This would extend the period during which LDC exports in these markets, presumably entering duty-free, would enjoy a meaningful margin of preference over products from elsewhere in the world.

Many LDCs also warned that sector-specific liberalisation initiatives in the industrial goods negotiations risked completely eliminating the margin of preference that LDC exports now receive. The elimination of tariffs on fish and fish products by major markets - a proposal currently under discussion - could be devastating for some coastal LDCs. The Maseru Declaration specified that "the sectoral initiatives of the NAMA negotiations shall not harm the export interests of LDCs due to erosion of their preferences."

In the agriculture talks, some Latin American countries have been demanding deep tariff reduction for some of the same tropical products, such as sugar and bananas, for which African, Caribbean, and Pacific countries have long received trade preferences. They have met with heated opposition from the ACP group, which includes many LDCs, as well as from the preference-granting EU.

It is undeniable that despite multiple declarations of political solidarity and common cause between LDCs and non-LDC developing countries (the latter remain home to the majority of people living on less than \$2 a

day), the two have some differences of interest when it comes to market access issues.

For instance, if LDCs receive duty- and quota-free market access from developed countries, they stand to benefit if rich nations then do not cut tariffs deeply, since this would leave products from other industrialised and developing countries relatively more expensive. Furthermore, LDCs would stand to gain if developing countries slashed tariffs by a substantial margin (at least for countries that opted not to grant LDC exports duty- and quota-free access).

EU Trade Commissioner Peter Mandelson was not shy about making this point when addressing the ministers in Maseru on 29 February. He said that the LDCs would have the EU's support on "very many issues," emphasising that Brussels' demands for deep industrial tariff cuts targeted developing countries such as Brazil, China, India, and South Africa - and not LDCs. These demands, he said, would reduce barriers to South-South trade, giving "least developed countries a new foothold in the booming markets of the rapidly growing economies."

The Maseru Declaration did say that developing countries in customs unions with LDCs should be given "special consideration" with regard to tariff reduction commitments. Otherwise, if South Africa were required to lower tariffs sharply, Lesotho, a fellow member of the Southern African Customs Union, would either have to accept similar cuts, or compromise the union's common external tariff.

LDC ministers also called for additional technical assistance, including immediate steps to get the 'Enhanced Integrated Framework' and the WTO's aid for trade initiative up and running.

"LDC-specific priorities are now well known to everybody," said WTO Director-General Pascal Lamy in his address to the meeting in Maseru. He said that the LDCs would now have to defend these priorities in the negotiations, along with its allies in the ACP bloc and the African Group.

Lamy added that the LDC's increased leverage in the talks meant that that duty- and quota-free access would be part of the Doha Round - if the round is successfully concluded.

The same could be said about much of the rest of the Maseru Declaration: for it to become more than a list of priorities, all WTO Members will need to be able to strike a deal. It remains to be seen whether they will manage to do so. ICTSD reporting.

EASTER MINI-MINISTERIAL UNLIKELY, SAYS WTO AG CHAIR

The chair of the WTO agriculture negotiations has admitted what many trade diplomats have been saying privately for some time: a 'mini-ministerial' meeting around Easter to finalise a framework global deal on cutting tariffs and subsidies is not a realistic possibility.

"I can't see myself how ministers could meet in March," Chair Ambassador Crawford Falconer (New Zealand) said on 29 February, reports Reuters. "The way things are going it would require a miracle. April is still possible." Many delegates have been warning for several weeks that the unofficial target date of 'around' Easter -- 23 March this year -- was over-ambitious.

Prospects for convening ministers soon have receded further over the last fortnight, as Members made no progress in informal consultations hosted by Falconer over a revised draft deal he circulated earlier in February (see BRIDGES Weekly, 13 February 2008, <http://www.ictsd.org/weekly/08-02-13/story1.htm>).

In a bid to resolve some of the many undecided issues in the draft text so as to make it easier for ministers to strike a deal, Falconer had convened so-called 'room E' talks among 37 delegations representing a cross-section of negotiating interests. However, participating officials simply reiterated long-standing positions, rather than attempting to compromise.

Although such posturing may be an inevitable response to a new text, one delegate expressed frustration at the lack of movement. "We don't have time to go through this painful dance," said the source.

Members to meet amongst themselves

Given the lack of progress, the chair did not schedule any meetings for this week. Instead, he encouraged negotiators to meet amongst themselves for private bilateral or small-group discussions. However, one trade source noted with concern that most capital-based officials were just returning home, rather than staying in Geneva to thrash out progress with their counterparts from other countries.

Competitive farm exporters in the Cairns Group claim that progress in the recent talks has been held up by the reluctance of import-sensitive countries to provide complete and accurate data on domestic food consumption. This information will be critical in calculating the expansion of import quotas for the 'sensitive' farm products that both developed and developing countries will be able to shield from the

standard tariff cuts. It is therefore of interest to exporters, who are eager for greater access to those potentially lucrative markets. One Cairns Group member said that, in market access, "all our gains from the round will be delivered via sensitive products," to explain the group's reluctance to make concessions elsewhere in the talks without greater clarity in this area.

Over the past two and a half months, Argentina, Australia, Brazil, New Zealand and Uruguay have met sporadically with six countries that expect to use the sensitive product mechanism - the EU, the US, Norway, Japan, Switzerland and Canada. The latter, known informally as the 'data six', have been trying to provide data that will be used as a basis for calculations and further negotiations. After repeated promises, all six made this data available this week - although not for some controversial products, such as cereals or certain dairy products such as yoghurt and ice cream.

There now appears to be tacit agreement that importers will be allowed to designate products at the more detailed eight-digit level under the 'harmonised system' of tariffs, something exporters had previously opposed since it would allow countries to pinpoint protection across a wider range of specific products.

However, negotiators remain divided over the extent to which Members will be allowed to include individual processed products in their domestic consumption figures at the broad product level. Including sugary drinks, for example, could skew sugar consumption figures upwards. Exporters therefore have favoured excluding processed products, whilst importers would like them to be included. A pragmatic approach - excluding products such as communion wafers, but allowing some other processed wheat products - could form the basis of an eventual compromise approach, said one source familiar with the issue.

Falconer warned a 29 February meeting open to all Members that even after the data is submitted, exporting countries would also need time to analyse it and hold discussions with importers.

New willingness to talk?

At the same meeting, Falconer also suggested that one of the few emerging signs of progress was a fresh willingness to talk among opposing camps, notably between Latin American countries that favour rapid liberalisation of trade in tropical products, and the African Caribbean and Pacific (ACP) countries concerned about losing trade preferences for some of the same products. The Latin Americans have clashed repeatedly with the ACP and EU (which grants the ACP

group preferences) over whether a few products, in particular bananas and sugar, should be liberalised extra-quickly or extra-slowly (the latter would soften the effects of preference erosion).

Progress may be made on the rival tropical product lists proposed by the Cairns Group and the EU if the two could identify products that were uncontroversial because they overlapped or already faced very low tariffs. A second stage could involve tackling the more controversial products, the chair said, indicating that in the case of a conflict the tropical products approach should prevail, perhaps with an exception for a few products.

Cairns Group countries, which had previously insisted that increased aid was the only way to address preference erosion, were reported now to be willing to contemplate trade-related solutions - a move that has allowed Members to focus discussion on the period for implementing tariff cuts for affected products.

Special products: exporters circulate new paper

The depth of divisions on another issue in the talks, the 'special products' that developing countries alone will be able to shield from tariff cuts, on the basis of food security, livelihood security and rural development concerns, was underlined last week when a group of developed and developing country exporters tabled a new paper. The document, sponsored by Australia, Canada, Costa Rica, Malaysia, New Zealand, Paraguay, Thailand, the United States and Uruguay, proposed restricting the number of special products to no more than 8 percent of tariff lines, to be divided into two tiers of 4 percent each. Products in each tier would be subject to cuts of 25 and 15 percent respectively.

The sponsors of the new paper proposed that an additional category of 'super specials' -- taken from the second tier and representing no more than 1 percent of tariff lines, could be eligible for lower tariff cuts (and could possibly be completely exempt from them). However, these would have to fulfil a series of requirements, such as not accounting for more than a certain percentage of the value of total agricultural imports.

In contrast, the G-33 group of developing countries including Indonesia and China, have proposed allowing up to 20 percent of tariff lines to be designated as special. They insist that 8 percent of tariff lines be exempt from any cut, and have rejected efforts to impose trade-related conditions onto what they argue is essentially a tool to help protect subsistence farmers and rural communities.

Negotiators from the G-33 described the exporters' new proposal as a 'maximalist' negotiating position that is unhelpful in forging consensus at this stage in the talks.

At the 29 February meeting, Falconer warned that the 'indicators' proposed by the G-33 for guiding the selection of special products may be too broad. He implied that one in particular - granting eligibility to any product that has received 'amber' or 'blue' box trade-distorting support in any year since 1995 -- should be discussed further, as it could allow almost any product to be selected as 'special'.

Next steps

Falconer said he would reconvene Members on 10 March to decide what to do next.

Much would depend on the outcome of the private bilateral or small-group discussions being held in the week of 3 March, especially on sensitive products.

In theory, progress in talks on Falconer's draft text and a separate draft deal on industrial goods trade were supposed to set the stage for senior negotiators to come to Geneva to discuss trade-offs across the two negotiating areas, and possibly others. Despite the lack of movement, some trade sources suggested that a two-week 'horizontal' process of senior officials could start in the last week of March. This would, if all goes well, set up a 'long week' starting 7 April for ministers to come together to finalise a deal. Another expected this process to begin around 14 April.

Whenever such a meeting is held - if at all -- a revised text, with greatly reduced numbers of 'square brackets' on issues requiring resolution would be a prerequisite. However, Falconer told Members on 29 February that the sluggish pace of recent discussions made it "virtually inconceivable" that any such text would be ready by 10 March.

ICTSD reporting; "WTO farm talks not moving fast enough - chairman" REUTERS, 29 February 2008

OTHER NEWS

WITH TALKS AT IMPASSE, NAMA CHAIR SUGGESTS TRADEOFFS BETWEEN FORMULA, FLEXIBILITIES

In an attempt to help WTO Members find a way out of the impasse in the Doha Round industrial goods talks, the chair of the negotiating committee has outlined some ways in which they might trade deeper tariff cuts off against wider exceptions for some products so as to reach an acceptable compromise.

Canadian Ambassador Don Stephenson, who chairs the talks on non-agricultural market access (NAMA), told a 3 March meeting of the negotiating group that a deal was possible, but that his central fear was that "we don't find it."

Consensus is entirely absent on some of the central issues in the NAMA negotiations. These include the formula that will determine the future tariff levels of developed and many developing countries, and the 'flexibilities' that will determine the extent to which the latter will be able to shield some products from the full force of global competition.

Stephenson has pointed to the "obvious relationship" between the formula and the flexibilities: countries might find lower formula 'coefficients' acceptable if assured greater latitude to protect sensitive sectors from standard tariff cuts, and vice versa.

In February, he suggested that given the lack of consensus, Members in search of a deal could explore tradeoffs between the formula and the flexibilities, such as a 'sliding scale' between the two.

The NAMA chair made this suggestion in a draft deal he circulated to Members to serve as a basis for further discussion. That text, like a predecessor issued last July, called for coefficients of 8 or 9 for developed countries, and 19-23 for developing countries. When fed through the 'Swiss' tariff formula, Members would slash all industrial tariffs to below the level of their respective coefficients, with corresponding cuts across the board.

Reactions to those figures neatly sum up a crucial divide in the Doha negotiations: members of the NAMA-11 group such as Argentina, Brazil, and India say that the text would require developing countries to slash industrial tariffs more deeply than justified by the rich country farm reform on offer in the accompanying

agriculture text. The EU says that the agriculture text requires it to do so much, the industrial tariff cuts provided for in the NAMA draft are the very least it can expect in return from developing countries. It is not clear whether these differences on the 'exchange rate' constitute mere jockeying for political position or an irreconcilable difference, say trade diplomats in Geneva.

In a deliberate attempt to nudge Members into further negotiation, Stephenson's February text - unlike his July 2007 text - did not include any potential figures for the number of products, and the proportion of manufacturing imports, that developing countries would be able to shield from the full force of tariff cuts.

The July 2007 text provided for allowing developing countries to subject 10 percent of tariff lines to reductions half as steep as those ordinarily required (so long as this does not cover more than a tenth of manufacturing import value). Alternately, they would be allowed to exclude 5 percent of tariff lines from reduction altogether (albeit limited to only 5 percent of total import value). Both sets of figures were in square brackets signifying the absence of agreement.

However, following few signs that Members were seriously exploring the relationship between the coefficients and the flexibilities, Stephenson last week spelled out a number of approaches for how countries might try to satisfy demands for both ambition and policy space to provide targeted protection.

After participants at the 'room E' meeting of some 40-50 delegations asked for a written explanation of the ideas, some of which are mathematically complex, Stephenson circulated an informal document, stressing that the figures used in it were simply examples that "do not prejudice or prejudice the position of Members."

The approaches Stephenson suggested included the following:

- leaving the coefficients alone, but varying the number of products eligible to be shielded from the formula in accordance with the size of the deviation from standard tariff obligations. For instance, if 5 percent of tariff lines (and manufacturing import volume) were eligible for no cut, then 7.5 percent of tariff lines might be made to face tariff reduction equivalent to only 25 percent of what would be demanded by the formula. Extending this logic, 15 percent of tariff lines could be subject to cuts equal to 95 percent of the standard reduction commitment.

- a 'sliding scale' under which developing countries would trade a higher coefficient for fewer flexibilities,

and vice versa. For instance, while a coefficient of 21 would allow them to exclude 5 percent of tariff lines from cuts altogether, a coefficient of 25 would leave only 1 percent of tariff lines eligible for this flexibility.

- a 'combined flexibilities' approach, under which countries might forego subjecting some products to 'half-formula' cuts, in order to purchase the exclusion of a smaller number of goods from tariff reduction altogether.

- relaxing the trade volume cap for a limited number of tariff lines.

- providing developing countries additional flexibilities. For example, allowing them to exempt 5 percent of tariff lines from tariff reduction altogether, subject a similar number to half-formula cuts, and then make cuts worth three-quarters of the standard reduction commitment on an additional 2 percent of tariff lines.

- rewarding developing countries that participate in sector-specific liberalisation initiatives with a higher coefficient.

- combining a relatively high coefficient with varying supplemental tariff cuts on different products to meet an a certain post-reduction average tariff level.

- an approach that combines a tariff ceiling, an average reduction, and a minimum cut on each tariff line.

Most of the approaches were based on ideas that had already been informally brought up by Members, sources said. One trade diplomat said that the suggestions "were just an attempt to kickstart the discussion."

Reactions were for the most part muted, as delegations need more time to work out the ramifications of each option.

India was a notable exception, with commerce secretary and senior trade negotiator Gopal Krishna Pillai quoted in the Financial Express as saying "India outrightly rejects these new ideas. They will not serve India's interest nor the interest of the other developing countries." The ideas had been "cooked up for the purpose of pandering to the demands by developed countries," the newspaper added. A separate report in the Business Standard says that in New Delhi, the move is being seen as an attempt to breakup the NAMA-11, since certain options may appeal to some members of the group.

A negotiator said that Stephenson's joke about overhearing the different options "in the cafeteria" prompted one other delegation to comment that they evidently had not been eating in the same place.

Sources said that some delegations, such as Switzerland and Brazil, were keener on some of the approaches than on others. Taiwan cautioned that some of the options set out by Stephenson could stretch out the negotiations even longer.

When reporting to the negotiating committee on the previous week's consultations, Stephenson said that delegations had started to brainstorm about the different ideas. "What is now required," he said "is work, real engagement, and discussion among yourselves to further articulate these ideas." He regretted the lack of a sense of urgency in the group.

Negotiators are increasingly acknowledging that it will not be possible to strike the hoped-for framework deal on subsidy and tariff cuts by the end of March, although April remains a possibility, at least in theory.

Delegates reported that Stephenson indicated that he would issue some sort of document no later than 17 March. However, they were not clear what this would be - a revised text, a set of potential options, or something else.

In the meantime, more 'room E' consultations are expected next week.

ICTSD reporting; "India rejects WTO market proposals," BUSINESS STANDARD, 5 March 2008; "India rejects new Nama ideas," FINANCIAL EXPRESS, 4 March 2008.

WIPO CTTE ON GENETIC RESOURCES AND TRADITIONAL KNOWLEDGE LOOKS FOR WAY FORWARD

Members of the World Intellectual Property Organisation (WIPO) have identified a number of steps in order to move forward long-running discussions on the policy, legal and practical aspects of the protection of genetic resources, traditional knowledge and folklore.

The WIPO Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) met from 25-29 February in Geneva.

Although the committee was created in 2000, its work has been inconclusive. This was the IGC's first session

since its mandate was renewed for two years last September following WIPO members' continuing disagreement on whether to conclude a new international treaty to protect genetic resources, traditional knowledge, and folklore against misappropriation. In general, biodiversity-rich developing countries want an international legally binding instrument, whereas industrialised countries such as the US, Japan, and Canada are opposed to seeing the committee's work move towards this objective.

The renewed mandate calls for the IGC to concentrate on "the international dimension" of the relationship between intellectual property and genetic resources, traditional knowledge, and folklore, including possible international instruments. Governments are discussing the same issues elsewhere - not least in the WTO and the Convention on Biological Diversity - and the mandate specifies that discussions at the IGC are without prejudice to work pursued in other fora.

The committee elected Jaya Ratnam, Singapore's deputy permanent representative to the United Nations in Geneva, as its new chair.

As in previous meetings, developed and developing countries agreed that progress was necessary, but disagreed on what it would entail. Developed countries continued to call for further discussion and analysis of the relationship between intellectual property and genetic resources, traditional knowledge, and folklore. The US, for example, said a fuller understanding of the issues was necessary. Japan argued that no clarity had yet been achieved regarding basic definitions, or even the objectives of the discussions. The EU thought it premature to discuss the international aspects of preventing misappropriation.

Developing countries, on the other hand, pushed for a move towards an international legally binding instrument to prevent the misappropriation of traditional knowledge and folklore, particularly given the fact that IGC first met in 2001. India remarked that domestic experiences and national views are now well known, and "it is time that we reflect on all that we have said, and explore opportunities to come to some sort of conclusion." Brazil also said that "discussions needed to move beyond statements."

The African Group submitted a proposal aimed at guiding the future work of the committee. The proposal called for accelerating work on what it sees as the ultimate objective of the IGC process: the development and adoption of a legally binding international instrument for the protection of traditional knowledge, traditional cultural expressions and genetic resources.

Other recommendations included the establishment of a "focused expert group" to "further study the outstanding issues thereby building consensus to advise the committee." As it was submitted on the last day of the deliberations, there was limited discussion of the African proposal. Nevertheless, it was widely welcomed as a good starting point for the next IGC meeting.

The IGC continued its consideration of the protection of traditional knowledge (TK) and traditional cultural expressions (TCEs) through two processes: an agreed list of issues on each topic; and two draft sets of "Revised Objectives and Principles" for the protection of each. However, little substantial discussion took place. Most countries raised a number of the same basic conceptual issues that the IGC has been grappling with for many years without significant advances.

In light of this situation, a "gap analysis" was proposed as a way to identify points of divergence, while re-focusing the IGC on the issues on which consensus exists. WIPO Members agreed to such a gap analysis for traditional knowledge and for traditional cultural expressions. These analyses will describe existing international obligations, provisions and possibilities for the protection of both, as well as the existing gaps in such protection, considerations relevant to determining whether those gaps need to be addressed, and the possible options - legal and otherwise - to address them. These documents will be made available by the WIPO Secretariat in draft form by 31 May. Participants in the IGC will have the opportunity to comment on the drafts by the end of June after which final drafts will be published by mid-August for consideration by the IGC in October.

Given time constraints, genetic resources were not discussed. On behalf of the EU, Slovenia suggested placing genetic resources as the first item on the agenda for the next IGC meeting. Latin American, Caribbean, and African countries argued it would be more appropriate to focus discussions on traditional cultural expressions, as deliberations on that topic are more advanced. Members ultimately agreed that the next IGC meeting would allot sufficient time to genetic resources as well as traditional knowledge and folklore.

At the outset of the meeting, the IGC approved sixteen requests for accreditation from various indigenous peoples groups and non-governmental organizations. Participation by indigenous communities has become an important feature in IGC discussions. This session of the IGC was the first after the UN's adoption of a Declaration on the Rights of Indigenous Peoples, which recognised the right of indigenous peoples "to maintain, control, protect and develop their cultural heritage,

traditional knowledge and traditional cultural expressions."

Despite the agreement on how to proceed, various Members expressed their frustration with the lack of substantive discussions at the meeting. It is still unclear whether the agreed work plan will achieve a more in-depth debate. The next IGC session, with a view to accelerating work, will consider establishing inter-sessional mechanisms to push the talks forward in a structured and focused manner.

The next IGC meeting is scheduled for 13-17 October.

ICTSD reporting.

IN BRIEF

WIPO COMMITTEE ON DEVELOPMENT AND INTELLECTUAL PROPERTY MEETS FOR FIRST TIME

The first session of a new World Intellectual Property Organisation committee charged with placing development concerns at the heart of the agency's work is underway in Geneva.

The Committee on Development and Intellectual Property (CDIP) is meeting from 3-7 March. WIPO members created the committee in order to develop a work programme for implementing some 45 recommendations adopted in the context of the 'development agenda' deliberations; to monitor, assess, discuss and report on the implementation of these recommendations; and to discuss intellectual property and development related issues.

Barbadian Ambassador Trevor Clarke was elected to chair the meeting.

WIPO's General Assembly adopted the 45 Development Agenda recommendations last fall, after more than two years of intense deliberations on issues related to intellectual property and development (see BRIDGES Weekly, 3 October 2007, <http://www.ictsd.org/weekly/07-10-03/story1.htm>).

Broadly speaking, the 45 proposals call for WIPO, long perceived as biased and driven by the industrialised world's interests, to become more responsive to the concerns of the developing countries that make up the vast majority of its 184 member governments.

Nineteen of the recommendations were identified for immediate implementation (although all 45 were

accorded equal priority). Most developing countries say that these recommendations should contribute towards integrating development concerns in a comprehensive manner in all of WIPO's activities, particularly in areas such as technical assistance, norm-setting and governance.

At the beginning of the meeting, a document was circulated containing suggestions made by the Central European and Baltic States, the 'Friends of Development' group, and Korea on activities for the implementation of the WIPO Development Agenda recommendations. Two documents prepared by the WIPO secretariat were also circulated: a preliminary implementation report on the 19 proposals identified for immediate implementation, and a working document containing a list of activities proposed for WIPO to implement the 26 remaining proposals.

The meeting started with a discussion on procedural matters and methods of work. This was followed by statements by regional groups, individual member states and civil society organizations.

ICTSD reporting.

WTO IN BRIEF

EU, US INITIATE WTO DISPUTE PROCEEDINGS AGAINST CHINESE NEWS REGULATIONS

China is on the receiving end of another WTO complaint from the EU and the US, this time over Beijing's regulations on foreign financial news providers.

The Chinese rules, which date back to September 2006, gave Xinhua news agency "sole power... to regulate news services that distribute financial information in China," effectively barring foreign financial news providers from soliciting Chinese subscribers directly. The EU and the US claim that these rules violate WTO rules on national treatment and market access.

US trade representative Susan Schwab said "China's restrictive treatment of outside suppliers of financial information services places US and other foreign suppliers at a serious competitive disadvantage." EU Trade Commissioner Peter Mandelson, for his part,

added that "China's rules have tipped the balance against foreign companies."

In response to their request for consultations, the first step in WTO dispute procedures, China's commerce ministry on 4 March issued a statement saying "as a WTO Member, China respects the choice of other WTO Members." It added that "China will study the consultation request and deal with it according to WTO procedures."

Washington and Brussels say they are hoping for a "swift" and "amicable" resolution to the dispute. This could well happen: the Financial Times reported this week that China's reaction to the case was milder than normal, and that the head of the Chinese government General Administration of Press and Publications had suggested that Xinhua's regulatory role over foreign financial news providers might be curtailed.

Washington and Brussels have turned up the heat on China at the WTO in recent years, as tensions rise over China's growing trade surplus with both. Last month, a WTO panel issued an interim ruling favouring the US, the EU, and Canada over China, in a dispute over auto parts (see BRIDGES Weekly, 20 February 2008, <http://www.ictsd.org/weekly/08-02-20/story4.htm>).

"EU, US File WTO Complaint Over Chinese Media Curbs," BLOOMBERG, 3 March 2008; "EU, US File WTO Complaint over Chinese Media Restrictions," AGENCE FRANCE PRESSE, 3 March 2008; "China Gives Hope of WTO Deal on Xinhua Rules," FINANCIAL TIMES, 5 March 2008; "China to Settle Financial Information Disputes under WTO Rules," CHINA - MINISTRY OF COMMERCE, 4 March 2008.

THAILAND AND INDIA PREVAIL IN DISPUTE AGAINST US ANTI-DUMPING MEASURES ON SHRIMP

A WTO dispute panel ruled 29 February that US anti-dumping measures on shrimp imports from India and Thailand violated the WTO rules prohibiting importers from imposing policies other than extra duties to counter dumping.

Gretchen Hamel, spokesperson for the US trade representative's office, said that the panel findings were "mixed," arguing that the panel rejected many of Thailand and India's claims that additional bond requirements were "'as such' inconsistent with US obligations under the WTO Anti-dumping Agreement."

The US rules in question required exporters at risk of defaulting on the payment of anti-dumping duties to post a bond covering the full amount, a change from the original 10 percent duty imposed (see BRIDGES Trade BioRes, 11 May 2005, <http://www.ictsd.org/biores/05-11-11/story1.htm>). The US considered this to be a "reasonable security" deposit for collecting duties. Indian exporters deemed it "unreasonable," and both India and Thailand argued that the measures resulted in an "excessive financial burden on exporters paying the anti-dumping duties."

India and Thailand both requested consultations with the US in 2006 over the measures. Later that year, they requested panels to be established to resolve the dispute.

ICTSD reporting; "Victory at the WTO," BANGKOK POST, 3 March 2008; "Victory for Indian Shrimp Exporters at WTO," BUSINESS STANDARD, 2 March 2008; "WTO Panel Rules Against US in Shrimp Cases," REUTERS, 29 February 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: 6 March - 12 March

10 March, New York, United States of America. MILLENNIUM DEVELOPMENT GOAL AFRICA STEERING GROUP COMMITTEE. This meeting will convene the MDG Africa Steering Group for the second time, following its launch by UN Secretary-General Ban Ki-moon on 14 September 2007. The MDG Africa Initiative aims to bring together the UN system, international financial institutions such as the World Bank, the International Monetary Fund (IMF), the African Development Bank, the Islamic Development Bank, and the European Commission. The Steering Group will consider the proposed recommendations and implementation business plans developed by the MDG Africa Working Group across seven thematic areas, including: health; education; infrastructure; agriculture and food security; statistical capacity; aid predictability; and strengthening joint efforts at the

country level. For more information: e-mail: secretariat@mdgafrica.org.

10-12 March, Port of Spain, Trinidad and Tobago. UNFCCC EXPERT MEETING ON SOCIO-ECONOMIC INFORMATION UNDER THE NAIROBI WORK PROGRAMME. This meeting, organized by the United Nations Framework Convention on Climate Change, will focus on improving the integration of socio-economic integration into impacts, vulnerability and adaptation to climate change assessments. It will discuss existing approaches and available data, current needs, gaps, barriers, and constraints, and ways and means to improve availability and access to relevant information. Internet: http://unfccc.int/adaptation/sbsta_agenda_item_adaptation/items/4265.php

12-14 March, Brussels, Belgium. WORLD BIOFUELS MARKETS CONGRESS. The World Biofuels Markets Congress is Europe's largest gathering of biofuels professionals. Since its inception in 2006, the congress has grown exponentially to become the must-attend conference for industry experts looking to share best practices and attract new clients. Mariann Fischer Boel, Commissioner for Agriculture and Rural Development, is confirmed to address this year's World Biofuels Markets Congress. The World Biofuels Markets Congress has grown rapidly into Europe's largest biofuels congress and annually attracts all the major companies from the entire global biofuels value chain to Brussels. With 1300 participants from 58 countries attending in 2007, the World Biofuels Markets Congress is Europe's largest gathering of biofuels professionals. Since its inception in 2006, the congress has grown exponentially to become the must-attend conference for industry experts looking to share best practices and attract new clients. Internet: <http://www.worldbiofuelsmarkets.com/>.

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.

10 March: WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY

11 March: COUNCIL FOR TRADE IN GOODS

Other Upcoming Events

13-14 March, Nairobi, Kenya. PRE-UNCTAD XII CIVIL SOCIETY FORUM IN AFRICA. On the occasion of the forthcoming quadrennial meeting of the United Nations Conference on Trade and Development (UNCTAD XII) to be held in Accra, Ghana on 20-25 April 2008, the CUTS Centre for International Trade, Economics & Environment (CUTS CITEE) organises a two-day international conference in Nairobi, Kenya, on March 13-14, 2008, within the framework of its project on Linkages between Trade, Development and Poverty Reduction (TDP). The conference seeks to formulate a set of key messages to be fed into the Civil Society Forum, which will be held during the UNCTAD XII. Participants will include civil society organisations, business associations, media, academics, government officials, representatives from international and inter-governmental organisations and the donor community. Internet: <http://www.cuts-citee.org/events.htm#event03>

Organization (JETRO) are jointly organizing a one-day workshop, to be held at JETRO headquarters in Tokyo. The main purpose of the workshop will be to examine the joint JETRO-UNCTAD publication entitled "South-South trade and regional trade agreements in Asia", including the implications of such trade and agreements for Asian developing countries and South-South trade in general. At the invitation of JETRO, the Secretary-General of UNCTAD will deliver a keynote speech at the workshop. Both UNCTAD and JETRO will deliver presentations on the publication, which will be followed by a panel discussion in which experts from business and academia will discuss further issues associated with the joint research, including lessons that can be drawn from the Asian experience for other developing countries. For more information, please refer to the meeting website at <http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=15221&year=2008&month=3>

RESOURCES

LINKING AFRICAN SMALL PRODUCERS TO LARGE DISTRIBUTION NETWORKS: ENHANCING CAPACITY OF MOZAMBIKAN PRODUCERS TO SUPPLY THE SOUTH AFRICAN MARKET. United Nations Conference on Trade and Development, February 2008. The export of non-traditional agricultural products from Africa has the potential to contribute to economic growth and poverty reduction. This study is based on interviews with various government departments and agencies, small and large growers, input suppliers, exporters, processors and donor agencies, as well as on a covering of the relevant literature. It gives an overview of the changes taking place in the Mozambican horticulture subsector and

how opportunities to trade with the larger markets within South Africa can be exploited. It explores the potential for strengthening exports of horticultural products from one African country, Mozambique, and possible measures in support of this sector. Within this context, the opportunities for small farmers to supply South African importers are evaluated. Meetings with South African supermarkets and importers as well as standards and sanitary and phytosanitary (SPS) bodies were also held to determine constraints facing Mozambican exporters. Some recent reports were also reviewed. The fieldwork and literature review confirmed market opportunities and identified a number of technical issues that constrained farmers in Mozambique, particularly those from the family sector, from being able to supply South African supermarkets. The paper is available online at http://www.unctad.org/en/docs/ditccom200617_en.pdf.

BLUE COLLAR BLUES: IS TRADE TO BLAME FOR US INCOME INEQUALITY? By Robert Z. Lawrence. Peterson Institute, January 2008. International trade accounts for only a small share of growing income inequality and labor-market displacement in the United States. Lawrence deconstructs the gap in real blue-collar wages and labor productivity growth between 1981 and 2006 and estimates how much higher these wages might have been had income growth been distributed proportionately and how much of the gap is due to measurement and technical factors about which little can be done. While increased trade with developing countries may have played some part in causing greater inequality in the 1980s, surprisingly, over the past decade the impact of such trade on inequality has been relatively small. Many imports are no longer produced in the United States, and US goods and services that do compete with imports are not particularly intensive in unskilled labor. Rising income inequality and slow real wage growth since 2000 reflect strong profit growth, much of which may be cyclical, and dramatic income gains for the top 1 percent of wage earners, a development that is more closely related to asset-market performance and technological and institutional innovations rather than conventional trade in goods and services. The minor role of trade, therefore, suggests that any policy that focuses narrowly on trade to deal with wage inequality and job loss is likely to be ineffective. Instead, policymakers should (a) use the tax system to improve income distribution and (b) implement adjustment policies to deal more generally with worker and community dislocation. For more information, please refer to <http://bookstore.petersoninstitute.org/bookstore/4143.html>.

SPILOVERS ACROSS NAFTA. By Andrew Swiston and Tamim Bayouni. IMF, January 2008. This paper examines linkages across North America by estimating

the size of spillovers from the major regions of the world-the United States, euro area, Japan, and the rest of the world-to Canada and Mexico, and decomposing the impact of these spillovers into trade, commodity price, and financial market channels. For Canada, a one percent shock to U.S. real GDP shifts Canadian real GDP by some ¾ of a percentage point in the same direction- with financial spillovers more important than trade in recent decades. Thus, a large proportion of the reduction in Canadian output volatility since the 1980s can be accounted for by the "Great Moderation" in U.S. growth. Before 1996, domestic volatility in Mexico swamped the contribution of external factors to the business cycle. After 1996, the response of Mexican GDP is 1½ times the size of the U.S. shock-"when the U.S. sneezes, Mexico catches a cold". These spillovers are transmitted through both trade and financial channels. The paper is available online at <http://www.imf.org/external/pubs/cat/longres.cfm?sk=21535.0>.

HOW DOES VIETNAM'S ACCESSION TO THE WORLD TRADE ORGANIZATION CHANGE THE SPATIAL INCIDENCE OF POVERTY? By Tomoko Fujii and David Roland-Holst. The World Bank, February 2008. Trade policies can promote aggregate efficiency, but the ensuing structural adjustments generally create both winners and losers. From an incomes perspective, trade liberalisation can raise gross domestic product per capita, but rates of emergence from poverty depend on individual household characteristics of economic participation and asset holding. To fully realize the growth potential of trade, while limiting the risk of rising inequality, policies need to better account for microeconomic heterogeneity. This study evaluates the spatial incidence of Vietnam's accession to the World Trade Organization. Full liberalization will benefit the poor on a national basis, but the northwestern area of Vietnam is likely to lag behind. The paper is available online at <http://www-wds.worldbank.org/>

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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, and Rob Cottrell. Editor: Trineesh Biswas. 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