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Building the capacity of ACP Countries in Trade Policy Formulation, Negotiations and implementation ("Hub and Spokes") Project

EU blocks WTO probe of its banana tariffs at center of dispute with Latin America and U.S.

The European Union blocked a World Trade Organization investigation of its banana tariffs yesterday, temporarily delaying the inevitable reopening of a decade-old dispute with Latin American countries and the United States over claims of unfair trade discrimination.

A panel will almost certainly be established to examine Brussels' compliance with international trade rules at a future meeting of the WTO's dispute settlement body, officials said. The WTO has consistently ruled against how the EU sets tariffs for bananas, forcing the 27-nation bloc to overhaul a system that grants preferential conditions for producers from African and Caribbean countries, mainly former British and French colonies. Brussels, however, says a new banana tariff established last year - 176 euros (\$231) per ton - has brought its rules for banana imports in line with WTO rulings.

But Ecuador, the world's largest banana producer, is challenging that claim. Under WTO rules, the EU was able to block the first request for a compliance panel. Ecuador has the chance to make a second request later this month, at which point the panel will be automatically established." Ecuador has been seriously affected by the new banana import regime," Juan Holguin, head of the country's delegation, told the WTO dispute body. "The Ecuadorean banana sector, on which more than 1 million inhabitants depend, feels asphyxiated and worried about the present situation as well as about future dark prospects should the present situation be continued."Ecuador, which has a population of about 13.5 million, said it has paid about \$131 million because of the tariff.

EU trade negotiator Raimund Raith expressed Brussels' "surprise and disappointment at Ecuador's action." He said he strongly objected to the panel request and that Ecuador was really after "preferential treatment" at the expense of "some of the most vulnerable" countries in the global trading system. Latin American producers and banana companies based in the United States have long complained that the EU rules favor Caribbean and African producers. The United States, in 1999, and Ecuador a year later both won the right to impose trade sanctions on European goods after the WTO found the EU's rules to be illegal.

Cameroon, the Dominican Republic and Jamaica backed the EU at the WTO on Thursday. Colombia, Costa Rica, Guatemala, Honduras, Nicaragua and Panama voiced support for Ecuador's position. The U.S. response was more ambiguous. Latin American bananas currently have around 60 percent of the EU banana market, while African and Caribbean producers have 20 percent, EU officials have said. Bananas grown in the EU - mostly on Spanish and French islands - account for another 20 percent. The case, originally brought to the Geneva-based trade referee in 1996, spawned a series of disputes in the WTO as lawyers wrangled over procedural intricacies and legislation which had previously never been tested.

Source: Associated Press, Geneva, 9 March 2007

EU says may escalate India spirits dispute at WTO

India should cut "extremely high" duties on imported wine and spirits, the European Union's farm commissioner said on Tuesday, and the bloc may escalate the dispute at the World Trade Organisation (WTO). A European Commission report issued last year, prompted by complaints from European producers of whisky and other spirits and wines, found "clear violations of WTO provisions" and producers are pressing for action. "I am desperately sorry and disappointed to see no cut by India on its extremely high tariffs on wine and spirits," Mariann Fischer Boel told reporters after meeting Agriculture Minister Sharad Pawar. "We are considering a possibility of raising dispute settlement at the WTO," she said.

Fischer Boel is due to meet Trade Minister Kamal Nath on her trip and asked if she would request New Delhi to cut duties, she replied: "You can be sure." The Commission report found a combination of duties and taxes in some states were as high as 550 percent on imported spirits and 264 percent on wines. Scotch whisky makers last week asked the Commission to escalate the dispute at the WTO after India left duties on imported wines and spirits untouched in its annual budget despite lowering duties on other imports. If the WTO forms a dispute settlement panel and rules against India, the EU could impose retaliatory tariffs on imports from India.

Source: Reuters, New Delhi, 7 March 2007.

US files WTO case over India's alcohol tariffs

The United States asked the World Trade Organization on Wednesday to help settle a row over the heavy duties India charges on liquor imports. Through a combination of duties, India's levies on wine and distilled spirits can add up to 550 per cent, although according to New Delhi's WTO commitments, they should not exceed 150 per cent, a US embassy statement released here said. "With its fast-growing middle class, India could be an important export market for American wines and distilled spirits if not for these layers of duties," said US Trade Representative Susan C Schwab in the statement. The United States has asked for dispute settlement consultations at the WTO with India.

Consultations are the first step towards resolving a dispute at the global trade body before a special arbitration panel is set up. "We have raised this issue with the government of India on several occasions over a number of years. We hope the matter can be successfully resolved in WTO consultations," Schwab said.

Europe asked for WTO consultations over the wine and spirit duties in November last year, the statement noted. Three months after requesting consultations, the European Union warned Tuesday it could haul India before an arbitration panel at the WTO. If the panel ruled against India, Europe could impose retaliatory duties on imports from India.

India did not accept a US request to join the consultations with Europe as a third party, the US embassy said, leading it to file a separate request.

Source: Associated Press, 7 March 2007.

South Africa: China's WTO Outcome May Affect SA

A complaint brought before the World Trade Organisation (WTO) against China over incentives to its local manufacturers to boost the use of local content in domestic production may have far-reaching implications for SA.

The complaint involves China's granting of tax refunds, reductions and exemptions to companies -- many of them state controlled -- that use local inputs in their production processes. Mexico contends the practice is incompatible with WTO regulations as it discriminates against foreign products beyond negotiated tariff concessions. The measures also include conditions that enterprises meet certain export local performance criteria, which according to Mexico are tantamount to illegal subsidies.

With the Southern African Customs Union seeking a trade pact with China, this may see SA throwing open its market to subsidised products from China, with local manufacturers competing on an unequal footing. Mexico last month requested consultations with China under the WTO's rules and procedures governing the settlement of disputes -- a precursor to action in the WTO trade court. A bilateral free trade agreement between SA and China would grant China duty-free or partly duty-free access on a range of products that seem to be heavily subsidised in China, said Hilton Zunckel of trade consultancy Floor Incorporated.

The case may also put SA on the back foot over its Motor Industry Development Plan (MIDP), which had helped push the vehicle sector into becoming a major contributor to the economy. It has long been held that the MIDP is a local content scheme, resembling the Chinese schemes which are now being challenged by Mexico

Source: Business Day, Johannesburg, 7 March 2007.

EU Agriculture Commissioner to address agric-related WTO issues

The Agriculture Commissioner of European Union, Ms Mariann Fischer Boel would address the World Trade Organisations (WTO) issues pertaining to the Doha Negotiations here tomorrow. With the recent resumption of Doha Negotiations in Geneva, member-countries are looking forward to the much-needed breakthrough.

This meeting assumes significance as agriculture is one of the contentious issues being debated by WTO members. The meeting aims to help Indian business and other stakeholders understand and appreciate the latest state-of-play and various perspectives. The meeting on 'WTO Negotiations on Agriculture: Perspective and Options' will also be addressed by Commerce Secretary G K Pillai. The November 2001 Declaration of the Fourth Ministerial Conference in Doha, Qatar, provides the mandate for negotiations on a range of subjects, besides other work. The negotiations include those on agriculture and services, which began in early 2000.

Source: Malaysian Sun, 5 March 2007

Norway offers CHF2 million to the WTO training programme for the benefit of poorer countries.

Norway has donated NOK10 million (CHF2 million) to the Doha Development Agenda Global Trust Fund (DDAGTF) for 2007. Norway is today the second biggest contributor to the DDAGTF. This donation will finance technical assistance programmes and training activities for developing and least-developed countries. The aim is to better adapt their practices and laws to WTO rules and disciplines, improve the implementation of their obligations and enhance the exercise of their membership rights. WTO Director-General Pascal Lamy declared “I welcome Norway’s contribution that will allow developing countries to expand their markets and find new trading partners”. “The Norwegian Government supports efforts to enable the least-developed and developing countries to make full use of the multilateral trading system,” said Deputy Permanent Representative Henning Stirø. “Today’s contribution to the WTO Technical Assistance Plan for 2007 is a concrete expression of our continued and strong commitment to this work.”

With this new contribution, Norway’s participation to the DDAGTF amounts to CHF10.4 million.

Source: WTO News, 8 March 2007.

U.S. says made slow, steady progress in WTO meetings

A series of meetings between the United States, the European Union, India and Brazil over the past two days pushed world trade talks slightly forward, a U.S. trade official said on Monday. "Our meetings were constructive and we are continuing to make slow and steady progress," Sean Spicer, a spokesman for the U.S. Trade Representative's office, said in an email.

The leading World Trade Organization members are trying to construct a deal on agriculture, the main sticking point in the five-year-old Doha round of world trade talks. They held a round-robin series of bilateral meetings beginning in London and continuing in Geneva, as WTO members intensified efforts to reach a breakthrough in the talks before the White House's "fast track" trade negotiating authority expires at the end of June. U.S. Trade Representative Susan Schwab met with EU Trade Commissioner Peter Mandelson in London early on Sunday and then flew to Geneva for separate talks with Indian Commerce Minister Kamal Nath and New Zealand's ambassador to the WTO Crawford Falconer, who chairs the WTO agricultural negotiations.

On Monday, Schwab met with Brazilian Foreign Minister Celso Amorim, African country representatives and finally with WTO Director General Pascal Lamy before boarding a plane to return to the United States, Spicer said. Mandelson and Nath met on Sunday, as part of the efforts to put together a global trade pact. In recent months, negotiations have focused primarily on the most politically important commodities for each trading partner in the talks, in the hopes that an agreement on how to handle those would lead to an overall breakthrough.

Source: Reuters, Washington, 8 March 2007.

WTO lauds "impressive" Aussie economy

Australia has been lauded for its “impressive” economic performance of the past five years. The Geneva-based World Trade Organisation says this has occurred against a backdrop of continued “wide-ranging” structural reforms” and “sound” macroeconomic policies.

In a review of Australian trade policy, the WTO also notes the need for Australia to press ahead with structural reforms in key infrastructure-related services such as electricity, water and transport. The WTO says a high degree of transparency in Australia economic policy had enhanced government accountability and public debate over the merits of these policies. This transparency had contributed greatly to the continued process of reform, which began in the 1980s, and in which trade liberalization, much of it unilateral, had played an integral part.

The extent of structural reform in Australia was exemplified by the drop in the effective rate of assistance (ERA) for manufacturing during the past two decades, from 25 per cent to 4.5 per cent in 2003/04, the last year for which the indicator is available, the WTO said. These structural reforms were accompanied by macroeconomic reforms: for example, the floating of the exchange rate in the early 1980s facilitated subsequent adjustment to tariff reductions.

Structural reforms have been aimed at reducing, if not removing, distortions to competition to improve the functioning and flexibility of markets for goods, services, labour, and capital, thereby accomplishing a more efficient use of domestic resources, the WTO said. The resulting rise in productivity and improved competitiveness of Australia's goods and services in world markets had enabled real GDP to grow at an average annual rate of about 3.5 per cent during the past 15 years, which has raised per capita income to eighth place among OECD countries, it said.

Reform has also made the Australian economy more flexible and resilient to external shocks, like the Asian financial crisis in the late 1990s and, more recently, the drought in 2006. The WTO noted growth in Australia had been led by a global boom in demand for mineral products, of which Australia is a major exporter. Increased inflationary pressure had forced, the Reserve Bank of Australia to tighten monetary policy enabling inflation, by and large to remain within its targeted range. The Commonwealth and state governments have achieved fiscal surpluses, and net government debt has been eliminated.

In addition, unemployment declined to its lowest level since the 1970s, in great part due to reforms that have rendered the labour market more flexible, the WTO said.

Source: The Australian, Sydney, 8 March 2007

Poor nations fear big powers could trample their concerns in WTO talks

More than 60 small and poor nations, many from Africa, voiced fears Monday that their concerns in global trade talks could be "bulldozed" as the big trading powers sought to overcome roadblocks on their own. Ministers from the United States, the European Union, Brazil and India on Monday wrapped up three days of talks on the current, Doha round of trade negotiations, which were revived a month ago but have yet to much fresh progress. No breakthroughs were announced, but envoys described the sessions as "constructive."

Meanwhile, a senior African trade diplomat said his group feared that the so-called Group of 4 might come up with a grand package and presents it as a "fait accompli," and that their concerns over cotton subsidies, aid for trade and other issues would be "bulldozed in the process."

Trade negotiators from poor African, Asian, Caribbean, and Pacific nations conveyed their fears in a meeting Monday with Pascal Lamy, director general of the World Trade Organization.

Diplomats, speaking on customary condition of anonymity, said Lamy, a former EU trade commissioner, stressed that the four big trading powers were searching for a breakthrough. He noted that any deal would eventually have to go to the full WTO membership for debate. But he also underscored that, "nobody else will fight for you," and added that the poorest nations had to be "proactive" and pitch for their interests, the senior African diplomat said.

Earlier in the day, envoys from the Africa Group, in a meeting with Susan Schwab, the U.S. trade representative, complained about the opaque nature of the so-called G-4 process. Envoys also said Schwab was also rather vague on specifics concerns by African nations related to cotton. But a spokesman for Schwab, Sean Spicer, said she had elaborated measures the United States was taking on cotton, such as eliminating a program that had been declared illegal by a WTO dispute panel after a complaint by Brazil. With regard to the bilateral talks between the major powers, senior Indian and Brazilian trade officials said the Brazilian-led Group of 20, which includes China and South Africa, was intact. They dismissed rumors of a revolt within its ranks over farm trade issues.

Numerous bilateral talks were held in London and Geneva between Schwab, the EU trade commissioner, Peter Mandelson; the Brazilian foreign minister, Celso Amorim; and the Indian minister of commerce and industry, Kamal Nath.

Source: Reuters, Geneva, 8 March 2007

USDA's farm bill announcement dashes expectations of WTO compliance

In the build up to the 2007 Farm Bill the expectation was that the administration would propose legislation that would include major policies that would be compliant with their trade liberalization agenda, and that it would be Congress that would resist major changes. Some in Congress have argued for minimal changes in farm legislation until they see what develops at WTO. Well, the administration has rolled out its farm bill proposal and part of Secretary of Agriculture Mike Johanns' pitch is that it would move the U.S. in the direction of WTO and trade compliance. Let us take a look and see how they did. The administration's proposal eliminates provisions that prohibit crop farmers from planting fruits and vegetables while they collect their decoupled payments and other benefits. Certainly, allowing Illinois farmers to plant fruits and vegetables on their corn and soybean ground does address an issue that was raised in the Brazil WTO cotton case. But what about lowering the loan rate and increasing the direct payments? How is that supposed to address concerns that the U.S. is dumping agricultural commodities on the world marketplace at prices well below the cost of production?

The administration has tinkered with the payment mechanism to reduce the cost of the marketing loan program. But that doesn't solve the dumping problem and - just as now under the 2002 Farm Bill - loan deficiency payments remain 100 percent coupled to both current prices and current-year production. The direct payments in the USDA proposal have been increased a little, well for cotton a lot. But the direct payment program remains basically unchanged from the 2002 Farm Bill.

The Counter-Cyclical Program (CCP) is significantly different under the administration's proposal. The CCP is not just based on price. It is based on price and production. Rather than being triggered by one coupled variable, it is triggered by two. Can't imagine the WTO being happy about that. Unless allowing fruits and vegetables on grain fields trumps all other considerations, it seems like a stretch to argue that the administration's farm bill proposal has moved U.S. policy appreciably closer to WTO compliance, as if that is what the farm bill ought to be all about.

We would assert that a good farm bill would be one that would be good not only for farmers in the U.S., but for farmers around the world. Many have argued that the complete elimination of U.S. subsidies would eliminate overproduction and benefit farmers in less developed countries. If that is true then someone needs to explain to us why coffee prices have fallen dramatically over the last two and a half decades.

If the lack of U.S. crop subsidies will result in a vibrant agriculture for farmers in less developed countries, then why are the prices of tropical crops in the tank? We don't have subsidies for coffee, cacao, tea, and other tropical crops. However, there used to be international agreements that limited production to better match demand at profitable prices.

As an alternative to talking about WTO compliance, the administration could be talking about the nature of agricultural and food markets and developing ways that make them work for farmers and consumers alike. If they were to do that, the problems of dumping

would disappear very quickly and farmers everywhere would be able to get the bulk of their income from the marketplace instead of the mailbox.

Source: Daryll Ray: Director of UT's Agricultural Policy Analysis Center (APAC)

30 get training on WTO, only 3 remain in post

Trade talks capacity suffers from wrong planning

Bangladesh's international trade relations have been suffering badly for quite a long time due to poor negotiation skills and lack of expertise in related government agencies.

Government posts earmarked for officials from the trade cadre are usually filled by officials from the administrative cadre resulting in a vacuum of experts in the commerce ministry, sources said.

The ministry failed to create a pool of experts on international trade as the highly technical department, World Trade Organization (WTO) Cell, under the ministry is treated like any other administrative departments by the government, the sources added.

Only three from the 30 officers, who got training on dealing with WTO issues from the organisation's head office in Geneva, Switzerland, are now working in the WTO Cell, said Nasir Uddin, the immediate past director general of the cell. "The country needs a permanent pool of experts at both government and private levels to maximise gains from negotiations at regional and global levels," Nasir Uddin added.

If an officer is transferred to an administrative post after getting involved with trade negotiations, it is a kind of talent waste, Nasir feels.

Currently, only one official from the trade cadre is posted in a Bangladesh mission abroad as a commercial councilor, while the remaining 18 such posts are filled by officials from the administrative cadre with little or no knowledge about global trade, another official of the ministry said. The parliamentary standing committee on commerce ministry in March 2006 suggested that all the 19 posts of commercial councilors be filled by officials from the trade cadre, Shamsul Alam, secretary general of Bangladesh Civil Service (BCS) Trade Cadre Officers' Association said.

The suggestion was approved by an inter-ministerial meeting on July 16, 2006, which was chaired by erstwhile commerce minister Hafiz Uddin Ahmed, and where representatives of the ministries of foreign affairs, finance, establishment, and jute and textile were present, he added. The meeting also decided to increase the number of posts in the trade cadre from 38 to 72, and to fill all the six posts of bureaucrats in the office of registrar of joint stock companies, seven in the office of the chief controller of insurance, all cadre posts in the office of chief controller of import and export, and four posts of bureaucrats in the Export Promotion Bureau, with officials from the trade cadre, Alam said. But no follow-up has been in sight so far, and most of the posts still remain filled by officials from the administrative cadre.

Public Service Commission, the highest body for recruiting cadre services officials, has not recruited a single official in the trade cadre between 1986 and 2003, resulting in marginalisation of the country's specialised cadre service, sources said.

It is alleged that favouritism in most cases influenced the selection process of officials for training at the World Trade Organisation headquarters in Geneva on issues like global trade aspects, trade negotiation and WTO rules. "Our capacity for trade negotiation has been built, but has not been used properly due to a selection process dogged by favouritism," regretted a high official of the commerce ministry.

Besides, the WTO Cell has been running with seven out of its nine posts filled by officials from the administrative cadre. Only seven trade cadre officials are currently posted in the commerce ministry while it has 55 posts for such cadres.

International trade expert and Executive Director of CPD Debapriya Bhattacharya said challenges have always been there before Bangladesh in dealing with international trade but it will get a new dimension as the Doha Development Round has resumed. "The technical capacity cannot develop if the WTO Cell itself remains paralysed," Debapriya added. He said a major task of the government will be to mobilise local expertise and opinions of the business community to supplement government capacities on the one hand and to provide proper feedback to the Bangladesh Mission in Geneva on the other.

Source: Associated Press, Bangladesh, 7 March 2007.

Finland Says High Russian Wood Export Duty Hurts Moscow's WTO Chances

Russia's decision to raise export duties on unprocessed timber violates a treaty with the European Union and could endanger Moscow's bid to join the World Trade Organization, Finland said on Friday, March 2.

Russia said in February it would more than double duties on raw log exports in July and raise them again sharply in the next few years, a move that alarmed the paper and pulp industry in Finland, which imports wood from its eastern neighbor. "The Russian export duty increases contradict the [May 2004] bilateral treaty between the EU and Russia. This being so, a solution has to be found before WTO membership comes into being," the Finnish Foreign Ministry said in a statement, quoted by *Reuters*.

President Vladimir Putin wants the export tolls to boost investment in domestic timber processing and produce higher value exports than raw logs. But an EU official said the proposed duties were unacceptable and that Trade Commissioner Peter Mandelson had raised the issue with Russian Economic Development and Trade Minister German Gref. "It is a backtracking on an explicit commitment that Russia made to us in 2004," the official said. "We regard it as unacceptable and very much hope the increases won't happen."

A presidential decree aims to raise duties on raw timber exports to 10 euros (\$13.2) per cubic meter in July from a current 4 euro minimum and increase the duties to 15 euros per cubic meter in 2008 and to 50 euros a year later on most wood. Finland imported 17 million cubic meters of Russian lumber last year, or 80 percent of total wood imports to the Nordic country. Paper and pulp account for roughly 20 percent of Finnish exports, with Stora Enso, UPM-Kymmene and M-real the biggest companies. Finnish industrialists have said the duties could make Russian exports no longer viable.

Source: Mosnews, Russia, 7 March 2007

Japan must eliminate hidden agriculture taxes to progress at Doha

Some new developments may be around the corner in the Doha Round of trade liberalization talks. The talks, suspended since the stalemate last July, have covered everything from non farm trade and market access to service and investment and development since they were launched by the World Trade Organization in November 2001. But the main stumbling block has always been agriculture. The Doha declaration called on industrialized countries to phase out agricultural subsidies but failed to set out a concrete timetable. Today, negotiators from major powers are deadlocked over what to do with the export subsidies provided by the United States, the European Union subsidies provided to local farmers, and the high tariffs imposed by Japan on importers of agricultural goods all because of their respective domestic political considerations.

In addition, developing countries are criticizing the talks for prioritizing the interests of the industrialized nations. A group of 21 less-developed economies led by Brazil, India, China, Argentina, Egypt and South Africa, are calling for a ban on farm subsidies in advanced nations. They are also demanding that the special safeguard mechanism against sudden surges in farm imports which is reserved for use by the industrialized countries be made available to them all.

At the 2003 WTO ministerial conference in Cancun, Mexico, Group 21 expanded to 23 members after Indonesia and Nigeria joined. The United States, on the other hand, facing its huge trade deficit with China, became frustrated with Beijing's policies, prompting the United States Trade Representative's office to file a suit with the WTO on Feb. 2 alleging that China's export subsidies violate WTO rules. It was the third time the U.S. had taken WTO action against China (The first two were over semiconductor and auto part disputes). U.S. Trade Representative Susan Schwab charged that unfair Chinese subsidies are damaging small and medium-size U.S. firms and their workers, and urged Japan and Europe to join the action.

Meanwhile, WTO member countries are shifting emphasis to bilateral and regional free-trade agreements, which are relatively easier to conclude than the multilateral talks. The global organization, which has increased membership to 149 and expanded its areas of negotiation as well, is finding it extremely difficult to build a broad consensus. FTAs began rising rapidly in the mid-1990s and today number more than 150 worldwide.

Still, there is a speculation new development that could get the talks going may be just around the corner. The United States appears to be changing its position on export subsidies. Behind that is the fact that the trade promotion authority given by Congress to President George W. Bush is set to expire July 1. It is unlikely that Congress, now controlled by the Democrats after their victories in the November midterm elections, will extend that authority, previously referred to as "fast-track authority." Also, the increase in FTAs has led to a corresponding rise in various tariff rates for individual countries, which has caused delays in customs clearance procedures.

Trading companies also face the rising costs for preparing certificates of origin, which

will be necessary for their products to get the preferential tariffs offered under FTAs. Mutual concessions are essential for the WTO talks to succeed. The biggest problem for Japan, of course, is the extremely high tariffs on imported farm products, mostly notably rice. Whereas Japanese tariffs on industrial products have dropped to an average of 2.7 percent -- the lowest in the world its tariff for those who import rice, by WTO standards, exceeds 700 percent. What's more, the tariff on roots of devil's tongue (used to make the popular gelatin "konnyaku"), is an extraordinarily high 1,700 percent. Needless to say, these high tariffs are designed to protect domestic farmers, but to move the Doha Round forward, Japan needs to consider two things.

First, Japan needs to examine whether its high farm tariffs have helped its farmers improve productivity or raise food self-sufficiency. It is rather difficult to get positive answers. Japan is suffering from a serious shortage of farm workers, which indicates the farming industry is no longer attractive to the younger generation.

Second, the nation should realize it is being forced to pay more for food because of the high tariffs imposed on importers. Consumers in western countries can generally buy grain at international prices, but the Japanese have to buy it at inflated prices because of the hefty tariffs, which are reflected in the prices of basic foodstuffs, such as bread. This is no different than charging a tax, except that it is invisible and has a rate much higher than the 5 percent consumption tax.

Prime Minister Shinzo Abe has made consumer demand-led growth one of the key objectives of his administration. But the truth is that high farm tariffs are effectively indirect taxes that erode consumer buying power.

Both internationally and domestically, it is urgent that Japan reduce tariff rates on farm products.

Source: Reuters, New Delhi, 8 March 2007

Maqbool to preside over Arab conference on WTO

Maqbool bin Ali Sultan, minister of commerce and industry, will preside over the opening of the second Arab conference on future trends of World Trade Organisation (WTO), opportunities and challenges facing the Arab countries due to be held at the Oman Chamber of Commerce and Industry (OCCI) tomorrow.

The three-day conference is being organised by the Arab Organisation for Administrative Development in collaboration with the Commerce and Industry Ministry and the OCCI. Abdullah bin Ali Al Hinai, director-general of organisation's and business relations at Commerce and Industry Ministry said the conference aims to identify the main features of the global trade system in the light of establishing the WTO, shedding light on major obstacles facing the Arab countries to integrate into the world trade system, highlighting the impacts of WTO agreements on developing major productive goods and services sectors in the Arab countries.

He said that the conference also aims at analysing the current status of the world trade performances and its developmental role on the wake of WTO agreements. It also aims to shed light on topics currently being put for decision within the framework of ministerial conferences of the WTO and clarifies opinions of developing and developed countries in their regard.

He noted that the conference will also discuss topics of WTO future trends, opportunities and challenges facing the Arab countries, Libya joining the WTO and expected economic impacts, policies of competition and liberalisation of trade, protection of intellectual property rights, facilitating inter-Arab trade and economy. The Sultanate will present two working papers during the conference. The first one on the Sultanate's experience in joining the WTO, while the second will be on status and challenges of tourism sector in the Sultanate.

The conference is a good opportunity for the Sultanate's officials to familiarise themselves with the WTO's latest developments with regard to negotiations with the WTO, Al Hinai said. Arab countries exports amounted to \$397 billion in 2004, constituting 4.8 per cent of the world exports. It rose by 37.1 per cent in 2005 to reach \$559.4 billion, due to rise in global oil prices and rapid growth of global economy. The Arab exports in 2005 constituted 5.5 per cent, he noted.

He further said that in contrast, Arab countries' imports amounted to \$243 billion in 2004, constituting a 2.6 per cent of the world imports. It rose to \$314.1 billion in 2005, constituting 3 per cent of the world imports. Arab experts concerned with the WTO issues, as well as from the Sultanate will take part in the conference.

Source: Oman, Muscat, MENAFN, 5 March 2007

Bush Administration Delivers Annual Report On Trade Agreements,

The Bush Administration last week delivered to Congress the 2007 Trade Policy Agenda and the 2006 Annual Report of the President of the United States on the Trade Agreements Program. “The Administration is committed to sustaining momentum for trade liberalization both domestically and abroad,” announced US Trade Representative Susan C. Schwab on Thursday, adding: “The United States’ vigorous leadership is vital to its own prosperity and the economic health of the world.”

According to the Annual Trade Report, among the highlights of 2006 on the multilateral front were US efforts in the ongoing campaign by World Trade Organization Members to conclude a comprehensive, ambitious and balanced Doha Development Agreement. The United States also completed bilateral WTO accession agreements with Vietnam, Russia and Ukraine.

In the bilateral and regional arenas, the United States launched negotiations on Free Trade Agreements (FTA) with Korea and Malaysia, and signed agreements with Peru and Colombia.

In addition, the United States and its trading partners nearly completed the implementation process for the Dominican Republic-Central America Free Trade Agreement (which has since come into force), an FTA with Bahrain came into effect, and Congress approved an FTA with Oman.

Congress also extended several trade preference programs that benefit developing countries. The United States in 2006 settled a long-running dispute with Canada about trade in softwood lumber, and successfully concluded a dispute with Mexico over that country’s tax treatment of beverages sweetened with high fructose corn syrup.

The United States also sought WTO dispute resolution consultations with China in cases involving China’s treatment of imported auto parts and its apparent continued use of subsidies prohibited under WTO rules.

In 2006, the Office of the United States Trade Representative also completed a Top-to-Bottom Review of US trade ties with China and initiated steps to create and sustain a stronger and more balanced bilateral relationship, now that China has completed its five-year transition to WTO membership.

According to the Trade Policy Agenda, in 2007, the Administration will continue these multilateral, bilateral and regional activities to deepen and strengthen trade ties around the world and to ensure the rules of trade are fair and evenly applied. The Administration will also work with Congress on a bipartisan basis to secure an extension of Trade Promotion Authority.

Source: Zeenews, Law and Tax News, New York, 8 March 2007

EU Reform Moves Will Affect African Trade

The ongoing relevance of the European Union (EU) as a trading partner for SA and Africa is something often taken for granted despite changes in traditional trade patterns such as those now developing with China.

In this context, the role of agric exports into the EU have remained of special significance, and for years Africans have demanded expanded market access for agricultural exports into the EU as a key aspect of the improved trading position they want to achieve.

They have been pushing for the EU and other developed economies to drop various forms of support for domestic agricultural production, especially subsidies, and rather rely to a greater extent on imports from Africa and other developing countries.

Such moves by Africa may soon prompt new opportunities, but also unexpected challenges, as the EU goes ahead with fruit and vegetable reforms that aim to strengthen the position of local EU farm production as much as overall competition. This will occur in a transparent manner that complies with World Trade Organisation (WTO) rules.

These moves will especially affect EU production of many of the varieties of fruit and vegetable that SA exports, and the EU is also about to introduce changes in the wine sector, where SA will also be the main African country affected.

The fact that they will be multi-faceted, with implications for processed agriproducts as much as fresh produce, and for distribution channels, enhance their relevance for Africa. Increasing the percentage of agric exports that are beneficiated has become a central goal for the continent, alongside improved market access, and supply routing.

The reforms in the EU could contain many aspects that will affect SA's agric trade with other countries, or the relationship between its competitors and these markets. As such they deserve to be taken into consideration in their contextual setting, where political factors are often as important as those of a purely economic nature. Suitable strategies are required to achieve mutually acceptable solutions.

Underlying factors influencing the EU no doubt include the need for WTO compatibility in positioning an ever-changing EU in the international economy, and the need for greater rationalisation of an internal market where political sensitivities regarding agriculture have increased. New members such as Bulgaria have economies especially reliant on agriculture, and bring into the internal EU market increased competition with products from external countries, including SA. The new moves could, however, also be said to be supportive of a "fortress Europe" strategy that could act against many African interests.

In adopting its proposal for the reform of the Common Market Organisation for fruit and vegetables on January 24, the EU commission aimed to bring fruit and vegetables in line with other EU agric sectors that have been reformed recently.

These moves are also being made to strengthen local market orientation and competitiveness in the fruit and vegetable sector; to reinforce the capacity of local producers to withstand crises; to encourage greater fruit and vegetable consumption among EU citizens; and to reduce pressures on the environment.

Among the good aspects from an African position is that there must be greater coherence with WTO rules and with development policies such as those relating to Africa, and neighbourhood policies with those regions adjoining EU territory.

Export subsidies are to be eliminated, as the African bloc has been demanding.

The EU commission will nevertheless strive, understandably, to secure an improved position for local fruit and vegetable producers through other means. It has noted that increasing imports from third countries is one of the main factors putting pressure on EU market practices, along with the strength of retailers and discount chains that often import directly.

All this has led to imbalances and a negative trade balance for the EU in many fruit and vegetable varieties that could be produced locally. The reforms will attempt to rectify such imbalances, and a key factor in helping improve the situation is seen as the need to strengthen EU producer organisations to play more strategic roles -- something that echoes recent African calls for the improvement of the role of farmer organisations in Africa as a key to improved capacity for African farmers in negotiating trade deals with such markets as the EU.

Along with these moves, it is noteworthy that in the context of concern about global warming, many EU countries are talking about restricting imports of all goods as a way to cut emissions. Such moves are related to the thinking in the UK that recently resulted in a new tax on all air travel to try to dissuade air travel as much as possible for environmental reasons.

Some shopping baskets have now been subject to a "miles count" by leading supermarket chains in the UK, no doubt with keen government interest, to see how many products were imported. The implication is that in future such imports could be restricted in the name of environmental protection measures.

If one considers that much of SA's fruit and vegetables travel by air, there are obviously other new dimensions alongside the EU agricultural reforms that aim to strengthen local EU producers at the expense of imports.

These are new challenges to South African and African agricultural trade and underline the need for Africa to engage with the EU to try to find solutions that are mutually acceptable.

Source: Business Day, 6 Johannesburg, March 2007.

France attacks EU's Mandelson for WTO talks tactics

French President Jacques Chirac on Saturday criticised European Trade Commissioner Peter Mandelson for being too willing to make concessions in world trade talks.

Paris, which suspects Mandelson is keen to offer more farm concessions to make it easier for the United States to move, has repeatedly told him not give any further ground and launched its latest offensive before key trade negotiators meet in London this weekend. Chirac said the commissioner "keeps wanting to give more even though the Americans have not shown any intention of making the slightest concession on farm products and emerging countries have shown no intention at all of making the slightest concession on industrial products or services".

Speaking on the sidelines of a farm show in Paris, he also attacked what he called Mandelson's "mania" for reaching a deal. Mandelson, a former British politician, speaks for the 27-nation bloc at World Trade Organisation negotiations. The trade talks were suspended last year due to differences, mainly over agriculture, and were only revived last month after a sign there was new flexibility.

Source: Reuters, Paris, 7 March 2007

Simmering trade issues may come to boil in new Congress

While much of the publicity surrounding the new Congress has centered on the war in Iraq and the administration's exercise in budget fiction writing (a plan purported to eliminate the deficit in five years), a behind-the-scenes confrontation may be shaping up on trade policy. President Bush, who's had pretty much carte blanche in cutting trade deals during his time in office, thanks to a compliant Congress, now must deal with a sizable contingent of lawmakers who question the direction of U.S. trade agreements. This sea change can also have an impact on whether the Doha Round of the World Trade Organization talks is resurrected or fades into oblivion. And it may also, at long last, bring meaningful progress in moving toward lifting trade/travel restrictions with Cuba.

A recent letter from 37 House members to the chairman of the Ways and Means Committee noted that "our ability to take a vocal stand against the administration's misguided trade agenda" was a key factor in their being elected in November, and said, "we hope to work with you ... in crafting a new model for U.S. trade agreements."

It went on, "It is very important that we not only reverse the troubling results of the administration's trade agreements and policies, but also that we (can) deliver on the promise we made to our constituents to move our nation in a new and improved direction on trade." Several Democrats have already warned they may not approve trade agreements with Panama, Colombia, and Peru without provisions for environmental and labor protection standards in those countries.

Others have made it clear that the president's request for trade promotion authority (TPA) won't by any means be a cakewalk (he got it in 2002 only after a bitter partisan fight, and then by only one vote). That TPA, which expires June 30, permits the president to negotiate trade agreements for the United States, which Congress then can only approve or deny, but not modify. Without TPA, Mr. Bush's trade representatives would have little bargaining power in negotiations with prospective partners, effectively placing things on hold until after the 2008 elections. TPA is also considered vital if the Doha talks, which ground to a halt over disagreements on agricultural subsidies and tariffs, are to be kick-started. And the administration wants TPA for its efforts to pressure China to conform with WTO rules, to revalue its currency, and to modernize its tax laws. As if to demonstrate its intent, the U.S. filed a complaint with the WTO Feb. 2, alleging illegal subsidization of steel, wood, and other industries.

To that full plate of trade issues, add the determination of ag groups, farm state lawmakers, and business organizations to hammer out a new policy approach that could lead to lifting of restrictions on trade and travel with Cuba, which the president has adamantly opposed. It will also be bitterly opposed by the powerful Cuban-American bloc in Florida, but more voices are being raised in support of a new strategy for dealing with a neighbor country that represents a potentially huge opportunity for U.S. agriculture.

Source: Farmpress , New York, 6 March 2007.

WTO chief urges global initiative

World Trade Organisation director general Pascal Lamy has urged Australia to help lobby in Brussels, Washington and Delhi to help achieve a global trade breakthrough.

Addressing the Australia Unlimited roundtable of the Global Foundation yesterday, Mr Lamy said Australia should use its good standing in world trade circles and its experience as a beneficiary of free trade to help governments in Europe, the US and India persuade their own constituents of the benefits of a new multilateral trade agreement.

Speaking from Brussels, Mr Lamy warned that protectionism was on the rise around the world. Recent instability in world markets, which started in Shanghai last week, was a warning that nations should not take for granted the importance of the WTO and should agree to a new multilateral trade regime.

Mr Lamy has been WTO director general since September 2005. Talks aimed at reaching agreement of the Doha round of trade talks, which started in 2001, collapsed in July when the US and the European Union could not agree on agricultural reform. Negotiations resumed in Brussels last month after world leaders including US President George Bush and Australian Prime Minister John Howard urged WTO members to return to the negotiating table.

Last month the European Union offered cuts of up to 60 per cent in farm tariffs, but Australian Trade Minister Warren Truss accused EU Trade Commission Peter Mandelson of not being interested in serious trade reform. Mr Lamy said India was emerging as an important player in the latest round of trade negotiations. He said he appreciated Mr Truss's recent visit to India. Mr Lamy said he did not object to bilateral trade agreements between countries, but it should be recognised that they were no substitute for a successful multilateral agreement. Mr Lamy said the WTO provided a very disciplined framework for world trade. He urged WTO members, including Australia, to put their energies into getting the Doha talks back on track. "Bilateralism will never be a substitute for multilateralism," he said. French Trade Minister Christine Lagarde will address the second day of the Australia Unlimited forum today.

Source: The Australian, Sydney, 7 March 2007.

St Lucian ambassador lands top OAS post

Permanent Representative to the Organization of American States (OAS), Sonia Johnny, announced her resignation from her current portfolios at a Special Meeting of the Permanent Council of the OAS on Monday February 26, 2007.

As St Lucia's first female ambassador to have held this high-level posting, Johnny will also become the first Caribbean female to attain the much-sought after top position in the Tourism section of the 'Trade, Tourism and Competitiveness' Department of the OAS.



Johnny, who begins her new job on March 01, 2007, was singled out for this important post in recognition of her considerable experience and demonstrated expertise in the international arena. This cutting-edge Department is designed to meet the particular challenges of the hemisphere in the vital industries of Trade and Tourism and has the mandate to provide creative approaches to the linkages between the two.

Special emphasis will also be placed on the particular needs of the small states of the OAS, which the St Lucia ambassador is well positioned to articulate.

St Lucia's Ambassador Sonia Johnny

The Department of Trade, Tourism and Competitiveness came into being in response to the growing need to cultivate a strong nexus between development and democracy in the OAS and in so doing to make the organization more relevant to all of its member states.

The new developmental agenda of the OAS is clearly evidenced in its latest instrument still under negotiation which is the Inter-American Social Charter. This Charter will act as a complement to the Inter-American Democratic Charter in bringing about a broader approach to the work of the hemisphere to augment its historically political focus, in order to meet the emerging realities of all of its member states.

The Inter-American Social Charter is also an area where Ambassador Johnny stood out by making a solid and significant contribution as CARICOM's Chief Negotiator.

Johnny joins the staff of the OAS at this exciting juncture, however, she is not new to the workings of the organization in the least. As St Lucia's Permanent Representative to the OAS for the last decade, she has interfaced with many of the key players of the organization, forming vital alliances and partnerships which have redounded to the benefit of St Lucia and the wider Caribbean.

With regard to the OAS aspect of her demanding twin portfolio, during her tenure Johnny attained many worthwhile achievements at the hemispheric level and has held many leadership positions on Committees of the OAS. In fact in November 1997, upon being newly appointed to the OAS, she hit the ground running when she assumed the Chairmanship of the Leo Rowe Fund, which has responsibility of providing interest free loans under the Fellowships and Scholarships Dept.

Johnny remained at the helm of this Committee for eight years and has been commended by her peers for the yeoman service given to this Committee. Part of her legacy includes agitating for amendments to the regulations governing the Fund which redounded to the benefit of OECS member states and greatly enhanced the number of Caribbean students who were now able to seek the opportunity to study abroad.

In fact, Johnny is known for her abiding interest and commitment to the welfare of young people in education, particularly those of the sub-region whom she has been quite active in assisting. Of note, is the special place that she holds in the hearts of a contingent of St Lucian students who had encountered challenges while studying in Mexico. Johnny, along with the then Minister of Education, brought speedy and successful resolution to the matter.

From her stint as Chair to the Permanent Council of the OAS in 2006, way back to her early days as a newly appointed Ambassador, this leading lady of St Lucia cuts an ample swathe in terms of notable achievements at the OAS.

The recent grave situation in Haiti readily comes to mind when the name of Johnny is mentioned. She was CARICOM's Representative in the group called Friends of Haiti at the OAS, and worked assiduously to effect democracy in that strife-torn nation through myriad delegations to Haiti to resolve the political impasse there.

Johnny is best remembered for her shrewd negotiating skills and suave diplomacy as part of CARICOM's high-level fact-finding mission to Haiti; second to St Lucia's then Minister of Foreign Affairs in the OAS/CARICOM joint mission to Haiti.

Beyond the ambit of the OAS, Johnny has been recognised and lauded for her work in diplomacy and has many awards to that effect from diverse organizations and groups, including women's groups in Washington, DC who have seen her as a strong advocate for the women of her region.

She has intolerance for any kind of injustice and was also known for passionately pounding the corridors of the US Congress on the Banana Issue seeking support to build the CARICOM lobby on the Hill. She can count among her friends like-minded powerhouse Congressmen such as Charles Rangel and Maxine Waters; and also strong lobbyists such as Hazel Ross-Robinson.

Over the years, Johnny also gained significant experience in trade matters, so much so that she spearheaded an initiative in 2004 to bring a contingent of Congressmen and Staffers down to St Lucia to explore trading options in the private and public sector. In 2006, in her tireless commitment to keeping CARICOM on the front burner of concerns and also fanning the flames of US/CARICOM relations, Johnny had the honour of addressing the Congressional Committee on the Western Hemisphere, on behalf of CARICOM.

In her new position, Johnny has pledged to continue the good fight in securing hard-won victories for her sub-region. She has given the assurance that she will be available to her country and the sub-region in whatever she can be utilised to maximise CARICOM's representation at the level of the OAS and to ensure deliverables for our sub-region.

Source: Antigua Post, Antigua 7 March 2007.

India: EU Agriculture Commissioner to address agri-related WTO issues

The Agriculture Commissioner of European Union, Ms Mariann Fischer Boel would address the World Trade Organisations (WTO) issues pertaining to the Doha Negotiations here tomorrow. With the recent resumption of Doha Negotiations in Geneva, member-countries are looking forward to the much-needed breakthrough. This meeting assumes significance as agriculture is one of the contentious issues being debated by WTO members. The meeting aims to help Indian business and other stakeholders understand and appreciate the latest state-of-play and various perspectives. The meeting on 'WTO Negotiations on Agriculture: Perspective and Options' will also be addressed by Commerce Secretary G K Pillai. The November 2001 Declaration of the Fourth Ministerial Conference in Doha, Qatar, provides the mandate for negotiations on a range of subjects, besides other work. The negotiations include those on agriculture and services, which began in early 2000.

Source: Malaysia Sun, 7 March 2007

India wants transit pipelines under WTO umbrella

India wants transnational oil and gas pipelines to be included in the WTO's trade facilitation measures which aim at cutting red tape and other obstacles in the flow of goods across borders. "It is sought to include pipelines in the definition of Traffic in Transit as fixed infrastructure for passage of goods," says a government paper that outlines the possible strategy for talks with Negotiating Group on Trade Facilitation.

Traffic in Transit implies movement of goods and means of transport (other than aircraft) across the territory of the country, where both the starting and the terminating point of the journey lies beyond it. "This is important as member countries like Bangladesh have shown lack of commitment in entering into a treaty for providing transit route to Indian goods, including Myanmar-India gas pipeline, through their land forcing India to consider other circuitous and uneconomical options," rationalizes the paper.

Equally important is the gas pipeline from Iran through Pakistan, it says. "A detailed framework is required to minimise the transit risk through these countries and a multilateral (inter-government) treaty, such as the Energy Charter Treaty, may eventually be warranted," it adds.

What New Delhi wants is that it should be obligatory for a country to provide the same level of security to a transiting pipeline as it would have provided to its domestic pipeline.

Moreover, access to any international player should be in line with the domestic regulatory regime with the government retaining the right to reject any transiting pipeline on security considerations.

Considering the sub-continent's geopolitics, New Delhi's emphasis is that these measures require "a regionally synchronized implementation and coordinated development cooperation among India and its neighbouring countries".

Source: Press Trust India, New Delhi, 7 March 2007.

EU demands more flexibility from India for WTO talks

The European Union (EU) has said that India and the developing world need to be flexible in their proposal for designation of Special Products (SPs) and Special Safeguard Mechanism (SSM), in the interest of the continuation of the WTO talks.

The next two months are very critical as discussion on the cotton issue is slated in Geneva this month. So, the EU has preferred a balanced deal for agriculture, Nama and services. It has defended its tariff rate quota (TRQ) and everything but arms (EBA) regime as serving the needs of poor countries. "The proposal for designation of 20% of the tariff lines as SPs as suggested by G-33 is too high. The US proposal for designating five tariff lines as SPs for developing countries is also too low. Something in between the two would be a better option," the EU Commissioner for Agriculture and Rural Development, Mariann Fischer Boel told FE.

Boel is leading a 28-member business delegation to India seeking bilateral cooperation and trade in the farm sector. She admitted that SPs for developing countries need better and different treatment from the sensitive products of the developed countries, keeping in view the food and livelihood security of the former.

Further, Boel threw the ball in the US court saying that it has to make a better offer for cutting down its farm subsidies. She said that the EU has already committed 70% reduction in its farm subsidies and 39% cut in its average tariff (60% cut in high tariff lines and 35% cut in lower tariff lines). "We are prepared to make further cuts close to the G-20 proposal," she said.

On divided views among EU members French President Jacques Chirac remarked that EU trade commissioner was manic in getting a deal done Boel clarified: "France has problems, because of the Presidential elections in May and elections for the Parliament in June. But I would say he has always had an attachment because of his previous life as an agriculture minister."

Boel criticised the US Farm Bill-2007 for not having made any changes in sugar and dairy sectors. She also said that India needs to offer better market access agriculture and industrial goods and services and open up its retail sector. She criticised India for imposing countervailing duty (CVD) on European wines and sprits.

Source: Economic Times New Delhi, 6 March 2007.

EU Commissioner Wants Better WTO Offers from U.S. and India

The European Union's top agriculture official said Monday the United States and India need to offer more, if they hope to reach a deal in long delayed World Trade Organization talks. "All the big players must get serious about cutting trade-distorting domestic support, and there must be real discipline on all forms of export subsidies," Commissioner Mariann Fischer Boel said, adding that India could do better on market access.

The EU would like the U.S. Congress to write a new farm bill that cuts deeper into the most-trade distorting subsidies - classified as 'amber' and 'blue' box subsidies by the WTO. "The current draft of the new farm bill pushes in the right direction, but not far enough. I hope to see a final version which really reins in trade-distorting domestic support programs in the US - one of the main stumbling blocks for the successful Doha Round at present." She mentioned in particular dairy and sugar. Fischer Boel's comments came as trade ministers from India, the EU, U.S. and Brazil wrapped up a series of European meetings to try to advance the Doha round talks.

Beyond U.S. subsidies, negotiators are also having trouble with market access, a central concern for exporters. Fischer Boel called on the coalition government in New Delhi to offer imports better access to India's domestic markets than it has so far offered. She said trade is hampered by India's "very high" import tariffs on agricultural products, and the use of non-tariff barriers to block imports.

Source: Feedstuffs, Washington, 8 March 2007

US, EU take tariff battle to WTO

Pressure mounted on India yesterday to cut high import duties on wine and spirits after the US said it had joined the EU asking the WTO to intervene in the matter. EU Agriculture Commissioner Mariann Fischer Boel, who is in New Delhi, was set to meet Indian Commerce Minister Kamal Nath later yesterday to press the issue.

On Tuesday, US Trade Representative Susan Schwab said Washington had filed a complaint with the WTO on the tariffs India imposes on wine and spirits, which are seen abroad as unfair trade barriers. Schwab's announcement came hours after Boel told reporters that she was disappointed India's 2007-2008 budget, unveiled last week, didn't lower the high tariffs on wine and spirits.

The European Commission had filed a complaint with the Geneva-based WTO on Nov. 20. Under the WTO rules, the first step in such cases is to encourage consultations between the member nations. If there is no progress within 60 days, the aggrieved party can ask for a special panel to be set up to rule on the dispute whose decision would be binding on both sides. Although that deadline has passed in the case of the EU, Boel said she would still favor to resolve the issue through talks rather than turn it into a dispute at the WTO. "We are discussing within the European Union on what steps to be taken next," Boel said. "I am in favor of negotiations rather than litigation."

India's basic import duties on wine and spirits -- at 100 percent and 150 percent respectively -- are within current WTO limits, but federal surcharges and state-level taxes take the tariff protection up to 540 percent in some cases. "With its fast-growing middle class, India could be an important export market for American wines and distilled spirits if not for these layers of duties," Schwab said in Washington. She also said she hoped that the matter could be resolved through consultations. The EU and the US top the list of India's trading partners. India is one of the largest markets for alcohol in the world with a huge potential to grow, but imports account for a meager share in total consumption. This story has been viewed 168 times.

Source: Economic Times, New Delhi, 8 March 2007