



Trade News Bulletin

ISSUE NO.37

Tuesday November 1, 2006

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

Africa on the move but still battles poverty -report

Economic growth in Africa is strong, exports are increasing and more people have access to health and education, but the continent is still battling high poverty rates, a new World Bank report said on Monday. The bank's annual Africa Development Indicators for 2006 report said progress in halving poverty rates by 2015 is posing a challenge for most African countries, with nearly half of the continent's people still living below the poverty line

The report said there were fewer conflicts on the continent, economic performance had improved and a dozen or so "high performers" had clearly emerged with growth rates of over 5 percent a year. "Despite progress, a lot more needs to be done especially in the areas such as governance, civil society, private sector development, and human development, to make economic growth sustainable, less exposed and more resilient to shocks," the report said. It said surveys of African firms also showed inadequate roads, inefficient ports and power outages hindered their efforts to access international markets. The bank said Africa's infrastructure spending will need to double to \$20 billion a year if countries want to reach the growth rates needed to meet the 2015 target for the globally agreed Millennium Development Goals, known as the MDGs. It said African economies needed to grow about 7 percent annually and invest 5 percent of their gross domestic product in infrastructure to reach the MDG target. Lack of infrastructure investment is starting to constrain growth even for economic stars like Mozambique, Ghana, Tanzania, Rwanda and Uganda, said John Page, the World Bank's chief economist for Africa. "What we are beginning to see is that the lack of attention -- and I would say the responsibility has to be borne in part by the international community -- to addressing the infrastructure and institution-needs in these countries," Page said.

He said industrialized countries needed to make good on promises they made last year of increasing aid to Africa by \$25 billion a year by 2010, which will help African governments invest in infrastructure. Failing to meet those commitments would be a "missed opportunity," Page said. Still, despite those promises, development assistance by industrial countries to Africa between 2006 and 2008 would consist mainly of debt relief and emergency food aid, the report said.

It said rebuilding infrastructure, tackling HIV/AIDS and malaria, and building competitiveness were medium-to-long term challenges for Africa. "Realistically, the work will be done over a

decade or more," the report said, adding that progress is bound to move at different speeds across the region.

In contrast to the economic "high performers," the report said 13 countries have averaged growth rates of only 1.3 percent. Meanwhile, growth in Africa's oil-producing countries has been as high as 20.9 percent for Equatorial Guinea and as low as 1.7 percent for Gabon, the bank said.

The report said between 2000 and 2010 some \$200 billion in oil revenues will accrue to African governments, while 2004 estimates of profits range from 9 percent of government revenue in Gabon to 56 percent in Equatorial Guinea. Page said African countries had coped well with higher global energy prices compared to previous episodes of price increases. "While many countries have sustained a hit, they have not really had the kind of growth deceleration that we saw in the past and it's a combination of favorable international circumstances (and) also much better economic management," Page said.

Source: Reuters, Washington, 31 October 2006

Russian Economy Minister Promises WTO Deal “Within Days”

Russian Economy Minister German Gref confirmed the earlier statements of his colleagues from the U.S. Trade Department and said that Russia’s negotiations with the United States on accession to the World Trade Organization have entered their final stages. Gref said that the deal is possible within days. “We are in a positive stage in our talks. We are in a daily dialogue,” Gref told reporters. “There is no such thing as simple negotiations, without problems and questions,” Gref said, quoted by *Reuters*. “But their number has shrunk significantly and I hope we can put the finishing touches and wrap things up in the next few days,” Gref said. A lot of speculation regarding Russia’s WTO talks had surfaced in recent days. It was reported that Russian President Vladimir Putin warned his U.S. counterpart George W. Bush that Russia would suspend all WTO negotiations if no agreement with the United States is reached in the coming days.

Then Russian daily *Kommersant* reported, quoting Russia’s chief negotiator Maxim Medvedkov, that the representatives of largest U.S. companies such as Shell and Boeing sent a letter to President Bush urging him to accelerate the process of negotiations for Russia’s accession to the global trade body. The most recent report came out on Monday, Oct. 30. Sean Spicer, a spokesman for the U.S. Trade Representative’s office, said: “We believe that we are close to resolving all remaining issues in the bilateral (deal) and both sides are now in the process of consultations.” The United States remains one of three countries still preventing Russian from joining the global trading body. However, even if agreement with the U.S. is reached, Russia still needs to receive approval of its bid from neighbors Georgia and Moldova. These countries are unhappy about bans on their agricultural produce, which were imposed by Moscow as part of what many see a case of political pressuring. Should the United States finally give in to pressure and agree to support Russia’s bid to join the WTO, it may also have to put some pressure on Tbilisi and Chisinau, so as to open Moscow’s road to the global trading organization.

Source: Mosnews, Moscow, 31 October 2006

We will welcome Online Gaming.

Britain unveiled plans on Tuesday to regulate Internet gambling and said it opposed the U.S. government's banning of the industry.

However, sports minister Richard Caborn told a news conference that the government would not protect UK online gaming executives from extradition requests if they took Internet bets from countries in which they were illegal. "People have to abide by the laws of particular countries," he said. "We will not acknowledge people who operate illegally." Caborn was speaking at Ascot racecourse west of London at a summit of 32 international delegates, which aims to agree a framework of regulation to protect consumers, prevent underage gambling and gambling addiction. The United States declined to attend, having effectively banned online gaming at the end of September in a move that wiped billions of pounds off the share prices of Internet gaming companies such as Party Gaming and 888.

Prior to passing the new legislation, U.S. authorities had arrested gaming executives from two UK-listed online gaming companies -- David Carruthers from BetonSports and Peter Dicks from Sportingbet -- during visits to the country. Culture Secretary Tessa Jowell said Britain opposed the U.S. ban, which risked driving the industry into criminal hands. "We do not support the approach the United States has taken," she said at the summit.

Source: Reuters, Ascot, 31 October 2006

US duty on shrimps: Centre gears up to ask WTO for panel

The Centre has begun initiating steps to move the WTO requesting formation of a panel to look into the issue of customs bonds and the anti-dumping duty imposed by the US on shrimps from here. The move comes around the time the US has notified the monetary guidelines for setting bond amounts for importations.

Parallely, exporters have come out against the US practice of zeroing in on administrative reviews. They argue that the US department of commerce through the zeroing methodology disregards this 'negative' dumping margin (any excess of export price over normal value) as a result of which the general dumping margin (normal value minus export price), the total of individual margins, is often inflated.

The zeroing methodology adopted by the US which is against the WTO norms precludes any offsetting effect of the negative individual dumping margins and needs to be challenged at the WTO level, they argued.

Exactly three months after the initial round of talks were held in Geneva involving the Centre, representatives of the exporters and the US authorities, the Centre has begun the process of moving the WTO to set up a panel to look into the issue of customs bond over and above the anti-dumping duty as it was against WTO norms.

Similarly, Thailand had over a month ago moved the WTO to set up a panel arguing that the continuous bond was inconsistent with provisions of GATT and the anti-dumping rules. The commerce ministry officials recently held discussions on the matter and also deliberated with representatives of exporters after it received clarifications from the US bureau for customs and border protection (CBP).

A leading exporter here said that India had a genuine case to fight at the WTO as the continuous bond did not gel with the GATT rules of 1994 and was disguised curb on international trade.

Similarly, with the US department of commerce set to have an administrative review of the anti-dumping duty of 10.17% imposed on Indian shrimps and identifying the three firms as mandatory respondents, it was important that the government take up the issue of zeroing methodology with the US authorities, he said.

The Centre had to make it clear to the US that the zeroing methodology was inconsistent with the fair comparison requirement the WTO anti-dumping agreement rules. Meanwhile, the US authorities who had prior to the Geneva meeting mooted a rating methodology for Indian exporters so that they could consider bond waiver, notified guidelines for setting bond amounts early this week.

Source: Reuters, Kochi 30 October 2006

Global slowdown may raise hopes for WTO

A global economic slowdown may improve chances for an international trade accord as governments seek to combat protectionism, said Pascal Lamy, director-general of the World Trade Organization.

Lamy, in New York this week for meetings with officials and business groups, demanded that the US agree to cuts in its farm subsidies and that the European Union, India and Japan offer deeper cuts in their farm tariffs to restart talks that broke down last July. „The prospect for a less buoyant world economy would help concentrate minds on the risks of protectionism,” Lamy said in an interview from New York. Even with low unemployment in the US, „you can see protectionism just below the surface,” he said. The countries should try to restart the WTO talks by early next year so that there is the possibility that the US Congress will agree to extend negotiating authority for the Bush administration beyond a mid-2007 expiration, he added. Without a trade accord next year, offers already made to cut spending on farm subsidies, reduce red-tape needed for goods to clear customs at borders and reduce tariffs on industrial products can't be made good. The World Bank has estimated that an accord would be worth at least €75.4 billion (\$96 billion) a year to international commerce. „The world economy needs it,” Lamy said. At this point negotiators are having „discreet and secret” discussions to try to bridge their differences, he added.

Source: Bloomberg, New York, 31 October 2006

WTO Must Set Rules For Future Biofuel Trade

A booming world trade in biofuels may be around the corner, a new report said on Friday, so the World Trade Organization and others must act now to regulate rules and standards that are "all over the map." "Everybody's wildly producing biofuels, especially in developed countries," said Charlotte Hebebrand, president of the International Food and Agricultural Trade Policy Council, which released the report on WTO rules and fuels like ethanol.

But with rules for things such as import standards varying from country to country, Hebebrand said the WTO, the World Customs Organization and national governments must work together to make sure that future biofuel trade runs smoothly. "Uncertainty over biofuels classification and the range of government measures to protect domestic biofuel production -- from tax incentives, high tariffs and subsidies -- risk stunting growth in trade," the report said.

One big question is whether the WTO will consider biofuels, made by processing crops including corn and sugar cane, as agricultural, industrial or even environmental goods, noted the group, whose members represent current and former government officials and agricultural industry executives. Classification could affect, for example, how the fuels are treated in trade talks and whether governments would be permitted to pay export subsidies to biofuel producers. The council suggested one idea for solving the problem would be introduce a new biofuel classification. Also needed, the report said, are world standards on biofuel content and rules on subsidies for biofuel crops. If no decisive action is taken, Hebebrand said governments could end up "cross-subsidizing" biofuel by-products like glycerol.

The report comes at a time when renewable motor fuels are being touted as a potential fix for worries about finite supplies of costly fossil fuels. "Countries want to be more energy secure; they want to rely less on unstable regimes for oil; they want to create another market for their farmers," Hebebrand said. Brazil and the United States are the world's top producers of ethanol, with respective production at 4.22 billion gallons and 4.26 billion gallons in 2005. The European Union is a big producer of biofuels from rapeseed, sunflower seeds and soybeans. Total biofuel output there was 768 million gallons in 2004.

While global production is growing, international trade of biofuels remains small. But that could change if biofuel producers in the developed world cannot keep up with domestic demand, or if it becomes more cost-effective to grow supply crops in poor countries with lower labor costs and longer growing seasons. "What you're seeing across the globe is more counties looking at how do they grow their domestic fuels industry," said Matt Hartwig, a spokesman for the Renewable Fuels Association. It remains difficult to predict when biofuels will garner a serious world trade. Some believe countries like Indonesia, Thailand, and Argentina hold the greatest near-term production potential. There are some concerns in the United States that growing ethanol demand will squeeze corn supplies. Now, a fifth of the U.S. corn crop is used for ethanol.

Source: Truth About Trade & Technology, New York, 30 October 2006.

Be a Leader in World Trade

As we move forward in the 21st century, Korea is perfectly placed to be at the forefront of international finance. Strategically positioned between Russia and America, and between China and Japan, Korea's independence and vibrant indigenous culture allows it to bridge the cultural, economic and social divide of these major powers without being consumed by any of them.

While no country is immune from the dangers of geo-political brinkmanship, Korea is perhaps in a better place than any other country to foster constructive relationships with the four north Pacific powers and promote itself as a safe and logical hub for trade, finance and business. However, it takes more than a convenient position and cultural assets to maintain a position as a financial and commercial hub. Also vital are a strong economy and a well-earned reputation for being pro-trade and market-friendly.

Korea has a proud trading tradition, which has led to a strongly growing economy. Trade makes up 68 percent of gross domestic product, with \$288.2 billion worth of goods and services exported to China (25 percent), the United States (15 percent), Japan (8 percent) and others. The benefits of this trade have made themselves clear in the economic indicators, with a GDP/capita of over \$20,000 (up from only \$100 in 1963), economic growth consistently around 5 percent, low inflation, low unemployment and a strong stock market. Clearly, Korea has already established itself through its trading tradition and growing economy as a vital player in trade and finance – but it is not enough to rest on previous performance. In the fast-changing modern world, if you stand still you will fall behind.

The current international trading environment is facing big challenges, and negotiating the consequent opportunities and threats will determine which countries will prosper. The recent collapse of the latest round of World Trade Organisation (WTO) negotiations, combined with the growth of bilateral trading agreements threaten to undermine the multilateral liberalization that gives the greatest benefit to the world.

For Korea to further advance its claim as a vital regional hub, it is necessary to go past economic performance and begin to take a leading role in progressing world trade issues. There are a number of ways that this can be achieved. There is one action that Korea could take to both remove its greatest trading embarrassment and single-handedly breathe life back into WTO negotiations. Despite Korea's proud record of trade in industrial goods, in the area of agricultural protectionism Korea is one of the worst offenders.

The consequence of agricultural protection is higher food prices (the price of rice in Korea is four times average international price), less trade, less competitiveness, less growth, environmental damage and greater trade conflicts. In addition, agricultural protectionism is perhaps the largest single issue that prevents poor countries from developing. Poor countries, especially in Africa, have a comparative advantage in agriculture, but they are unable to exploit this advantage because rich countries prevent an even playing field.

Many rich countries bias agricultural trade by giving massive subsidies to their farmers. According to the Organization for Economic Cooperation and Development (OECD), in the United States 16 percent of farmers' income is made up by subsidies. In the EU, 32 percent of farmers' income is made up by subsidies. But in a country with a proud tradition of trade, fair competition and hard work it is a point of acute embarrassment that Korean farmers get 63 percent of their income from the government. Korean farmers are given nearly two-thirds of their income as a handout, and this unfair and wasteful subsidy hurts the Korean economy, international trade, the environment and poor countries.

It is these same subsidies that are at the heart of the breakdown in global trade talks. As one of the worst offenders, Korea is uniquely placed to be able to kick-start talks by taking the bold and economically progressive step of offering to immediately reform its farm subsidies. Such a policy would move Korea to the center stage of international trade dialogue and enhance the country's appeal as a pro-trade and vibrant hub for commerce.

The WTO isn't the only game in town. Korea is a member of the Asia-Pacific Economic Cooperation (APEC), which has dedicated itself to removing all trade barriers by 2020 for developing countries or 2010 for developed countries. While agreed in principle, progress towards these goals has so far been slow throughout most of the region. As the fourth largest economy in APEC, Korea is appropriately placed to push for more tangible progress among APEC countries towards the Bogor goals.

Another area of trade negotiations growing in importance is bilateral agreements. So-called Free Trade Agreements (FTAs) are a more complex and potentially dangerous area of policy reform, as FTAs, despite their name, are not necessarily successful in promoting free trade. In this regard, it is perhaps necessary to look outside the box and consider new and unprecedented avenues for further trade liberalization _ such as an open-invitation, non-regional ``international'' FTA lead by a handful of pro-trade nations. Once again, Korea is ideally placed to promote such an idea and in doing so can help promote freer trade as well as further enhancing the country's reputation for trade and commerce.

International trade negotiations are at a crossroads. Without leadership and direction, there is a real fear that international trade could return to the dark days of counter-productive mercantilist trade wars. With the collapse of the WTO Doha negotiations the time is ripe for a country such as Korea to stand up and help push forward the global trading agenda with innovative ideas.

Whether this is done through kick-starting the WTO through farm subsidy reform, pushing towards APEC liberalization goals or instigating a progressive, open-invitation, non-regional international FTA, Korea has the opportunity to be a progressive force in the world and simultaneously confirm itself as a central hub for commerce and trade.

Source: John Humphreys, University of New England, Australia 29 October 2006

Small states' victory at WTO meeting

The Organisation of Eastern Caribbean States (OECS) Technical Mission to the World Trade Organisation (WTO), working with the Small Vulnerable Economies group, has won a symbolic victory for small states.

This victory has been realised with the General Council endorsing a package of proposals that seeks to accommodate the needs of small states in the implementation of obligations arising out of membership in the WTO. The acceptance by the General Council, the highest decision-making body at the WTO, of this package of proposals, now provides legal certainty to donors: where practicable, multilateral agencies could target regional bodies for the disbursement of technical and financial assistance. While the option of direct multilateral support to regional bodies has always existed, explicit recognition by the WTO of this option will greatly assist regional bodies in attracting multilateral technical assistance.

In this regard, the proposals endorsed seek recognition with respect to the following WTO agreements:

- Sanitary and Phytosanitary Measures (SPS) – this relates to food safety as well as animal and plant health;
- Technical Barriers to Trade (TBT) – this agreement seeks to ensure that technical procedures, testing and certification procedures, do not create unnecessary obstacles to trade in industrial goods, and
- Trade Related Aspects of Intellectual Property Rights (TRIPS) – which deals with intellectual property law in international trade.

Elliott Paige, *chargé d'affaires* of the OECS Technical Mission in Geneva, said the successful adoption of the proposals marked the first time that the WTO had agreed to a specific package of measures put forward by the Small Vulnerable Economies group. The OECS Technical Mission to the World Trade Organisation serves the independent members of the OECS.

On 13 October President Bush signed the law that triggered the market value meltdown of several internet gambling operators that derived much of their turnover from US punters (the most prominent being Party gaming, 888 Holdings and Sportingbet). What many people don't know is that President Bush did so in complete disregard of US obligations under international law.

The Unlawful Internet Gambling Enforcement Act of 2006 makes it a crime for any gambling business to accept a transfer of funds in connection with unlawful internet gambling. It further provides that regulation must be put in place requiring financial service providers to "identify and block" any payments relating to unlawful internet gambling.

When read outside its complex factual context, the act is a peculiar piece of legislation. On its face it does very little, primarily because it does not define what "unlawful internet gambling" is. In essence, the 2006 act only covers internet gambling that was already illegal under state or federal law.

The act is nevertheless important because it removes some of the ambiguity that existed within the arsenal of US gambling prohibition laws. First, it makes it clear that any internet gambling that violates a state law is automatically a breach of federal US law, irrespective of the type of gambling and the supply method. Second, the act makes it clear that internet gambling that takes place legally within the territory of one state does not violate US federal law.

One thing that the 2006 act clearly doesn't do is to bring the US into compliance with its World Trade Organisation (WTO) obligations, following the loss of the dispute settlement case brought by Antigua. In that case the WTO Appellate Body found in April 2005: that the US had made specific commitments under the General Agreement on Trade in Services (Gats) to provide market access and non-discriminatory treatment for gambling services supplied cross-border from other WTO members; that the US prohibition on the use of the internet to supply cross-border gambling services violates the US's obligations; that the US had made a prima facie case under the Article XIV Gats exemption clause that such a prohibition is "necessary" to address public interest concerns, such as underage gambling, and could not be replaced with less trade-restrictive measures; and that the US did not meet all conditions for a successful use of the Article XIV exemption clause because it maintains a de facto exemption from the Wire Act for internet gambling on horse races. A WTO panel is investigating whether the US has in the meantime complied with its WTO obligations. The act, however, has made US non-compliance considerably worse. First, by making it crystal clear that the US does not oppose internet gambling per se, but only internet gambling that crosses the border of a state. Second, by the act recognising that public interest concerns can be addressed by regulation and technology. Third, the act explicitly preserves the de facto exemption for internet betting on horse races.

In fact, US non-compliance is so painfully obvious that one cannot but wonder about the complete lack of response from the EU and the UK. Companies do not have direct access to WTO dispute settlement and have to rely on governments (or the European Commission) to defend their interests. Of course, gambling is politically sensitive. However, there is little doubt that, if this were to have been a matter of US v EU (as opposed to EU v US), the US would be breaking down the EU's door.

Source: Reuters, OECS, 30 October 2006

WTO auto parts decision regretted

China has a legitimate right to impose higher tariff rates on imported whole vehicles, said Ministry of Commerce spokesman Chong Quan on Friday.

WTO panel to probe China's auto parts imports. He also expressed regret over the request from the European Union, the United States and Canada to set up a World Trade Organization (WTO) dispute settlement panel concerning the import of auto parts. China's regulations on the import of auto parts aim to prevent tax evasion by companies who import whole cars in separate parts and reassemble them to avoid higher tariffs, said Chong. He said the regulations, designed to crack down on illegal assembly, protect the interest of customers and comply with WTO rules. The regulations also comply with the commitments China made to the WTO when it was admitted to the world trade body, he said.

China has shown "great sincerity" in clarifying the facts and its views during consultations with the EU, the United States and Canada, said Chong. Since China joined the WTO in 2001, the spokesman said, the country has opened a number of different sectors and taken measures to lower or abolish tariffs and offer greater market access to other WTO member nations. The tariffs for imported whole vehicles were reduced from 80 percent in 2001 to the current 25 percent, and tariffs on auto parts dropped from 30 percent to 10 percent, Chong added.

He emphasized that China has also abolished its quota and licensing systems. "Taken together, these facts show China is serious in implementing its obligations to WTO and observing WTO rules," he concluded. Under Chinese rules, the tariffs for "whole vehicles" also apply to the import of spare parts that make up 60 percent or more of the value of a finished vehicle. To avoid "whole car" tariff rates, a car-maker has to source 40 percent or more of its spare parts by value from China.

In a complaint filed at the WTO at the end of March, the European Union and the United States claimed that China was imposing a discriminatory tariff regime on foreign car parts. Canada joined them several days later. The two sides held negotiations on this issue, but the three powers requested that the WTO to establish the panel after the talks failed to make any progress. "These measures discourage auto manufacturers in China from using imported parts in the assembly of new vehicles," US trade negotiator David Shark told the WTO's dispute settlement body, claiming that the practice could not be justified under the global trade body's rules.

But commerce ministry spokesman Chong said China had showed great sincerity in seeking to resolve the issue through negotiations with the three economies. This is China's first WTO dispute to reach the panel stage. A case brought by the United States against China's duties on semi-conductors was solved through consultations. Such a WTO investigation could last for years before a final judgment is reached. Several countries, such as Australia, Japan, Mexico and Argentina, have signed up to the auto parts panel as interested third parties. Overseas automakers have invested heavily in

China to set up vehicle parts joint ventures. China imported vehicles and spare parts worth US\$13.6 billion last year. The European Commission argues that this may contravene China's WTO obligations not to impose obligatory "local content" rules.

Source: Reuters, Xinhua, China, 29 October 2006

India, US to meet in November on WTO trade talks

India and the US have agreed to meet next month for resolving differences on farm subsidies and industrial tariffs as part of efforts to resume the deadlocked global trade negotiations. "India is happy to engage in a dialogue and we plan to have a bilateral meet sometime in the third week of November to move forward on this," Commerce Minister, Kamal Nath, said here after meetings with top US government officials.

Nath said India wanted the stalled Doha Round of WTO talks to start at the earliest, but it could not open its markets to subsidized agricultural products of the US. "Differentiation needs to be made between commercial farming in the United States and subsistence farming in India," he said. Nath, who attended an India-US CEOs Forum here and also met US Trade Representative, Susan Schwab, separately, said India was prepared for negotiations with the United States on the subject but its concerns have to be met. WTO talks were suspended in July after six key trading nations, - the US, EU, Australia, Japan, Brazil and India - failed to arrive at an agreement on reducing farm subsidies by rich nations.

The Doha Round, launched in the Qatari capital in 2001, was earlier scheduled to be completed by the end of this year so as to move towards a global trade pact involving 149 WTO member nations. Resuming the Doha Round of WTO talks was one of the major issues at the meetings he held with US government officials and corporate leaders, Nath said. But he made it clear that while completing the Doha round was important, the result of the negotiations must not jeopardised the interests of poor and developing nations.

Source: PTI, New York, 28 Oct. 2006.

Japan, US, Canada, EU to Take WTO Action Against Piracy in China

Japan, the United States, Canada and the European Union will take concerted action against China at the World Trade Organization to press Beijing to crack down on illegally copied and pirated products, Japanese government officials said Saturday. Washington is expected to bring the case to the global trade body as early as next week. Tokyo, Ottawa and Brussels will later join the dispute as third parties, the officials said. As businesses in these countries claim to be suffering huge losses due to illegally copied DVDs, CDs and fake brand products sold in China, their governments have decided to complain to the WTO, arguing Beijing is suspected of violating the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights, or TRIPS, they said.

The upcoming action will spell increased international pressure on China over the piracy issue.

Japan, the United States and some European countries have begun preparatory work to create an international convention intended to prevent the spread of illegally copied and pirated products. Chinese authorities impose no criminal penalties on those who make or sell counterfeit goods if the total value of confiscated products is less than a certain amount. In the planned action at the WTO, the United States and other countries will urge China to broaden the subject of its criminal prosecution in dealing with piracy.

Under WTO rules, the countries will first hold consultations with China after filing the suit.

Source: BBC Monitoring Asia Pacific, 29 October 2006

WTO to Probe U.S. Duties on Thai Shrimp advertisement

The World Trade Organization launched a formal investigation Thursday into the U.S. antidumping duties on shrimp imports, which Thailand says are devastating its shrimping industry. The United States blocked Thailand's first request for the WTO to set up an investigative panel in September. Under WTO rules, a panel is established automatically with the second request.

The U.S. said it was disappointed that Thailand had chosen to bring its case to the WTO because "members have the right to ensure that importers pay duties owed." U.S. negotiator David Shark told the WTO's dispute settlement body that Washington was confident the panel would "recognize this fact and reject Thailand's claims. "Governments impose antidumping duties when they suspect that producers are exporting products at below the market price in their own country -- usually because exports have been subsidized or if it is believed there is an attempt to corner the market.

Thailand says the import duties threaten the livelihood and sustainability of its shrimp industry, which employs about 1 million people, many of whom are still repaying huge debt incurred after the December 2004 tsunami. The U.S. is its largest market and accounts for 50 percent of its total exports. It has argued that the U.S. improperly calculates antidumping fees through a complicated procedure for determining tariff rates known as "zeroing." It also has said the procedures for paying the levies were overly cumbersome. Previous WTO panels have found that zeroing leads to higher duties.

However, arbiters largely sided with the U.S. last month in a zeroing dispute initiated by Japan, saying most of the examples cited by Tokyo of alleged wrongdoing did not violate international trade rules. The United States also has antidumping duties on shrimp imports from Brazil, China, Ecuador, India and Vietnam.

Ecuador already has instigated a WTO investigation against Washington. India has requested consultations, the first step toward the establishment of a panel.

Source: The Associated Press, India 30 October 2006.

Very strong chance Doha Round doomed: WTO

The outlook is dim for the Doha Round of trade talks, which were suspended in July amid disagreement over subsidies and tariffs for farm goods, a top World Trade Organization official said on Thursday. "I think there's a very strong chance it won't succeed," Crawford Falconer, chair of WTO agriculture negotiations, told a conference on cotton trade in Washington. Falconer said that WTO member countries needed to use the pause on the Doha Round -- touted since 2001 as a way to boost the world economy and combat poverty -- to think about what might be lost if world talks founder entirely. since Doha's acrimonious suspension in July, U.S. trade officials insist they haven't lost hope, and continue to hold "quiet conversations" with trading partners.

But the Bush administration maintains it won't improve offers to cut subsidies until other countries, especially in Europe and the developing world, offer bigger tariff cuts on farm goods. Both the United States and the European Union, Falconer said, have room to improve reform offers. "I don't think it's impossible to find an outcome that would work, and one that would make a difference," said Falconer, who stressed that time was running out. He complained some countries negotiating in Geneva were in fact making reforms at home but refusing, for political reasons, to commit to the same reforms as part of the deal. A lasting failure for the Doha Round, Falconer said, would mean more and more litigation over trade disputes -- which could bode poorly for the WTO. "Two or three dispute settlement cases have the capacity to be extremely poisonous for the whole system," he said.

While progress will require real changes in negotiating positions, Falconer said it was unlikely that any country will stick its neck out by volunteering to move first. "The art will be doing it together," he said. Countries face an effective deadline of early next year for a breakthrough in the talks because of key U.S. trade negotiating legislation that expires in July 2007. If the talks fail, it's possible countries could try again three, five or even more years in the future, "but I certainly wouldn't put my money on that," Falconer said.

Source: Reuters, Washington, 27 October 2006.

US vote could leave free trade in trouble

President George W. Bush's agenda to tear down global trade barriers appears headed for trouble whoever wins US elections next week, analysts believe. A Democratic victory in one or both houses of Congress would mean legislative deadlock, while even a narrow Republican win would clip Bush's trade wings, according to experts. "There's always been a sizeable minority of Republicans opposed to free trade. A bare number of votes would alter the picture completely," said Grant Aldonas, Bush's former undersecretary of commerce for international trade. "We're seeing much more angst about globalization and a world where there's nihilistic threats to the United States," he told AFP. "The greater threat from the point of view of both the world economy and the US economy is that we close down because of the anxiety we're now feeling. That wouldn't be healthy for anyone."

After the November 7 vote, the clock will be ticking before Bush loses his "Trade Promotion Authority" at midnight on June 30. Under TPA, the administrations can fast-track trade pacts through Congress without amendment. Even in the outgoing Republican-controlled Congress, lawmakers from both sides said the chances of TPA being extended were next to zero. US Trade Representative Susan Schwab said this month that whatever the election's outcome, there would remain a "critical mass" of support for free trade among both Democrats and Republicans. But there has been no shortage of signs of rising protectionism. China is a perennial target of complaint, while an outcry from lawmakers prevented a Dubai company taking control of operations at six US ports in March. Democratic candidates from Ohio to Montana have pressed home the case against "job-killing" trade pacts that, they argue, are outsourcing millions of manufacturing jobs. Promises to renegotiate such pacts have become a rallying cry for many in the party of former president

Bill Clinton, whose passionate advocacy of open economies resulted in the North American Free Trade Agreement (NAFTA). Joined by dissident Republicans, Democrats lobbying for "fair trade, not free trade" very nearly shot down a NAFTA-style pact covering Central American economies in late July.

In a hostile new Congress, support for other agreements such as a long-sought global deal from the World Trade Organisation might also recede. "Any likely outcome in the election is going to make it harder for the president to pursue his trade agenda," said Daniel Griswold, of the Center for Trade Policy Studies at the free-market Cato Institute. "It's already run into a lot of trouble on the (Capitol) Hill. Nobody thinks Trade Promotion Authority is going to be renewed, whichever party is in control," he said. Two major free trade agreements now in the works, with Malaysia and

South Korea, are already hitting heavy weather as the US elections approach. And with the WTO's "Doha round" on life support, the chances of the United States unilaterally renouncing some of its generous agricultural subsidies in the 2007 Farm Bill appear remote."(Democrats) could try to stem the tide of jobs moving overseas and in doing so could hurt the competitiveness of the manufacturing sector that relies the most on job outsourcing," said Merrill Lynch economist David Rosenberg.

However, few expect the United States to go back to the disastrous days of the 1930s, when misguided protectionist policies helped feed the Great Depression. "US trade policy is not going to make a sharp turn towards protectionism. There's too many checks and balances," Griswold said. "You'll see stalemate -- no legislation advancing trade liberalisation, but probably no significant bills in a protectionist direction," he said.

Source: Reuter, AFP, Washington, 30 October 2006

U.S. panel urges piracy, currency cases against China

Congress should increase pressure on the Bush administration to challenge unfair Chinese trade and currency practices at the World Trade Organization, a U.S. congressional commission said in a report on Monday.

The hard-line U.S.-China Economic and Security Review Commission also warned the rapid growth of China's automotive sector put many U.S. jobs at risk and could harm national security through erosion of the U.S. manufacturing base."It is very likely that China will begin exporting vehicles to the United States within the next five to 10 years," helped by such "unfair trade practices" as government subsidies, discriminatory tariffs and an undervalued currency, the panel said in the report obtained by Reuters. "The U.S. auto industry will find it difficult to compete with unfairly priced imports and will likely lose an additional share of the domestic market," the panel said. "With a smaller industrial base to draw from, military leaders are increasingly concerned about maintaining warfare capabilities."

The panel's fourth annual report to Congress highlighted Beijing's "spotty and halting" compliance with World Trade Organization rules and called for U.S. government action.U.S. Manufacturers contend that China deliberately undervalues its currency by 15 to 40 percent to give Chinese companies an unfair trade advantage. "This manipulation contravenes both the letter and the spirit of WTO rules and the IMF (International Monetary Fund) charter," the panel said in recommending Congress urge the Bush administration to file a complaint with both bodies. Congress should also encourage the U.S. Trade Representative's office "to press ahead aggressively with a WTO case against China for its manifest failures to enforce intellectual property rights," the panel said. "Despite repeated promises ... China has not significantly reduced its copyright infringement rates. According to the U.S. recording industry, 85 percent of the sound recordings sold in China in 2004 were pirated, or 17 of every 20 sold there. "The Bush administration previously has ruled out challenging China's currencies policies at the WTO.But it has been mulling a case against Beijing for failing to protect American goods against piracy and counterfeiting.

Source: Reuters Washington 30 October 2006

Virtually no progress in alleviating world hunger, FAO

The world has made "virtually no progress" in eradicating hunger over the past decade despite greater wealth, the Food and Agriculture Organization said in a report released Monday. The latest figures, from 2001-03, show that 854 million people were undernourished. Most, some 820 million were in developing countries. The World Food Summit, held in Rome in 1996, set the ambitious target of halving world hunger by 2015 relative to 1990-92. "Ten years later, we are confronted with the sad reality that virtually no progress has been made towards that objective," said FAO chief Jacques Diouf in the report titled "The State of Food Insecurity in the World 2006." The drop from 823 million to 820 million undernourished people in developing countries is so tiny that it is "within the bounds of statistical error," he said in the UN agency's report. "The most recent trends are a cause for concern," the report said, noting that 26 million more people were malnourished between 1995-97 and 2001-03, whereas the 1980s had seen a decrease of 100 million. "The world is richer today than it was 10 years ago. There is more food available. ... What is lacking is sufficient political will to mobilize ... resources to the benefit of the hungry," Diouf said.

The FAO's projections for the future are more optimistic at 582 million undernourished in 2015, but the global figure hides several dire realities. The total figure and the proportion of underfed people declined in Asia and the Pacific between 1990-92 and 2001-03, but the drop was mainly in China and Vietnam, where agriculture grew. Also, "most countries in South America have advanced towards the target, but a significant increase in hunger was recorded in ... Venezuela. Setbacks have also been recorded for most Central American countries, especially Guatemala and Panama."

In sub-Saharan Africa, wars, HIV-AIDS and natural disasters hampered measures taken to fight hunger, notably in Burundi, Eritrea, Liberia, Sierra Leone and the Democratic Republic of Congo. The FAO is especially concerned for the DRC, which was at war between 1998 and 2002 involving seven countries and where the number of undernourished people tripled between 1990-92 and 2001-03, from 12 million to 36 million, or some 72 percent of the population. The FAO called for massive investments in agriculture and areas where hunger is concentrated. "The agriculture sector tends to be the engine of growth for entire rural economies, and productivity-driven increases in output can expand food supplies and reduce food prices in local markets, raise farm incomes and boost the overall local economy by generating demand for locally produced goods and services," the report says. The FAO lamented the "hunger-poverty trap," saying that hunger is not only a consequence of poverty but also one of its causes, because it "compromises the health and productivity of individuals and their efforts to escape poverty."

Source: AFP, Rome, 30 October 2006.

Bush pushes for trade agreement

President Bush and the leader of the Dominican Republic agreed on Wednesday to jump-start a delayed free trade agreement to remove barriers to commerce between the two nations. In an Oval Office meeting, Bush told Leonel Fernandez, the president of the Caribbean nation, that the United States will implement the Central American Free Trade Agreement as soon as possible. "To that end, I had my trade minister, Ambassador Susan Schwab here, to make sure that we both heard the message of the president - that this was a very important piece of legislation," Bush said.

The Dominican Republic is one of six Latin American signatories to CAFTA, which is part of the administration's push to strike free trade deals with nations around the world as a way to boost U.S. exports. The free trade agreement has taken effect in Guatemala, Honduras, Nicaragua and El Salvador, but not in Costa Rica or the Dominican Republic. The pact was supposed to take effect in the Dominican Republic on Jan. 1, but the country has not passed legislation needed to implement parts of the deal. Some of the delays stem from conflicts between U.S. and Dominican intellectual property law, including issues related to pharmaceutical manufacturing. "We are now in the final phase," Fernandez said. "This is a bill now before our own congress in the Dominican Republic. We are dealing with some minor legal amendments, and our two teams have been working very hard to obtain a speedy implementation. "After the meeting, Fernandez talked with reporters about the open Latin American seat on the U.N. Security Council. There is a deadlock between Guatemala and Venezuela, which are bidding for the spot, and the Dominican Republic is on a list of compromise candidates. Guatemala has led Venezuela in nearly three dozen rounds of voting, but it can't muster the necessary two-thirds majority in the 192-nation General Assembly to win the seat. Venezuela has refused to withdraw, saying that would mean ceding victory to the United States, which has campaigned against it. "After 35 consecutive rounds with no result, obviously it's causing a degree of concern," Fernandez told reporters outside the West Wing. "Up to this end, the Dominican Republic was not formally asked to be a candidate. We will be watching how the events evolve in the future."

Source: Associated Press, 30 October 2006.

Ministry of Economy Establishes New Administration to Coordinate with WTO

Minister of Economy and Trade issued a resolution stating the establishing of a new administration called Administration of World Trade Organization at the Ministry to handle all trade issues related to agreements, researches, studies and coordinating with WTO.”This Minister specified the authorities and missions of this administration as it is liaison point with the secretariat of the World Trade Organization regarding all steps to join to the international organization and coordinate with the Syrian parties concerned in this regard.

Authorities of Administration also include the contribution to developing Syrian relations with regional trade gatherings under the framework of WTO and presenting proposals to promote the Syrian services and products in international markets. It stipulates studying issue of joining the international agreement and treaties related to WTO that serve national interest and undertake talks regarding freeing trade of services related to the organization or its agreements.

Source: Reuters, Damascus, 31 October 2006

Traders Decry Minister's Absence At Int'l Trade Meetings

Nigeria may get a raw deal from European trade meeting due to the absence of the minister the President of National Association of Nigerian Traders (NANTS) Mr. Ken Ukaoha has said. Mr. Ukaoha revealed yesterday in Abuja at the 'Strategic Planning Meeting on EPA with Nigerian Officials and Stakeholders' that the absence of trade and commerce minister Dr. Aliyu Moddibo Aliyu at a meeting last week in Brussels, Belgium, did not "speak well of Nigeria's commitments towards obtaining a fair trade agreement with the European Union."

Organized by South Centre, an intergovernmental organization of developing countries, the meeting was to further discuss 'difficult' issues on the proposed European Pacific and African (EPA) trade agreement. Nigeria and Senegal's commerce ministers, civil organizations and European parliamentarians were invited for the meeting.

He said: "The minister's Senegalese counterpart at the meeting complained that only Nigeria's presence can do the magic of getting fair negotiation for West African Sub region because of its influence, and economy "He quoted the Senegalese minister of commerce to have said Nigeria will be held responsible if West African Sub region fail to get a fair deal in the EPA trade talk

Meanwhile, Business Trust gathered that a staff of the ministry represented the minister at the meeting. Mr. Ukaoha was of the view that it is not enough for a staff of the ministry to represent the minister "at important trade meeting of that nature. "He, however, commended the ministry for "commencing the review process of the EPA's negotiation so that the risk and benefit of the negotiations are not only weighed but the options available for the country resolved."

EPA negotiation is a result of the Cotonou Agreement signed in June 2000 between Europe on one hand and the 77 countries of Africa, the Caribbean and the Pacific (ACP) on the other. He said Early this month in Niamey, Niger Republic, ministers approved "a leap into the second and most critical phase of the EPA negotiations notwithstanding that many issues and divergence are still hanging."

Source: Daily Trust, Abuja, Nigeria, 30 October 2006

WTO supports CARICOM calls - Body says world trade hinges on Doha round

The Caribbean Community (CARICOM) has received support for its repeated calls for the resumption of the stalled Doha Round of global trade negotiations.

Director General of the World Trade Organisation (WTO), Pascal Lamy, told a United Nations Second Committee special panel discussion on 'Negotiating Doha' that the WTO would be reduced to nothing more than a trade litigation forum if the Doha Round of trade talks were to fail. He urged Europe and North America to engage in some "political heavy lifting" to prevent the failure of the important talks. "Negotiating positions are not that far apart in technical and economic terms, but closing the gaps is proving to be a complex political deal for the World Trade Organisation's member governments," he said.

Lamy recalled that Brazil, China and India had succeeded in using their influence to eliminate managed trade in textiles and clothing in the earlier Uruguay Round of the General Agreement on Tariffs and Trade. But with their sights now set on eliminating agricultural protectionism, he said those countries could play a "central role in deciding how the Doha Round would be concluded." "There is no question of them rolling back, nor of them standing still. I am convinced that they are prepared to use their immense leverage to make contributions to concluding the Doha Round," he added.

Source: Reuters, Dominica, 1 November 2006

Climate change policy shouldn't compromise trade: minerals chamber

Western Australia's peak mining body says climate change must be addressed without giving a trading advantage to countries without environmental controls.

Chamber of Minerals and Energy director David Parker says Australia needs a climate change policy, but it must make reference to overseas trading partners.

Speaking yesterday at the Goldfields Mining Expo in Kalgoorlie, in the state's south-east, Mr Parker said the issue would be one of the country's greatest public policy challenges in the coming years. He says without an holistic approach, the policies might simply see pollution-creating industries moved overseas. "We are not saying there's no climate change," he said. "I think this is a challenge that we've all got to start to think about in terms of our energy efficiency, our culture and our workplace and how we can actually deliver a lower emissions future without compromising our economic future."

Tax incentives

Meanwhile, a Federal Government backbencher says tax incentives to encourage mining exploration will not be introduced while Peter Costello is Treasurer. Also speaking at the Goldfields Mining Expo yesterday, the Member for Kalgoorlie, Barry Haase, said he had lobbied Mr Costello for seven years to introduce a flow through shares scheme. The scheme would offer tax credits to those who investing in Greenfield's mining exploration companies. Mr Haase says he believes flow through shares will have a much better chance of being adopted if Mr Costello left the Treasury to become Prime Minister. "Treasurer Peter Costello remains to be convinced and has been intransigent the whole way," he said. "Let's get somebody in Treasury that has a West Australian perspective. "I've got Julie Bishop in mind, but that's where my money is and I think she'd be a good target for those in the mining industry."

Source: Reuters, Australia, 30 October 2006

Expert to evaluate Nepal's progress as WTO member

A senior expert from the World Trade Organization (WTO) is visiting Nepal on Nov. 2, in a bid to assess Nepal's progress as a WTO member. According to a leading newspaper, Hector Millan, an advisor to WTO, will stay here for a month to prepare a status report as to how Nepal is abiding by the rules, provisions and commitments it made while becoming a WTO member in April 2004. This is the first time that an expert from the WTO is coming here to assess the progress made by Nepal after becoming a member of the international rule-based trading system. The daily reported that during his stay in Nepal, Millan will visit concerned government ministries such as the ministry of industry, the information and communication ministry, the ministry of agriculture and cooperatives, Nepal Rastra Bank, the central bank of the country, among others.

Source: Xinhua , Himalayan Times, Nepal, 1 November 2006

No "big bang" as China eyes WTO banking pledges

In a matter of weeks, China will trumpet free and unfettered access to its banking sector as it lives up to promises made when it joined the World Trade Organization five years ago.

From December 11, foreign lenders will be able to take yuan deposits and lend to Chinese retail customers for the first time, as geographical restrictions theoretically vanish and the doors open to some \$2 trillion in under-invested household savings. But beneath the hype, widespread skepticism persists over the extent to which overseas banks will be able to make inroads given Beijing's desire to spur competition while sheltering its still fragile financial system. "I think it's an important milestone, but I would not go too far to say things are going to change overnight," said Zili Shao, a managing partner with the law firm Linklaters in Shanghai.

China has gradually opened its banking sector to outsiders to bolster reforms, counting on an infusion of fresh blood to spur competition, introduce best practices and transfer know-how. But with many Chinese banks still nurturing credit skills that are taken for granted in the west, analysts say draft rules governing foreign banks in the post-transition period have been crafted to shield domestic lenders from head-to-head competition. "As they say in China, they will do one thing with the right hand and control you with the left one," said a western banker based in Shanghai.

Source: Reuters, Beijing, 1 November 2006

Non-EU Countries eye Trade Pact with India

Swiss chocolates, Norwegian salmons, Icelandic cod liver oil and many more such exotic items may soon become part of your daily shopping list. Switzerland, Norway, Iceland and Liechtenstein — which are not part of the European Union (EU) and hence outside the ambit of the proposed India-EU bilateral economic pact — have expressed interest in entering into a similar comprehensive trade and investment agreement with India. India, too, is keen to work on the deal as it would not only translate into more job openings for Indian professionals but also lead to increased market access for a number of manufacturing sectors such as automobiles, auto components, pharmaceuticals and electronics. Speaking to ET, official sources said that a joint study group (JSG) comprising members from India and the four countries (all members of the European free trade association) will be set up some time in December this year. “The ambassadors to India from the four countries have already met the commerce minister to discuss the issue. The JSG, once formed, will examine the feasibility of such an agreement and lay down the parameters,” an official said.

Sources further pointed out that it would be easier to negotiate an agreement with Switzerland, Norway, Iceland or Liechtenstein as unlike the EU they were not majorly into agriculture exports. Items such as salmon, processed food and high precision engineering items are already being imported into India from Switzerland and Norway. Officials argue that a reduction of duties for such items was unlikely to displace domestic production.

On the other hand, India stands to gain from an enhanced market access for sectors like automotive & components industry, electronics, pharmaceuticals and gems & jewellery. Indian professionals, especially those associated with IT and related services are expected to be big beneficiaries from the agreement in services. "All four countries hold immense opportunities for our professionals. In fact, a study shows that in Norway there is a 30% employee shortage," the official said. New Delhi also wants the proposed trade and investment agreement to result in higher flows of investments. The potential of attracting investments is huge as Norway alone invests \$250bn per annum in foreign markets.

Source: Times News Network, New Delhi, 31 October 2006

Pacific ACP Agree EPA Must be Development Oriented.

Pacific ACP Leaders have strongly reiterated the call for any Economic Partnership Agreement (EPA) with the European Union to be “development oriented” as the Region enters a critical stage in the negotiation of the Agreement.

Pacific ACP (PACP) Leaders from the Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Niue, Nauru, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu met at the Westin Hotel, Denarau, Nadi, Fiji today. The Prime Minister of Papua New Guinea, the Grand Chief Sir Michael Somare chaired the meeting. “The EPA must be development oriented and reflect the unique characteristics of the region including our economic vulnerabilities,” the PACP Leaders said.

They said: “On the EPA negotiations we note progress that had been made and re-affirmed our support for the position taken by the Regional Negotiating Team particularly that the EPA must be development oriented and that it must be focused on fundamental regional objectives including differential treatment as provided under the WTO.”

The Pacific ACP Leaders agreed to support the call for substantial additional and binding resources required to fund the adjustment and development costs of implementing the EPA. The Pacific ACP Leaders also considered the status of the implementation of the Pacific Regional Indicative Programme (PRIP) and progress on the regional programming of the 10th European Development Fund (EDF) covering the period 2008 – 2012. The Leaders noted with appreciation that the Pacific was the only region of the ACP Group to have received additional resources of €10 million under the 9th EDF, a result of good performance being recognized in the mid-term review.

They also noted the progress in the programming of the 10th EDF PRIP and the proposal to focus on the two sectors of Human Resources Development and Natural Resources. Leaders requested that the consultation process continues with their respective National Authorising Officers and with key stakeholders to ensure good synergy with national programmes. On the Small Economies Work Programme (SEWP), Leaders expressed concern “that the Doha Round of WTO has been suspended and called for the support of Forum dialogue partners for the SEWP proposals.” The Pacific ACP Leaders also considered and supported a proposal supporting Forum Island Countries (FICs) preparations for negotiations with Australia and New Zealand for a more comprehensive framework for trade and economic cooperation under a framework for Pacific Agreement on Closer Economic Relations (PACER-Plus).

The Leaders noted that the 5th Summit of the Heads of State and Government of the ACP scheduled for December 2006 is scheduled to take place in Sudan.

The next Pacific ACP Leaders’ meeting will be held at the margins of the next Forum Leaders Meeting.

Source: Press Release: Summit of Head of States of Pacific ACP Countries