



## **Trade News Bulletin**

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## **No more internet gaming in US**

With his signature on a new law, US President George W. Bush effectively closed down Internet gaming tables in the US after new regulations were rushed through Congress last month before a six-week pause. The law, which became official Friday with the signing, could revive international trade protests at the World Trade Organisation (WTO) by companies that operate online gambling - or it could be an elegant detour around prior complaints.

Either way, Bush said nothing about the issue in the signing ceremony, devoting his comments to the far more politically important part of the law that has nothing to do with gambling, and everything to do with protecting US ports from terrorist smuggling and attacks. Such unrelated subjects often get mashed together in the US Congress, where a law proposal can seem moribund one moment - as did the Internet gambling law opposed by the huge US credit card industry - and kissed by lady luck the next.

The Unlawful Internet Gambling Enforcement Act shuts down online gambling by prohibiting credit card companies, banks and electronic fund transfer companies from processing gambling winnings and transactions. The bill has already prompted at least one company - Sportingbet Plc - to sell its US operations for the nominal cost of \$1.

Sportingbet owns Paradise Poker. Other companies are considering doing the same. US gamblers make up about one-third of the world's estimated 12 million online betters, generating much of the world's annual Internet gambling revenues of \$5.7 billion in 2003 alone. Traditional gambling in general is a big business in the US and, all told, Americans wager \$637 billion in state-sanctioned casinos and lotteries, the American Gaming Association says. It is clearly a lucrative and attractive market to foreign companies.

Over the past two years, the WTO has agreed - and ruled that the US was illegally restricting trade by starting to crack down on Internet gambling. At that time, the US had only a patched record of conflicting state and federal laws, and the courts and US prosecutors also disagreed on what should be allowed.

The challenge was brought by Antigua and Barbuda, two tiny islands that took on the mighty US Goliath because of a flourishing online casino business that at one time employed 3,000 people in Antigua alone and produced 10 percent of the gross domestic product. Even with half-hearted US enforcement, Antigua's industry had withered to 28 operators employing fewer than 500 people by 2003, at which point Antigua took the US to the WTO complaint board.

**Source: Reuters, Washington 15 September 2006**

## **Private sector not aware of MDGs**

Most businessmen and industrialists were found to be ignorant about the Millennium Development Goals (MDGs) set up by the 'Millennium Declaration' adopted at the United Nations in 2000. Dawn has tried to solicit views of the business community about MDGs. Some say that they just had a glimpse of the MDGs but did not bother to study it well as they saw no relevance of these goals to their businesses. However, some acknowledge that they are hearing about the MDGs for the first time from this scribe. The government claims to have informed the private sector and public related departments about eight MDGs and targets that it set for itself, but industrialists' cool response to MDGs exposes the hollowness of the government's claims. "I have never heard of such a thing (MDGs)," Site Association of Industry Chairman Ameen Bandukda said, adding: "Let me have a look at the eight goals and then I will be able to throw some light on it."

Federation of Pakistan Chambers of Commerce and Industry President Chaudhry Mohammad Saeed said that he had not read about the MDGs and sought time to study it before making any comments. F.B. Area Association of Trade and Industry Chairman Rehan Zeeshan said: "Frankly speaking I have heard about MDGs first time from you and I do not know anything about it. I will talk to other businessmen on this issue." Former North Karachi Association of Trade and Industry Chairman Syed Azim Ali said that he had never heard of MDGs. "I am sure neither any businessmen nor even any staff in my office is aware of MDGs. The government has not informed the private sector about it," he added.

Newly-elected NKATI Chairman Faraz Mirza said that he was also not aware of any MDG, adding the government had not provided any information to the industry about it. Korangi Association of Trade and Industry Chairman Masood Naqi said that he had heard of it but had not read it yet. The government had not informed the association about the MDGs, he added. Karachi Chamber of Commerce and Industry President Majyd Aziz thought that MDGs were actually a WTO agenda or the guidelines for developing nations. He said that he had a glimpse of the eight goals some times back. However, he sought one or two days for MDGs' deep study in order present his viewpoint. "The government has never discussed the MDGs with the private sector and they have never informed the business community about it," he said. After a closer look at the millennium goals, the KCCI chief said that the eighth goal -- Develop a Global Partnership for Development -- related to the business community but observed that it could only be achieved through the public-private partnership.

On Goal 1 -- Eradicate Extreme Poverty and Hunger -- he said opening new job avenues and improving skill development could well address this goal in a better way. About the Achievement of Universal Primary Education, he said that it was government's job. Political considerations and feudal mindset had hampered all the process of promoting education at grass-roots level. "There are still thousands of ghost schools and ghost teachers, and precious money was being misused. Country's economic development depends on imparting preliminary education on a larger scale," he added. On Goal 3 -- Gender Equality and Empower Women -- Mr Majyd said that some achievement had been seen in the shape of rising role of women in politics, increasing number of girls enrolment in schools and opening of employment opportunities in every field.

On Goal 4 -- Reduce Child Mortality -- he attributed it to the expensive medicines and mishandling of patients at government and private hospitals. On Goal 5 and 6 -- Improve Maternal Health and Combat HIV Aids and Malaria -- he said because of social and religious taboos “our media cannot play a role in creating awareness on these subjects”. Besides, there are no fumigation and spray campaigns that could control malaria and other diseases.

On Goal 7 -- Ensure Environment Sustainability -- the KCCI chief said there had been a lack of focus on the part of the government, especially at the industrial areas. He said the issue of effluent treatment plant, to be installed at all five industrial estates, was still on the papers.

**Source: Reuters, Karachi, The Times, Karachi, 16 October 2006.**

## **No progress at WTO until US makes "pragmatic offer": Singh**

Indian Prime Minister Manmohan Singh ruled out any breakthrough in the stalled World Trade Organisation talks until the United States comes up with a "pragmatic offer" on farm subsidies. "(The) Agriculture subsidy issue has held up the conclusion of negotiations," Prime Minister Manmohan Singh told reporters on his way back from his two-nation European tour of Britain and Finland, the Press Trust of India news agency said. "Unless the US comes forward with a more pragmatic offer and unless there is an agreement between European Union and the United States, I don't think things can move forward." "We are not a problem. We want to be part of a solution," he added.

Earlier this year, India objected to moves by the United States and the European Union to link the issue of farm subsidy cuts to increased market access for their farm and industrial products at the expense of poor countries. The WTO talks hit a dead-end in June when Australia, Brazil, the EU, Japan, the United States and India could not agree on a formula for cutting farm subsidies.

The talks were launched in the Qatari capital Doha in 2001 with the aim of lowering barriers to trade and using commerce to give developing countries a boost.

**Source:AFP ,New Delhi, 14 October 2006**

## **China Supports Shoemakers' Lawsuit Against EU Tariffs**

The Ministry of Commerce backs efforts by Chinese shoemakers to file a lawsuit in the European Court of Justice against the EU decision to impose tariffs on Chinese shoe exports, a ministry official said yesterday.

Director Wang Shouwen of the ministry's fair trade department said that it was the enterprises' right to file the suit in order to protect their legitimate interests. The ministry itself, he said, was in talks with relevant departments on whether to take the issue to the WTO. On October 5, the EU announced its decision to reduce the normal five-year anti-dumping term to two years and impose anti-dumping duties of 16.5 percent on Chinese shoemakers. The so-called "one-size-fits-all" anti-dumping tariff has provoked complaints from both the Chinese government and the country's shoe industry, who insist that the EU should take into account the fact that some shoemakers produce low-end products while others cater for the high-end market.

The decision contradicts the principle of free and fair trade advocated by the WTO, the ministry said earlier this week. Wang said that Chinese companies could learn two lessons from the EU ruling. First, blind expansion of low value-added exports would only damage the strength of the whole industry. Second, companies must brace themselves for more anti-dumping investigations, collaborate closely with the government, intermediary organizations and overseas importers and learn to defend themselves through legitimate means.

With its foreign trade reaching US\$1.27 trillion in the first three quarters of the year, China has become increasingly involved in trade disputes. Over the past six years, an annual average of 48 anti-dumping investigations have been lodged against China. There were only six such investigations during the 1980s and only two during the 1970s. Wang said the situation is getting tougher as developing nations start to take restrictive measures against Chinese exports. So far, about 60 percent of anti-dumping investigation cases have been lodged by developing nations like India, Brazil and Turkey.

**Source: Xinhua News Agency 14, October, 2006**

### **EU and India to start talks on free trade deal**

India and the European Union agreed yesterday to begin negotiations leading to a bilateral free-trade accord. "We have agreed to move forward negotiations for a broad-based trade and investment bilateral agreement," said Finnish Prime Minister Matti Vanhanen, whose country holds the rotating EU presidency.

European Union Trade Commissioner Peter Mandelson added: "This is very significant for two reasons: it shows developed and developing countries that working together benefits themselves and also benefits the international trading system." Secondly, what we agree can create new standards for openness and stronger and global trade rules, which will benefit everyone in the global economy, not just us."

The European Union is India's leading trade partner, ahead of the United States and China. India is the EU's 10th largest trade partner. Their combined exchanges were worth 49.9 billion in 2005, an increase of 11 per cent over 2004. "We have agreed to commence negotiations on a broad-based bilateral trade and investment agreement between India and the European Union, covering over 90 per cent of tariff lines and trade volume," said Indian Prime Minister Manmohan Singh.

However, he refused to call the pact a free trade deal, saying "all the relevant options will be explored when negotiations start. "The EU must seek approval from its 25 nations before negotiations can begin. A deal could be in place by 2009 at the earliest, although it might take much longer. New Delhi said it is ready to shed its red tape to attract foreign funds. It needs an extra \$320 billion to improve transport and other facilities over the next five years or some \$16bn in foreign capital annually. This year it is set to get just \$12bn.

The EU also is looking for free trade deals with South Korea, Russia and nations in South America and the Middle East to keep trade links open even if a WTO deal proves impossible in the short term. "The EU is saying they can be pursued in parallel with the multilateral process but many trade economists and analysts see it as a warning signal, since if you pursue one, you can't pursue the other," said David Kernohan of Brussels-based Centre for European Policy Studies.

Last year, EU-India trade grew by 20pc. The Confederation of Indian Industry expects this to rise to \$87.8bn by 2008.

**Source: Reuters, Helsinki, 14 October 2006**

## **Vietnam set to become WTO member**

The World Trade Organisation (WTO) has cleared the way for Vietnam to join as the 150th member of the global trading club. Member states closely involved in the negotiations said all the problems regarding the communist state's entry had been resolved during the talks.

This means that the chairman of the working party on Vietnam's entry can distribute a draft treaty to member states in time for its approval at the next meeting of the negotiating group on October 26, diplomats said. If there are no last minute hitches, the treaty will then be sent for rubber-stamping by a special meeting of the 149-state WTO in early November, they added. One diplomatic source from a country involved in the final talks said: "The negotiators' jobs are done on this one. "Vietnam, a major textiles and clothing exporter, has been negotiating entry for 12 years. It will now be able to formally join the WTO 30 days after ratifying the entry treaty.

Vietnam has already concluded bilateral accords with all WTO member states who sought them; but a final round of negotiations was needed with the full membership to ensure its trade rules and regulations were in line with WTO norms. Talks in Geneva had focused on services and in particular on some problems that Switzerland had with maritime services.

Vietnam has one of the fast-growing economies in Asia after China, with expansion rates of over eight per cent in the last few years, and economists say that membership of the WTO will give a further boost to output.

**Source: WTO, Geneva, 15 October 2006**

## **Trade Still Prime Engine for Prosperity in Africa, Official Says**

International trade is still one of the best ways to lift Africa from poverty into prosperity and political stability, says Christopher Moore, U.S. deputy assistant secretary of state for trade policy and programs. "The U.S. trade agenda is a vital component of our overall strategy to work with African partners to promote liberty, peace, stability and increasing prosperity," Moore told a Washington gathering of U.S. ambassadors to Africa. Moore made his comments during an October 12 panel discussion about trade opportunities on the continent. "We have seen all too well the evidence that poverty breeds violence and fuels political instability," Moore told the diplomats. "That is a chief reason why the United States and other World Trade Organization [WTO] members embraced the goal of alleviating poverty through increased trade flows as the core of the Doha Development Agenda."

He said that in September a new national security presidential directive on the U.S. strategy for Sub-Saharan Africa was established. Under the directive, the United States will work with African reformers to do the following:

- Stimulate private-sector development,
- Increase Africa's trade competitiveness, and
- Increase trade integration within Africa itself and the global economy.

Despite the trend toward trade liberalization, Moore said, WTO negotiations, called the Doha round, were suspended at the end of July, "primarily over members' differences on agriculture."

Moore said, "The number one reason for the suspension is plain and simple: we are out of sync with the European Union [EU] on agriculture. The U.S. offered a far-reaching proposal on agriculture, but the EU was unable to make any significant movement in this area."

To revive the Doha round, formally called the Doha Development Agenda, he said, U.S. Trade Representative Susan Schwab "is going to every corner of the globe to get the talks restarted. Her next such trip is to the African Union Trade Ministers Summit in Addis Ababa [Ethiopia] on October 30-31."

Moore added that it is "imperative that African countries realize their stake in the round. "He said Africa stands to benefit "across the board from a successful Doha round that will open up new markets by cutting tariffs, reducing trade-distorting subsidies and supporting sub-Saharan Africa's efforts to integrate more fully into the global trading system. "But Africans also need to "engage in reductions of their own tariffs," the U.S. official added. For example, he said, it now costs \$75 per ton to ship grain from Iowa to Mombassa, Kenya, while it costs \$100 per ton to ship similar cargo from Kampala, Uganda, to Mombassa. Moore told the U.S. ambassadors that the main message they should take back to their host countries is that "it is imperative that African states position their trade regimes to take full advantage of the increasingly open global economy."

The United States is doing its part by doubling the number of its trade and investment framework agreements (TIFAs) in Africa, Moore said. "We have launched new TIFAs with

Rwanda and Mauritius, and are exploring signing TIFAs with Liberia, Angola and the East African Community [Uganda, Tanzania and Kenya]," he explained.

More importantly, Moore said, "These new TIFAs will complement our other African TIFA partners -- the Common Market for Eastern and Southern Africa (COMESA), the West African Economic and Monetary Union (WEAMU), South Africa, Ghana, Nigeria and Mozambique -- helping to establish a network of African states and regional organizations committed to reform."

Separately, WTO Director-General Pascal Lamy told "Investment Forum 2006" in Johannesburg, South Africa, via a videoconference October 10, that the WTO is putting together a comprehensive plan "to help developing countries, and African countries in particular, address some of their supply-side constraints, including poor transport and general trade infrastructure networks that will help enhance their ability to benefit from trade opening."

He said the international trade organization also is working with several partners, including the World Bank, the International Monetary Fund, the U.N. Development Programme, regional development banks and bilateral donors, to help countries deal with issues related to product standards and regulations, among others.

**Source: Bureau of International Information Programs, U.S. Department of State. 15 October 2006**

## **Gov't Ready to Strengthen Phytosanitary Capabilities**

The Food and Agriculture Organization (FAO) in collaboration with the Department of State for Agriculture, the Department of Agricultural Services and the Agricultural Pest Management Unit on Tuesday held a day long workshop on the strengthening of the National phytosanitary capabilities.

The workshop marks the start of activities under an eighteen-month Technical Cooperation Programme project, which is being funded by FAO at Paradise Suite Hotel.

The project titled "Strengthening of the National Phytosanitary Capabilities" will assist the Government and stakeholders to create an effective transparent quarantine system, which would minimize trade barriers. The project will also establish a system upon which pest risk analysis can be based and establish a residue Levels requirements to improve the inspection facilities to detect and prevent the entry of exotic pests. The project will also revise the draft plant quarantine legislation, draft instruments to make it effective and prepare new pesticide legislation to meet WTO-SPS Agreement.

In his key note address Suruwa B Wawa Jaiteh, Permanent Secretary, Department of State for Agriculture, encouraged participants to participate fully in the realisation of the goal of the project. He assured them of his department's support at all times.

For her part Hanna Clarendon, FAO Regional crop protection officer said the objective of the project is to improve the phytosanitary system in The Gambia. She added that The Gambia needs to be compliant with international rules and regulations governing trade on phytosanitary and sanitary issues. The project targeted specific objectives which includes the revision of the national phytosanitary capabilities using the Phytosanitary Capacity Evaluation (PCE) instrument, training plant protection personnel in operational procedures, pest risk analysis, the international standards and pest surveillances, raising of awareness by training stakeholders to encourage cooperation and compliance with the IPPC and SPS Agreement and national phytosanitary laws and develop an operational manual on phytosanitary measures for use by phytosanitary inspectors.

**Source: The Daily Observer , Banjul Gambia, 14 October 2006**

## **Gov't Seals Trade Accords With Russia**

Zimbabwe has secured five agreements with Russia on trade, investment and economic co-operation worth \$300m.

The accords are between "designated" Russian investment company RusAvia Trade and the transport and communications ministry. In addition, four parastatals -- power utility Zimbabwe Electricity Supply Authority, Hwange Colliery, the Zimbabwe Tourism Authority and the Civil Aviation Authority of Zimbabwe -- expect to benefit from the investments.

The Russian involvement follows similar investments from Chinese and South Korean companies in June, giving faint hope to the fastest shrinking economy in the world. Inflation was at 1023% this week. The country's hostile investment climate, coupled with political instability and lawlessness in the form of property rights violations, as well as continued shortages of foreign currency, fuel, electricity, spares and basic commodities, have deterred foreign direct investment from traditional western companies. It is unclear how Russian investors plan to sidestep these pitfalls. The accords follow a visit last week by a 48-member Russian delegation, which included 17 journalists, in the country to explore investment opportunities.

RusAvia Trade deals in Russian aviation products, including new and used aircraft, helicopters, spare parts and related services. Its parent company is RusAvia Group, a group of Russian and western companies involved in the aviation business. The group includes design and production companies, exporters and companies related to the Russian aerospace industry.

Zimbabwe is trying to buy commercial aircraft from Russia to boost its depleted national fleet. Government recently ordered several Russian planes for national carrier Air Zimbabwe, but the airline's engineers have rejected the aircraft, saying they were "flying coffins". RusAvia director for external affairs Yury Panchenko said the group of Russian investors who had visited Zimbabwe last week would return in a month to follow up on their deals. "We will create a website to tell the Russian business community about investment opportunities in Zimbabwe," Panchenko said at the weekend.

Russians were already working on the expansion of the Buffalo Range Airport in the Lowveld for bigger aircraft, he said.

**Source: Business Day, Johannesburg, 13 October 2006**

### **Uganda Encouraged to Join COMESA Free Trade Area**

Uganda has been told to join the Common Market for East and Central Africa Free Trade Area (COMESA FTA). The main plank of the FTA Treaty is to give signatory states duty-free access to each other's markets, as long as the goods originate from a fellow member. Under COMESA FTA, Uganda will be importing products like sugar at less than 40 percent duty as opposed to 100 percent. This was one of the main resolutions arrived at during the three-day National Trade Sector Review Conference held at Speke Resort and Conference Centre Munyonyo.

The European Union (EU) with co-funding from the World Bank funded the conference organised by the Ministry of Tourism Trade and Industry and the Private Sector Foundation of Uganda. Under the EAC tariff regime, Uganda charges 100 percent duty on imports to protect the local industries. Imposing high duties was looked at as a measure for restricting the importation of essential goods like sugar.

**Source: The Monitor Kampala, 13 October 2006**

### **US pulls part of Airbus WTO case against EU**

The U.S. government said Wednesday it was suspending part of a WTO case against Europe over aircraft subsidies but insisted it was pressing ahead with the complaint as a whole.

The U.S. Trade Representative's office (USTR) said it was now holding fire on a second complaint over European Union subsidies for Airbus, which the World Trade Organization agreed to hear in May.

It will be kept back until a WTO panel rules on the first U.S. complaint, which alleges that Airbus has benefited from billions of dollars in improper EU subsidies down the years to gain an unfair edge over U.S. giant Boeing. "The United States continues to support a negotiated solution that would end launch aid and other subsidies to Airbus," USTR spokeswoman Gretchen Hamel said in a statement.

"In the meantime, we are pressing ahead with our WTO case," she said.

The EU has counter-sued the United States at the WTO, alleging that Boeing has received its own share of subsidies indirectly from both federal and state authorities in violation of global trade agreements.

**Source: AFP, Washington, 11 October 2006**

## **Ethiopia, Nigeria Sign Cooperation, Trade Agreements**

Ethiopia and Nigeria yesterday signed trade, culture and tourism cooperation agreements and mutual recognition agreement on standardization to further strengthen their cooperation in those fields.

The agreements were signed at the National Palace at the conclusion of the three-day state visit of President Olusegun Obasanjo to Ethiopia. Minister of Foreign Affairs Seyoum Mesfin and his counterpart Prof. U. Joy Ogwu signed the trade agreement. The Nigerian Foreign Minister and Ethiopia's Culture and Tourism Minister Ambassador Mohammud Dirir also signed the cooperation agreement on culture and tourism.

Prime Minister Meles Zenawi and President Obasanjo also reiterated their commitment to bolster relations between the two countries.

In a Joint Communiqué issued at the end of the visit, the two leaders expressed satisfaction with the strong air transport links between the two countries and underlined the need for the establishment of direct cargo flights between Addis and Lagos in order to further promote inter-trade relations. The two leaders also called upon the Chambers of Commerce and the business communities to explore business opportunities that abound in the two countries towards strengthening the trade and investment ties between Ethiopian and Nigeria.

According to the Communiqué, having exchanged views on the Ethiopia-Eritrea peace process, the two leaders affirmed that the only solution to the crisis could only be found through dialogue and peaceful means.

While holding discussion on Somalia, the two leaders reiterated their support for the Transitional Federal Government (TFG) and the Transitional Federal Institutions (TFIs). Recalling the decision of the Peace and Security Council of the African Union authorizing the deployment of IGASOM, the two leaders urged the UN Security Council to partially lift the arms embargo imposed on Somalia to facilitate the deployment.

In a related development, Prime Minister Meles indicated Ethiopia's priority to the implementation of the decision of the African Union and Inter Governmental Authority for Development (IGAD) in the current crisis in Somalia. In a joint press briefing Meles and Obasanjo gave at the conclusion of Obasanjo's visit, yesterday, Meles, who was asked about the alleged presence of Ethiopian troops in Somalia, said that there were no Ethiopian troops in Somalia except some trainers in Baidoa, the seat of the Transitional Government of Somalia. Asked about the 'holy war' declared against Ethiopia by the Union of Islamic Courts, Meles said that Ethiopia would take the necessary measures to protect itself when it is threatened. "Naturally, if and we are directly threatened by jhiadists, we reserve the right to preserve ourselves to take whatever measures found to be necessary. But I hope, it will not come to it," he said.

**Source: Herald, Addis Ababa, 14 October 2006**

## **EU Trap ACP Countries with EPA.**

The Programme Manager of Trade Aid Integrated (TAI), the lead organization of Ghana Trade and Livelihood Coalition (GTLC) in Upper East, Mr. Nicholas Apokerah, has indicated that the Economic Partnership Agreements (EPAs) in their current form constituted a big trap rather than an opportunity to African Caribbean Pacific (ACP) Countries.

Mr. Apokerah said this when he presented a paper on 'EPAs - A Trap Or An Opportunity' at a public forum organized by Trade Aid Integrated in collaboration with the GTLC to mark EPAs week celebration in the Upper East Region under the theme ' Protection of Livelihoods, Services and Industries; Key To Development'.

He explained that the EPAs constitute a real danger to regional economic groupings like the Economic Community of West Africa States (ECOWAS) because it might be difficult for countries to keep their commitments within the regional economic groups and still respect their commitments with European Union (EU) under the EPAs.

According to him, the decision by EU to single out the powerful countries of West Africa such as Nigeria for individually concluded agreements would have serious multiplier effects on the other countries that might turn down the EPAs should the larger countries concede to the EPAs. Mr. Apokerah cited the Southern Africa experience when the EU had a Free Trade Agreement (FTA) with South Africa and used it as the gateway through which European products entered the Southern African local market.

He recalled the address to ACP heads of states by the UN Secretary General, Kofi Annan, in which he said, "A major concern for example is the impact of trade liberalization brought by EPAs on fiscal revenue. Many of your countries are heavily dependent on income from tariffs for government revenue, which combined with falling commodity prices and huge external indebtedness, imposes a heavy burden on your countries and threatens to further hinder your ability to achieve the MDGs", indicating that the financial cost of EPAs to ACP countries was great.

To this effect, Mr. Apokerah called on the government and other ACP countries in general to freeze negotiation on EPAs until they have adequately put their economies in order.

In his presentation on the impact of EPAs on agro-base industries, the Regional Focal Person of GTLC, Mr. Richard Ananga, disclosed that the forum was part of ongoing efforts by TAI and GTLC to bring international trade policy, especially the EPAs, to the understanding of the ordinary person so as to provide basis for reflection in order to galvanize collective efforts to effect change in the rules that govern international trade. He noted that even with the presence of 20% tariffs, EU and other foreign products had flooded the Ghanaian market, explaining that there would be a massive decline in the income of the Ghanaian farmer since the elimination of tariffs and quantities restriction led to increase imports in some agricultural produce notably rice.

Ghana, he noted, imported an average of 260,000 tonnes of rice from 1994-2004 with a surge to 800,000 tonnes in 2003, while domestic production stagnated at an average of 150,000 tonnes.

Mr. Ananga, who doubles as the Advocacy Officer of TAI, reminded the government that the elimination the 20% on imported products, which remained one of the main sources of revenue, would go a long way to affect the country's domestic revenue.

Suggesting the way forward for Ghana and other ACP countries, Mr. Bismarck Ayorogo Adongo of Concerned Youth Association urged the leaders not to be so malleable and permeable that anybody or group could manipulate to achieve their parochial interest at the expense of the developing countries. He urged the leaders of ACP countries to come together to form a formidable force that would ensure and secure their own well-being.

**Source: Ghana News Agency 11 October 2006**

### **US threatens new WTO action against China**

The United States could pursue further WTO action against China unless Beijing allows in more foreign investment and protects copyrights, US Trade Representative (USTR) Susan Schwab said.

Schwab singled out abuses of intellectual property rights and Chinese subsidies for state industries, in comments to major US investors in China. According to a USTR spokeswoman, Schwab told the National Committee on US-China Relations in New York late Thursday: 'Going to the WTO is not a hostile act.'

But China is on a 'dangerous' track that could spark fresh WTO disputes unless it addresses the US complaints, she said. Joined by Canada and the European Union, the US government is suing China at the World Trade Organization over trade in auto parts. The three plaintiffs claim that China's tariff regime puts their car manufacturers at a disadvantage compared to Chinese producers when they import spare parts. Schwab's comments came after new data showed the US trade deficit surged to a new record high of 69.9 bln usd in August. The deficit with China accounted for nearly one-third of the total.

**Source: AFX News Limited, Washington 15 October 2006**

### **WTO Accord Would Be Insurance Against Protectionism, Lamy Says**

Governments will lose their "insurance policy" against protectionism without a World Trade Organization agreement, said Pascal Lamy, director-general of the Geneva-based arbitrator.

Failing to clinch a trade accord will hamper a global economy already faced with rising inflation, oil-price volatility and a slowing U.S. housing market, the International Monetary Fund said Sept. 19. The five-year-old WTO negotiations broke down in July over disagreements on how to limit rich nations' aid to farmers, stalling a deal the World Bank says would add at least \$96 billion to international commerce a year.

"There's a very good case to be made that the world economy is not on the upside for the years to come," Lamy told reporters late yesterday. "The risks of protectionism are higher than five years ago, and it's worth making sure that the insurance policy against protectionism remains valid."

"Protectionist sentiment" eclipses even global imbalances as a risk to economic growth, U.S. Treasury Secretary Henry Paulson said last month. WTO negotiations are aimed at cutting import tariffs, updating rules governments can use to protect manufacturers with customs duties and simplify red-tape at borders.

Lamy has demanded more flexibility from larger governments, calling concessions by the European Union, the U.S., India and Brazil vital to resuscitate the talks. He's said the U.S. must impose tougher limits on subsidies to farmers, the EU has to cut its protective tariffs on commodity imports and India and Brazil should slash customs duties on industrial goods.

#### **Open Letter**

A group of 79 economists from countries including the U.K., Germany, the U.S., Canada, Italy, Russia, Belgium and Australia wrote an open letter calling for rich economies to open up their borders to products from the globe's poorest nations, as first suggested by the EU.

"These proposals would especially benefit both low- and middle-income developing countries, where agriculture is an important source of employment and export earnings," says the letter, sent to Bloomberg and signed by economists including David Harvey at the University of Newcastle-upon-Tyne, Secondo Tarditi at Siena University in Italy, Daniel Sumner at the University of California at Davis and Ulrich Koester of Kiel University, Germany.

**Source: Bloomberg, Geneva, 10 October 2006**

## **WTO: EU Food Ban Violated Agreement**

After more than two and a half years of legal proceedings, the World Trade Organization panel dealing with complaints brought by the United States, Canada and Argentina against the European Union concerning the import into the latter of genetically modified (GM) food on Sept. 29 produced its report.

The moratorium on the approval for import of new GM food into the EU, imposed by the European Commission between October 1998 and August 2003, was found to be in violation of the Sanitary and Phytosanitary agreement.

The same holds true for the persistent safeguard measures of some member states against products already approved for import by the commission.

Concerns put forward by the EU--such as the transfer of antibiotic resistance from marker genes used in the production of some biotech plants to bacteria in the human gut--were deemed highly unlikely.

The evidence produced by individual member states to justify their ban on imports of some GM plants was judged to lack the required quality of scientific risk assessments showing potential danger deriving from the products in question.

With this ruling, the WTO reiterates its position that hard scientific evidence on potential harm caused by a product is necessary to restrict trade of those goods, and that the precautionary principle the EU had invoked in defense of the measures taken was not yet established as a principle of international law.

EU public opinion has long been hostile toward GM foods. One of the main objections to GM technology is that absence of evidence is not the same as evidence of absence, and that the latter should be the criterion for adoption rather than the former. Supporters of GM technology respond that no such strict criteria are employed for plants that have been modified by more traditional techniques, such as mutation breeding.

It is often pointed out that recent food scandals such as mad cow disease, which have attracted so much attention to food safety in general and the GM food issue in particular, actually did not originate from GM organisms, but rather from more traditional food varieties.

The debate over GM foods is also heavily influenced by special interests. A key issue is whether official skepticism over GM crops is due entirely to a desire to adhere to the wishes of the public, or if such arguments are used to protect the European agricultural market, given that the economic benefits from liberalization of GM crops would be enjoyed mostly by U.S. firms. While the ruling of the WTO panel appears to be a triumph for supporters of free trade, the medium-term consequences may be more subtle. Given the high attention given to the issue by the media and the public, the ruling could increase skepticism toward the WTO and the world trading system in general.

There may be requests for even stricter labeling laws than the ones introduced by the commission when it was forced to drop its moratorium, thus constituting a new de facto barrier. Even if EU measures are ruled illegal by the WTO, individual firms can still choose not to handle GM products.

The apparent victory for the free trading system resulting from the ruling may well be erased by the reactions it is likely to cause. These are likely to consist of stronger public opposition to GM food in particular, and possibly also a reduction in support for trade liberalization.

**Source: Oxford Analytica, Oxford, 11 October 2006**

## **A Trade Pact Between US and ASEAN.**

A significant event took place in August 2006. The United States and the Association of Southeast Asian Nations (Asean) on August 25 signed in Kuala Lumpur a landmark agreement, the Trade and Investments Framework Arrangement (TIFA), which is seen by many as a precursor to a full FTA (free-trade agreement) between the US and Asean.

Although both parties (US trade representative Susan Schwab and the Asean economic ministers) both pledged their continued support to the WTO process and their commitment to put the Doha Development Round back on track, many observers see this event as another case of regionalism filling the gaps left by the failure of multilateralism.

The failure of the Sixth WTO Ministerial Conference in Hong Kong to reach agreement on the issues set under the Doha Round again set back prospects for a freer, rational, and equitable world trading order, particularly on agricultural products. Because of the declining confidence in the WTO process, many countries and regional groupings have increasingly been entering into bilateral and regional trade agreements.

In the region, for instance, the Asean Free-Trade Area among the six original Asean members by 2010 and the other four members expected to join by 2015 will culminate in an Asean Economic Community by 2020. The Asean's FTA with China, its agreed-upon framework with Japan, and a finalized framework with India will also further support the integration of Asean within itself and with the rest of Asia. Hopefully, these regional trade agreements will eventually facilitate the pursuit of global integration under the WTO.

As the US trade representative noted, the Asean is considered high priority not just for US commercial ties but also for the overall geopolitical interests and commitments of the United States. Asean has certain intrinsic strategic advantages that continue to give it a potentially key role in global economics and politics—its strategic location, being the gateway to mainland Asia, a bridge between the rich East Asian countries and South and Central Asia, including China and India; its huge consumer market, with a population of 560 million, a large portion of which is armed with significant and increasing purchasing power; its relatively well trained and adaptable human resource pool; and its rich primary resources—such as oil and gas, wood products, crops, fisheries.

Despite these advantages, however, there has not been a shortage of challenges for Asean to face. It was the epicenter of the financial crisis in the late 1990s; although some of the members are oil-producing nations, as a whole it is being hit hard by rising energy price; it has of late suffered much from highly devastating natural calamities. But among the biggest challenges it has to address, according to a 2003 study that Asean itself commissioned (the Asean Competitiveness Study), is its waning economic competitiveness, vis-à-vis its emergent neighbors, particularly China and India, and the rest of the world. Apart from the fact that Asean has recently been expanding its membership to include relatively less developed members that may have more limited ability to adjust to requirements of global competition, among the reasons cited for the region's declining competitiveness is its "fragmented markets," that is, the absence of a single Asean market.

However, with the recent successes of AFTA, with its liberalization moves outpacing WTO, and with the aforementioned free-trade initiatives with its neighbors, Asean has shown its willingness and ability to integrate not only within itself but also beyond, with the rest of Asia and with the global community. Asean is in fact now seen as a leading light in regional economic integration.

The TIFA between the US and Asean recognizes this very well. This arrangement will serve as the platform for further deepening and broadening of US-Asean trade and investment

relations. The TIFA establishes a formal ministerial dialogue to address issues, to coordinate on regional and multilateral trade, and to undertake a work plan that will support regional integration and help build on the already strong trade and investment relations between them. Asean is the US's fourth largest trading partner, with \$153 billion in total trade between them as of 2005.

There is a growing realization in the international community that there is now a gradual shifting of global economic power from west to east. It may be expected that the United States, still the world's biggest economy, is among those who most keenly recognize and understand this development. Whatever the US's main intention is in its entering this new pact with Asean—whether to use the latter as a counterpoint to the emerging global economic powers in the region, or for the US to be able to keep its influence in Asia, or to be able to tap into the dynamic and growing economic opportunities that the region offers—it makes one thing clear: Asean continues to be geopolitically important. Moreover, the new pact, and the free-trade relations that is likely to eventually emanate from it, will not only be mutually beneficial to the two parties but also to the global economy.

**Source : Indian Times, 15 October 2006**

