



Trade News Bulletin

Issue No. 62

Sunday, 25 February 2007

Table of Contents	Pages
Developed countries must offer tariff cuts at WTO	2
Taiwan's new deputy rep to WTO assumes office	3-5
U.S. to face world criticism during March WTO session	6
Obasanjo Seeks Review of WTO Agreement	7
Iran to submit trade regime report to WTO soon	8
Bilateral talks moving too slow, says WTO chief	9
WTO, ILO Release joint Study on Trade and Employment.	10-12
As US deficit keeps soaring, Bush might lose power.	13
WTO's Lamy sees global trade deal in early 2008	14
Key Senator, Vows Rewrite of President's Trade Powers	15
WTO Chief; Good signs to conclude Doha Round.	16
WTO report calls for EU farm tariff	17
Country Set to Benefit from R12 Billion Trade Deal	18
Country, EU Trade Relations at Risk	19

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

Developed countries must offer tariff cuts at WTO

Rich countries should bring down tariffs on goods that developing countries want to export to them for achieving objectives of the Doha Round of trade talks at WTO, President APJ Abdul Kalam said on Friday. "Equally important is the increased market access for products and services of export interest to developing countries to ensure Doha Round is indeed a development round," Kalam said in his address to Parliament.

Welcoming the resumption of negotiations, he said to break the impasse, developed countries must make meaningful offers to reduce trade-distorting subsidies provided to their agriculture sector. The cut in agriculture subsidies by developed countries would make them less competitive in international market thus offering protection to developing countries. Lower subsidies would also give developing countries a chance to find markets for farm products in the West. Kalam said the Doha Round must also allow freedom to developing countries to clamp down on agriculture imports from developed countries if it harms their farmers through predatory competition and low prices.

Source: PTI, New Delhi, 23 February 2007.

Taiwan's new deputy rep to WTO assumes office

Taiwan's new deputy representative to the World Trade Organization (WTO) assumed office Friday. Almost immediately after taking up his new post, Wei Koming began work on matters concerning the Doha Development Round of WTO negotiations, which aims to lower trade barriers around the world.

Wei, a seasoned trade negotiator who once served as deputy head of the Board of Foreign Trade (BOFT), is no stranger to WTO affairs as he was deeply involved in negotiations for Taiwan's WTO accession during his tenure as BOFT deputy director.

Before coming to Geneva, Wei served as Taiwan's deputy representative to the European Union and Belgium. During his more than four years serving in the post, Wei made contributions to efforts to promote Taiwan's trade and economic relations with the European Union and Belgium. Wei was appointed last September to fill the post left vacant by John C. Deng, who has been serving as Taiwan's deputy representative to the United States since late last June.

Source: CNA, Geneva, 25 February 2007

U.S. to face world criticism during March WTO session on subsidies

The U.S. cotton industry, beleaguered by price and world opinion, feels it's about to be kicked again in a high-level WTO session that will give its detractors the floor. A mid-March meeting, called by WTO Director General Pascal Lamy, is scheduled two weeks after the United States defends itself in Geneva against Brazil's allegations that the United States has not adequately reduced cotton subsidies as required by a 2005 WTO ruling. "It's the National Cotton Council's contention that the March meeting is taking place when you will have the panel deliberating on the settlement," said Mark Lange, president and CEO of the council. "It's hard to believe the U.S. cotton industry, and U.S. agriculture in general, is getting a fair hearing." The "high-level" March meeting will focus on the economics of West African cotton production.

Results of discussion

Lange and others in the industry expect the discussion to galvanize sentiment against U.S. cotton and the subsidies that protect it. "We're not saying we don't subsidize. We're saying there are a whole lot of other things going on in the fibre market that people historically like to ignore," Lange said. "It's fine to whip up on the United States, but it's hard to talk about less transparent policies." Among them are the tariffs China imposes on cotton imports to protect its own production, in effect granting its cotton producers sizeable subsidies through improved prices.

Last week, China announced it would provide substantial subsidies to growers in the form of improved free seed and upgraded agricultural practices. "This is designed to encourage their cotton producers to produce the most cotton they can instead of going all out for grain," said Carl Anderson, professor emeritus at Texas A&M. "They are trying their best to rely on the least amount of imports possible."

The issue came to a head last week when French President Jacques Chirac called for the abolishment of U.S. cotton subsidies, blaming them for poverty in West African nations, many of which were colonized by France. "When the president of France hypocritically blames African poverty on the U.S. cotton program, he blindly ignores decades of colonialism," said Woody Anderson, Texas cotton producer.

The history of colonialism, he said, today allows companies partially owned by the French government to extract profits from African agriculture. "The question is why does the WTO concern itself so much with what the United States is doing when it's well known that many of these other countries provide considerable government assistance?"

asked Anderson. Critics say the a WTO agreement based on cuts for U.S. cotton without corresponding increases in market access will be devastating to Southern agriculture.

Last summer, the United States was forced to terminate a cotton subsidy that paid textile mills and merchants to buy U.S. cotton when it was more expensive than the world price. Since it expired, U.S. cotton exports have dropped significantly. Early this month, NCC said shipments were down 4 million bales, about 40 percent of what had been sold this time last year. More than half of the excess is sitting in warehouses in Memphis, at taxpayer expense, waiting for China to run out of cotton. But because the world now consumes about 4 million more bales than it grows, most economists think China eventually will be forced to buy U.S. cotton.

Source: The Decatur Daily, Memphis, 24 February 2007.

Obasanjo Seeks Review of WTO Agreement

President Olusegun Obasanjo has called for the review of the implementation of the World Trade Organisation (WTO) agreements, which has not favoured African maritime nations. He said the current implementation of the agreements "has worsened the inequity that existed between the African Maritime community and the advanced maritime nations to the disadvantage of Africans".

The WTO agreements cover goods, services and intellectual property and spell out the principles of liberalisation, and the permitted exceptions. Also the agreements include individual countries' commitments to lower customs tariffs and other trade barriers, and to open and keep open services markets and set procedures for settling disputes. Prescribing special treatment for developing countries, they require governments to make their trade policies transparent by notifying the WTO about laws in force and measures adopted, and through regular reports by the secretariat on countries' trade policies.

President Obasanjo, who was represented by the Secretary to the Government of the Federation, Chief Ufot Ekaete, said during the first African Union Conference of Ministers Responsible for Maritime Transport in Abuja, that African maritime authority to become more active in order to develop the maritime sector of the continent.

He noted that this would be achieved through capacity building, finance, ship acquisition and building, flag administration and Port state control, while also charging the ministers to give attention to maritime security, safety, coast guard and pollution. He noted further that African ports have been accused of not complying with the International Shipping and Port Facility Security Code. In the same vein, Secretary-General of the International Maritime Organisation (IMO), Efthimios Metropoulos, harped on stricter ports security in all African ports stressing that it is imperative to secure the ports even in the global fight against terrorists. He described the argument that terrorists may not attack ports as most countries believe, as short sighted that shows complacency that we will live to regret and explained that, while terrorists may not attack ports, they may attack passenger ships or ships carrying dangerous goods while in the ports or "offshore terminals because they want to harm the state whose flag such ship fly. Or may, through lax measures in your ports, infiltrate foreign flag ships to bring on board either weapons of mass destruction or substances for the manufacture of nuclear, biological or chemical weapons..." He also called for the improvement of search and rescue in African waters. The conference according to the Minister of Transportation Chief Cornelius Adebayo is to ensure a united African voice within the IMO and to canvass for the promotion of the interest of member states.

Source: This Day, Lagos, 25 February 2007

Iran to submit trade regime report to WTO soon

Iran will offer its trade regime report to the World Trade Organization (WTO) within the next two months.

The report on Iran's trade regime has been arranged and updated, "And the country is now well-prepared to start talks over accession to the WTO", the head of Iran's Center for Globalization Studies said. "This is regarded as a new step in the process of joining the international body," Mohammad Nahavandian told IRNA in Madrid.

He explained that a country's economic and trade rules constitute the trade regime report, which will be handed over to the WTO working group in order for the members to become familiarized with the country's rules and regulations.

He further noted that Iran has removed political impediment to its accession to the UN trade body in early 2006, "And currently expert-level discussions are underway." Nahavandian was in Spain's capital Madrid to take part in a seminar on Iran's investment opportunities. He is scheduled to travel to Portugal on Saturday to participate in a similar seminar in Lisbon.

Iran's Center for Globalization Studies is affiliated to the presidential office, which follows up measures on the country's accession to the WTO.

Source: Press TV, Iran, 24 February 2007

Bilateral talks moving too slow, says WTO chief

The head of the World Trade Organisation (WTO) said yesterday that bilateral talks between major trade powers to revive the Doha trade round were still moving too slowly. "Things are progressing with the major actors but at a speed which is too slow for me to decide to convene the ministers next week or the week after," Pascal Lamy told reporters here. Earlier this week, Lamy said he sensed fresh determination to conclude the Doha round of global trade talks, first begun in 2001, but would wait for more substance before calling trade ministers together for that purpose. One factor concentrating negotiators' minds is the fact that US President George W Bush's fast-track trade authority, which makes it easier for Washington to reach agreements, only runs through June unless Congress renews it. That is not a certainty with the US Congress now controlled by the opposition Democrats. "The breakthrough has to come in the first part of the year," Lamy told reporters in Manila, where he was addressing a business conference. "The distance between a breakthrough and a final conclusion, I would say, (is) roughly...eight months." Lamy relaunched the talks in January after a six-month hiatus. The Doha round is designed to boost the global economy and help lift millions out of poverty through more trade and investment. Discussions broke down in July 2005 after major powers locked horns over politically sensitive issues, especially calls to dismantle agricultural protection.

Source: Reuters, Manila, 24 February 2007

WTO, ILO Release joint Study on Trade and Employment.

The secretariats of the WTO and the International Labour Organization have issued a joint study on the relationship between trade and employment. It concludes that greater policy coherence in the two areas can have positive impacts on the growth effects of trade reforms and ultimately on their potential to improve job quality worldwide. The study, entitled "Trade and Employment: Challenges for Policy Research," surveys existing literature, attempting to highlight what is known, unknown, or uncertain about the relationship between trade policies and labour and social policies.

According to the report, which was released on 19 February, trade liberalisation is associated with both job losses and job creation as economic activity is restructured. In the long run, efficiency gains from liberalisation are expected to lead to positive overall employment effects. With regard to wages, the study points out that average wage increases may hide distributional changes that affect some workers negatively, and that redistributing gains requires effective social and labour policies. However, there is no widely-agreed way to design appropriate redistribution policies.

Expanded trade has generally increased income inequality in developed countries and reduced it in developing countries. The report notes that the relative increase in demand for skilled labour - and resulting skill premiums is a global phenomenon, and often results in increased skill premiums. The ensuing increases in income inequality are a serious challenge for developing countries in which redistribution policies are absent or inadequate. Research has also indicated that trade and outsourcing stimulate the rate of technological change. Education policy is one tool that can have redistributive effects and play an important role in how countries cope with economic and technological change. Although research suggests a trade off between efficiency and unemployment insurance, appropriately designed schemes can mitigate the negative affects.

The study calls for further research on how trade liberalisation affects the informal economy. It also recommends further work on supporting the formulation of more effective and coherent policies on trade, labour, and social policy for the benefit of the international community.

Source: ICTSD, Geneva, 24 February 2007.

Trade authority at stake: As US deficit keeps soaring, Bush might lose power.

As President Bush and Congress clash over the war in Iraq, another battle is erupting in the political trenches over international trade. At stake is the president's authority to negotiate free trade deals that both friends and foes of free trade see as critical. That authority expires June 30, putting pressure on the Bush administration's efforts to close free trade deals with South Korea and Malaysia, jump-start stalled multilateral talks at the World Trade Organization and narrow this country's record trade deficit, which reached \$763.3 billion last year

Proponents of free trade say more agreements would open markets to U.S. exporters, helping to narrow the country's trade gap with the rest of the world. They also say free trade would encourage the WTO to eliminate agricultural subsidies, which could in turn boost powerful U.S. interests such as California citrus and raisin farmers, who are in search of new markets. Negotiators with South Korea, this country's seventh-largest trading partner, are rushing to close a deal with Seoul by the end of March so that the White House can submit the proposed pact with three months' notice to Congress, as required by law, before the trade promotion authority runs out. Current talks with Malaysia, America's 10th-largest trading partner, are similarly affected.

This presidential prerogative formally called trade promotion authority and informally known as fast track authority has been used by presidents from Gerald Ford onward to craft deals that Congress can either approve in their entirety or reject outright, but cannot amend once they are submitted for a vote on Capitol Hill. Proponents say the president needs a free hand to negotiate detailed deals that can dramatically boost two-way commerce, open foreign markets and slash market-distorting subsidies, rather than leave deals open to changes in a fractious Congress, where they could die the death of a thousand cuts. Opponents counter that fast track gives the president too much power and allows the White House to ramrod trade deals through Congress. More broadly, supporters argue that free trade deals are drivers of growth. Trade among the United States, Canada and Mexico this country's partners in the North American Free Trade Agreement shot up to \$810 billion yearly in 2005 from \$297 billion in 1993, just before NAFTA went into effect. That was a jump of 173 percent, more than double an overall rise of 77 percent in trade with countries Washington does not have free trade agreements with, according to U.S. government statistics.

Trade supporters say more deals would allow similar spikes generally to the benefit of U.S. exporters, helping to narrow the trade deficit. Despite these impressive-sounding numbers, NAFTA and the free trade agenda generally remain controversial here and

abroad, as critics charge they do not adequately protect labor rights and the environment or stanch the flow of U.S. jobs to other, lower-cost countries. Indeed, fast-track trade authority, too, has long been a contentious issue on Capitol Hill. A politically weakened President Bill Clinton lost trade promotion authority when a five-year authorization expired in 1994, and he never got it back. President Bush, at the height of his power in 2002, saw his authority clear a divided Congress by just one vote. Now also politically weakened, Bush asked Congress this month to renew his authority for one year instead of the usual five, in hopes of getting something rather than nothing. The extension would run to July 1, 2008.

Even with these diminished expectations, Bush may not get what he wants.

Trade promotion authority has become a lightning rod in the debate over globalization, and even though a final vote in Congress could be several months away, the debate over renewing the authority has begun in earnest. Bills to renew it have not yet been introduced, but both supporters and critics expect such legislation will soon make its way in both houses of Congress. "We are working with members of Congress," said Gretchen Hamel, a spokeswoman for U.S. Trade Representative Susan Schwab. Schwab, a member of Bush's cabinet, oversees negotiations with America's trading partners. Renewal legislation will first need to clear the Senate Finance Committee, chaired by Sen. Max Baucus, D-Mont., and the House Ways and Means Committee, chaired by Rep. Charles Rangel, D-N.Y. The two bills would then be reconciled in a House-Senate committee. Both Baucus and Rangel express guarded support for renewal -- but only if Congress gets a bigger say in trade policy, implying there is plenty of political horse trading ahead. "Fast track negotiating authority is vital to U.S. trade, but it can be a stronger tool to create the jobs and economic prosperity our families deserve," Baucus said. "I see reauthorization as an opportunity to address Americans' legitimate concerns on trade, with more-vigorous enforcement of laws and agreements, greater congressional consultation. ... Improving trade adjustment assistance for the times when trade has negative effects must be part of the conversation, as well."

Rangel struck a similar stance. "Trade negotiating authority is a valuable tool for the administration, but it requires a great deal of trust, and Congress must have some key assurances before it is willing to extend this leverage," he said. "We ... must provide workers with portable skills and benefits to keep them employed and, when absolutely necessary, to provide effective transitions to new skills." The Bay Area's congressional leaders split along political fault lines, with Sen. Barbara Boxer, D-Calif., opposing renewal, and House Speaker Nancy Pelosi, D-San Francisco, supporting it provided labour and environmental safeguards are honoured.

American business generally, but not always, supports free trade and the growth of free trade agreements that presidential fast track authority is designed to create. The U.S. Business and Industry Council, which represents predominantly small and medium-size U.S. manufacturers that have seen factory jobs go overseas, opposes even a minimalist, one-year renewal. "(Bush) apparently believes that the way to solve the problem of our gargantuan trade deficits and the rapid decline of our manufacturing base is to pass

more of the same trade deals that created the current unsustainable situation," said council President Kevin Kearns. "Free trade is another one of his stay-the-course, don't-learn-from-your-mistakes policies." Free trade generally and trade promotion authority specifically draw strong support, however, from organizations such as the National Foreign Trade Council, the Business Roundtable and the National Retail Federation, which said in a statement that "Retailers' ability to conduct commerce free of trade barriers is essential not only to the health and growth of our industry, but the ability of consumers to buy the products they need at prices they can afford." While politicians hash things out in Washington, anxious trade negotiators in Seoul and Kuala Lumpur wait to see if their trade deals even make it to Capitol Hill.

Meanwhile, in Geneva, the World Trade Organization, too, waits to see if the U.S. president will be able to retain his trade authority, so Congress can consider a draft agreement on reforming agricultural subsidies, should the WTO come up with one. "There is a sort of basic agreement within the WTO that having this breakthrough before the U.S. president's authority to negotiate expires is very important," WTO Director-General Pascal Lamy told a trade conference in Indonesia on Wednesday.

Source: San Francisco Chronicle, US, 22 February 2007.

WTO's Lamy sees global trade deal in early 2008

WTO director-general Pascal Lamy said a new global trade deal can be concluded in early 2008 if negotiators could reach a breakthrough in the first half of this year. 'After a period of suspension, the negotiating engines are buzzing again,' said Lamy in a forum at the Philippine Chamber of Commerce and Industry. Lamy said there is already a basic framework agreed upon by member countries on how negotiations for the industrial, agricultural and services sectors will move on, but the talks still have to get down to 'numbers crunching.' 'If a breakthrough is reached in the first half of the year, we would have the final numbers and texts eight months after that,' said Lamy.

The WTO chief said he is more upbeat now about the likelihood of clinching a new global trade deal that would be acceptable to its 150 members. 'Most countries want the issues to be resolved because there are far greater consequences if the talks fail, and the repercussions could go beyond economic considerations,' said Lamy. One of the repercussions feared by developing countries is that a failure of the Doha Round will leave them open to more lopsided bilateral negotiations.

He stressed that a breakthrough could happen if negotiators break the deadlock on agriculture. 'Many proposals have already been presented but clearly what is on the table today, although pretty impressive, is not enough to lead us to success. All parties need to make a greater contribution, starting with agriculture.' To speed up talks, he said the US, EU and the G-10 which includes countries like Japan and Korea, have to agree to greater cuts in agriculture tariffs beyond their current positions, while the G-33 led by India have to be more precise so that the special protection they already secured for some agricultural products, do not negate the overall goal of providing more market access.

Lamy said negotiators have to move fast given the upcoming expiry of the US Trade Promotion Authority on July 1 which gives US trade representatives the power to make trade deals. The talks have stalled largely due to uncompromising stance taken by rich and poor countries, aggravated by barbs between the EU and the US.

Developing countries are pushing for maximum flexibility in protecting vulnerable agricultural products, imposing special safeguard mechanisms such as additional tariff walls as shield against highly-subsidized, cheap agricultural imports and greater market access for their exports to developed countries. Poorer countries have criticized the rich countries' penchant for using non-tariff trade barriers such as sanitary and phytosanitary measures and in pushing for a 'one size fits all' tariff scheme that would have developing countries at the receiving end. Despite the long-winded and often acrimonious negotiations, Lamy said member countries now have greater commitment to see that the talks do not fall through. 'Success is now a question of months away and not quarters or semesters. We now have in our hands the possibility to strengthen the multilateral trading system and make it fairer for developing countries.'

Source: AFX News Limited, Manila, 23 February 2007.

Key Senator, Vows Rewrite of President's Trade Powers

Senate Finance Committee Chairman Max Baucus on Thursday signalled that he will seek a broad rewrite of the president's powers to negotiate trade agreements, which is slated to expire June 30. The Montana Democrat's comments came during an often combative hearing in which he excoriated U.S. Trade Representative Susan Schwab for the Bush administration's conduct of trade policy. Baucus criticized Schwab's characterization of trade-negotiating authority as a contract between the executive branch and Congress. "It's not a contract," he said. "It is the sole prerogative of Congress to delegate fast-track authority." He described the enforcement of existing agreements by Schwab's as "lax," called the process that allows congressional committees to recommend changes to trade agreements "irrelevant," and blasted the administration's attempts to curb intellectual property theft in China as "embarrassing." The tone of the hearing was in marked contrast to Schwab's mostly cordial reception a day earlier by the House Ways and Means Committee.

In questioning Schwab, Baucus hit on many of the issues he has said must be part of an agreement to renew presidential trade-negotiating authority. For instance, Baucus called for increased efforts by the administration to strengthen the trade adjustment assistance program, which offers aid to workers who lose their jobs as a result of trade deals. Schwab noted that President Bush already said he supports renewing TAA, which is set to expire this year along with trade-negotiating authority. Baucus also asked about reviving "Special 301" powers, under which industries can petition for trade relief; that provision has fallen out of use since the formation of the World Trade Organization. And he stressed that concessions from the administration on stronger labor and environmental protections in trade agreements would be a "major factor" in determining whether Congress grants Bush the renewed authority. Also on Thursday, House Ways and Means fielded a host of complaints from U.S. traders who expressed frustration with the Chinese government for what they called its failure to abide by World Trade Organization ground rules for fair trade.

As China's importance in global commerce grows, traders said China has refused to live up to commitments to eliminate trade barriers. The hearings were held against the backdrop of a soaring trade gap -- from \$84 billion in 2000 to about \$225 billion last year. Trade Subcommittee Chairman Sander Levin, D-Mich., said he would hold a series of hearings on trade issues. "China made commitments five years ago on [protections for] intellectual property," he said, "but unfortunately they haven't made good on their promises." He also chided the Bush administration for what he called a failure to push for Chinese compliance with "remedies for violations of trade rules." Motion Picture Association of America CEO Dan Glickman said China is "too potentially lucrative [a market] to ignore," but it is also "the most difficult market in the world for the U.S. movie industry because of street hawkers who push pirated versions of American movies.

Source: Technology Daily, US, 15 February 2007.

WTO Chief; Good signs to conclude Doha Round.

The head of the World Trade Organisation (WTO) said yesterday he sees "good signs" for calling a meeting to conclude the Doha trade round, "but we're not there yet".

WTO Director General Pascal Lamy made the comments on the sidelines of a conference on trade in Indonesia.

Lamy had said earlier in February that he sensed fresh determination to conclude the Doha round of global trade talks, but would wait for more substance before calling trade ministers together for that purpose. Asked in Jakarta where the process now stood, he said: "I think it's cooking, and I have sort of good signs coming from the kitchen, but we're not yet there, the date when the dish can be served." "I think we need a bit more of this bilateral cooking between the EU, US, Brazil (and) India," he said, referring to major trade powers whose willingness to make trade concessions is considered critical to a world agreement to further liberalise trade. "They want to conclude the deal but we all know that you don't conclude a deal with goodwill. You conclude a deal with precise numbers," Lamy said.

One factor helping concentrate the minds of negotiators is the fact that US President George W Bush's authority for so-called "fast-track" trade negotiations that make it easier for the United States to reach agreements only runs through June, unless Congress decides to renew it. That is not a certainty with the US Congress now controlled by the opposition Democrats. "...there is a sort of basic agreement within the WTO that having this breakthrough before the US president's authority to negotiate expires is very important," Lamy said.

In a speech to the conference where he emphasised the need for all sides to make the concessions necessary for an agreement, Lamy said: "Success is now a question of months away, not quarters or semesters, in particular given the upcoming expiry of the US Trade Promotion Authority." Lamy said concessions must not only come from developed countries. The G-33 group of developing countries, for example, wants 20 per cent of tariff lines sheltered from duty cuts, which some other nations say would give them far too much freedom to continue protectionist policies. "Of course, they will have to move from this fairly extreme position which has been their starting position, like the US will have to move on their subsidies or like the EU will have to move on its tariffs."

Source: Brunei Times, Jakarta, 22 February 2007

WTO report calls for EU farm tariff

The European Union should remove or reduce export subsidies and import tariffs on farm goods because this would benefit consumers and make its economy more efficient, a World Trade Organisation (WTO) report says.

The report, which is due for official release later this month, says the economy of the 27-state bloc is generally open and that this has aided global growth. However, "substantial" barriers remain in a few areas, notably agriculture. "Reduction/elimination of export subsidies and tariffs on agricultural imports would benefit EC (European Community) consumers, improve resource allocation and significantly contribute to the promotion of the world economy," says the report, a copy of which was obtained by Reuters.

Six-month suspension

Rich nation farm tariffs and subsidies are a central issue in the WTO's troubled Doha round of free trade negotiations, which have recently resumed in Geneva after a six-month suspension triggered largely by deep divisions over agriculture. The EU has already offered to get rid of export subsidies as part of any final Doha treaty, which would also cover industrial goods, services and trade rules. But Brussels is resisting calls from major farm goods exporters, led by the United States, for deeper tariff cuts than the some 50 per cent its negotiators have proposed. The EU says the United States must reduce farm subsidies further and it is also seeking concessions from major developing states in industrial goods and services. The report by WTO economists, who regularly review the trade performances of member states, does not go into details on the Doha negotiations. But it expresses concern that Brussels' new interest in bilateral and regional trade pacts could divert negotiating energy away from the search for a Doha deal.

Since the last review in 2004, the average most favoured nation (MFN) tariff on agricultural goods, the baseline duty open to all WTO members, has risen to 18.6 per cent from 16.5 per cent, mainly due to lower international prices. But individual duties go as high as 428 per cent on certain processed meat products. The EU remains the world's leading exporter and importer of commercial services, despite the fact that there are still significant barriers to such business both inside the bloc and with third parties, it notes. "Addressing these distortions, would boost the overall competitiveness of the economy," the report says.

Source: Reuters, Geneva, 19 February 2007.

Country Set to Benefit from R12 Billion Trade Deal

The Southern African Customs Union (Sacu) and the European Free Trade Association (EFTA) have concluded a free trade agreement, which should come into effect later this year, boosting further trade between the countries belonging to both groups.

Swiss secretary of state Michael Ambuhl said yesterday at the conclusion of talks with Deputy Foreign Minister Aziz Pahad that the R12bn trade agreement between Switzerland and SA stood to benefit Switzerland, Norway, Iceland and Lichtenstein from the EFTA grouping, and Botswana, Lesotho, Namibia and Swaziland of the Sacu group. Ambuhl told a news conference after his talks with Pahad that Switzerland was the fifth-largest investor in SA, and bilateral trade (import and exports together) had reached R12bn. "We are very confident that in this semester we will begin to see the fruition of already signed trade agreements," he said.

Ambuhl said that SA and Switzerland were poised to conclude a memorandum of understanding (MOUs) on scientific co-operation. "We have finalised an MOUs for further deepening our bilateral relations. This will now be submitted to the relevant authorities on both sides for approval whereupon it can be signed. "These MOUs is the outflow of the decision of the Swiss government in May 2005 with which government identified strategic partners: China, India, Japan, Russia, US, Brazil and SA. This is therefore an instrument to enrich the partnership with SA."

Ambuhl said Switzerland and SA would co-operate in south Sudan regarding institution-building around traditional leadership, in Burundi on co-operation in the question of transitional justice, and in the Democratic Republic of Con-go regarding police training in the field of prevention of sexual abuse towards women and children.

Pahad said SA regarded Switzerland as a very important partner. "I want to say we have had excellent discussions on a series of issues. Switzerland ranks among SA's top 10 trading and investment partners. Switzerland is also very involved in African conflict and post-conflict situations and discussions looked at how we can increase co-operation," said Pahad. He said Switzerland was also very involved in the Middle East and nuclear non-proliferation issues. "We had some excellent discussions on this matter and decided to intensify our co- operation."

Source: Business Day, Johannesburg, 21 February 2007.

Country, EU Trade Relations at Risk

The EPA negotiation process has been beset with problems from the very beginning. We are still at awareness stage and we need a lot of preparations.

Uncertainty surrounds Uganda's readiness to conclude the Economic Partnership Agreements, a new arrangement that will allow Ugandan exports to enter the European Union before the December 31 deadline. Speaking at a press briefing at EU headquarters in Kampala via a video link from Brussels on February 8, EU's Director for Development and Economic Partnership Agreements Peter Thomson said Uganda, along with the 16 countries in East and South African region are behind schedule in the negotiations. "There is no commitment yet from Uganda though there have been some ministerial exchanges," he said.

The EU office in Kampala says the Commission has made a provision for funds for the consultations on the EPAs, but a Ugandan official involved in the negotiations said lack of funds is one of the major stumbling blocks.

Funding

The European Commission has provided resources for consultations, information sharing and capacity building for both government and private sectors through the Uganda Programme for Trade Opportunities and Policy and other regional and all ACP programmes," a February 8 EU press release said. The EPAs arose from the EU's intention to base future relations with its former African, Caribbean and Pacific (ACP) colonies on two-way free trade treaties. The process for this partnership was set out in the Cotonou Agreement of 2000 in which the 78 ACP countries and the EU committed themselves to conclude the EPA negotiations by December 31, 2007. The countries were put into groups identified as West Africa, Central Africa, East and South Africa to which Uganda and her regional counterparts belong, the Caribbean and the Pacific; plus a few larger individual countries such as South Africa.

However, Uganda is now at risk of losing out since the deadline cannot be extended because it coincides with the expiry of a waiver granted by the World Trade Organisation (WTO) that allowed the EU to continue providing preferential market access to ACP countries without ACP countries doing the same. "An extension of this waiver depends on obtaining consensus from members of the WTO. Such a decision is therefore not in the hands of the EU or the ACP countries themselves," the EU press release added.

Mr Thomson said while the Caribbean grouping "was progressing well ahead of the deadline," Uganda's region is the "farthest behind schedule." At a one-day discussion on EPAs organised by the Uganda Programme for Trade Opportunities and Policy (UPTOP) at Hotel Africana on January 23, stakeholders expressed deep concern saying they needed more time, at least three more years before Uganda goes in for EPAs. Executive Director

of African Centre for Trade and Development Elly Twineyo said Uganda should first solve her supply side constraints. "Time is running out. Before even the Ugandan producers, manufacturers and exporters have been told about EPAs, we are signing them in December. There is a lot not yet done regarding understanding and readiness for EPAs," he said.

Apparently, the EPA negotiation process has been beset with problems from the very beginning as far as the ESA region is concerned. When the road map for the ESA was launched in Mauritius in February 2004, the formal substantive negotiations were supposed to run from July 2004 to March 2005. But they started five months late. Officials from the Private Sector Foundation Uganda (PSFU) and the Ministry of Tourism, Trade and Industry said they needed "more time." "We are definitely not ready," PSFU Executive Director Gabriel Hatega said. "We are still at awareness stage and we need a lot of preparations before we can get into EPAs".

Trade analysts say the stipulated time was too short given the intricate issues involved, the complexity of the ESA as a region and the need for caution given the serious ramifications the EPAs would have on the region in general and national economies in particular. But Mr Thomson, the EU official, argued that one way or another there had to be a time frame. "Our experience (with developing countries) shows that there has to be a timeframe or else the process would go on forever," he said.

Source: The Monitor Kampala 20 February, 2007