



## **Trade News Bulletin**

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

## **Trade barriers cost EU billions in lost business in China**

European Union companies are denied business opportunities in China worth at least €20 billion a year because of nontariff trade barriers, according to a study published by the European Commission. The survey, conducted by consultants for the EU executive, said China offered huge opportunities for European business, especially in services and environmentally friendly technology.

But it said China was not living up to its World Trade Organization commitments in many areas, notably in implementing the rules by the provincial authorities and in intellectual property rights and European industry was suffering as a result. "Many Europeans see China as a globalization scare story," the EU trade commissioner, Peter Mandelson, said in a foreword to the study released Monday. "But the economic evidence provided by this study of key sectors of EU industry and services suggests China is actually a globalization success story for Europe."

Noting a growing perception that China and Europe do not trade on genuinely equal terms, he said the study showed Chinese nontariff barriers cost EU operators "no less than €1.4 billion a year" in lost business opportunities. The survey said growth in the services sector, where the Union had the most significant comparative advantage, was outpacing other sectors, but it was also one of the areas with some of the largest obstacles to trade and investment.

The Chinese need for "green" technologies offered a huge opportunity to EU exporters, it said. European companies are increasingly establishing production in China not to export more cheaply produced goods but to compete in the Chinese domestic market, the study said. The European Union, joined by the United States, filed its first WTO complaint against China last year over the treatment of European companies in the auto parts sector. The report singled out other machinery, as well as construction, finance and telecommunications as areas of unequal treatment and said Chinese government procurement remained often "opaque and discriminatory." "European trade policy should press China to fully implement the spirit of its WTO commitments and support further liberalization of its economy," the study said.

**Source: Herald Tribune, Washington, 20 February 2007.**

## **Global employment steady despite globalisation: WTO**

Globalisation has left employment by and large intact, despite the dismal economic forecasts of job losses, reveals a study by World Trade Organisation and the International Labour Office, challenging predictions of the negative consequences of growing world trade on wages and employment quality.

The study notes that trade actually expanded by almost 6 per cent a year in the 10 years to 2005, driven by

- Deeper regional integration and more outward-looking policies in emerging markets such as China and Mexico
- The sharp rise in foreign direct investment (FDI) by companies into China, East Asia and South American countries

Moreover, global employment levels had shown few dramatic shifts in the past two decades with the world's workforce at 2.8 billion in 2005. The study notes:

- Unemployment levels had improved in industrialised countries, since the sharp rise in the 1970s, while developing countries had seen a slight increase in unemployment.
- The fear of the emergence of China as a global factory, and India as the world's back office, leading to a shrinkage of jobs in other regions, had not come true.
- Despite the expansion in world trade, the bulk of jobs in industrialised and developing countries were still centred on non-tradeable services or activities.

The study also pointed out that although trade and FDI were playing an increasing role in the global economy, most jobs in the world have yet to be directly affected by these developments.

However, the report cautions that, the demand-supply imbalance for skilled labour leading to premium wages, would lead to wage inequalities. Accordingly developing countries in particular needed to face the challenge of implementing appropriate economic and social policies to offset imbalances.

**Source: IRIS, Geneva, 20 February 2007.**

### **EU asks India, US to give up their tough stands on WTO talks**

The European Union has asked India and the US to give up their tough stands coming in the way of success of WTO negotiations and said significant progress on the Doha round of trade talks is expected before the second week of April, report agency sources. Benita Ferrero-Waldner, European Commissioner for External Relations and Neighbourhood Policy quoted, ``we see a chance of movement in the Doha round before Easter. While America must move... India has a high stake and important role in the negotiations.``

She said Europe has already shown much flexibility by reducing the subsidy through its common agriculture policy but each and every party has to make a movement indicating the key players in the developing and developed world must leave their rigid stands protecting their agriculture and industrial markets.

Waldner, who met Prime Minister Manmohan Singh and other senior ministers, also said the European Commission was likely to get a green signal from the member states for launching the negotiations on signing a broad-based trade and investment agreement with India. She said this agreement with India would only complement the multilateral trade liberalization measures sought to be achieved through the World Trade Organisation.

**Source: Reuters, Brussels, 20 February 2007.**

### **WTO: developed countries ask developing countries for non-agricultural compromises**

In different events representatives from the US and the EU asked Brazil and India for the reduction of industrial tariffs if they aspire to receive more access to their agricultural exports. The vice-representative for trade from the US, John Veroneau, argued referring to Brazil that "agriculture is very important for several WTO members, we are included in these (...) but it is also important to achieve improvements on the side of goods and services". According to Mr. Veroneau, the US is trying to find an agreement with the main WTO members in order to give a comprehensive deal on trade including agriculture, industry and services. The Sub-secretary of the US Treasury for International Affairs, Tim Adams, added in an event on Asia issues that India and China have as much responsibility in the trade discussions as developed countries, they should have to reduce their restrictions on trade and investments.

Furthermore, the Director General of Trade for European Commission, the executive arm of EU, David O'Sullivan told the media when he was asked on the role of developing countries on the Doha round: "We accept that it is a development round but developing countries too will have to make a contribution for the successful completion of the round. They will have to take cuts in import duties on industrial products". According to him there are important advances between the US and the EU, "we are close to an understanding with the US that might lead to subsidy and tariff cuts,(..) that will be a benefit for all", but give-and-take has to form the underlying principle of any deal between 150 WTO members: "In the end, everything is a trade-off in WTO," Sullivan added.

**Source: Fresh Plaza News, Tholen, 19 February 2007.**

### **Trade Negotiations to secure Concessions for Small Economies.**

Prime Minister, Portia Simpson Miller has said that the region's trade negotiations would be guided by the imperative of securing fundamental development objectives and concessions for small vulnerable economies, rather than the need to complete the Doha Development Agenda (DDA) before the United States Trade Promotion Authority (TPA)



expires.

Prime Minister, the Most Hon. Portia Simpson Miller (left) emphasizes a point during discussion with Prime Minister of St. Vincent and the Grenadines, and Chairman of CARICOM, Mr. Ralph Gonzalves (right), and Prime Minister of Trinidad and Tobago, Mr. Patrick Manning at the 18th inter-sessional meeting of the conference of Heads of Government of CARICOM in St. Vincent and the Grenadines

Mrs. Simpson Miller made the statement while speaking on the status of external trade negotiations at the 18th inter-sessional meeting of the conference of Heads of Government of the Caribbean Community (CARICOM) held in St. Vincent and the Grenadines from February 12-14.

She said that with the resumption of the World Trade Organization (WTO) discussions, the "window of opportunity" available was considered to be small, bearing in mind that the TPA will expire on June 1, 2007 and the difficulties of renewal in the present United States Congress. "Our region is concerned that too much attention has been given to the principal interests of the major WTO players. This could crowd out the key development objectives identified by us and many other small developing countries amidst the rush to meet the TPA deadline," the Prime Minister emphasized. She further stressed that the region must make every effort to maintain full involvement and participation in the

Geneva process as "this must include continuous review of alliance-building efforts and active participation in any mini-ministerial meetings"

Meanwhile, Mrs. Simpson Miller said that the region would continue to engage the US authorities in the context of the US-CARICOM Trade and Investment Council (TIC) and in the upcoming Conference of the Caribbean in June. "The WTO waiver for the Caribbean Basin Economic Recovery Act (CBERA), which expired in December 2005, has still not been renewed in the WTO.

This means that over US\$2 billion of CARICOM's exports to the United States can be subject to WTO challenge. The issue of a new arrangement with the United States that would place our exports to the United States on a stable and secure footing cannot be sidestepped," she pointed out to colleague Heads.

On other bilateral negotiations, the Prime Minister said CARICOM needs to "take a close look at its unfinished agenda in bilateral negotiations that commenced many years ago and determine the best way to bring them to conclusion". This agenda, she said, includes negotiations with Cuba, the Dominican Republic, Colombia, and Venezuela. Further, she noted, consideration should also been given to broadening the bilateral negotiating agenda to include Central America and MERCOSUR.

"In this context, the region must take a comprehensive look at its bilateral agenda and determine its priorities bearing in mind what is manageable," Mrs. Simpson Miller stated.

**Source: Jamaica Information Service, 18 February 2007**

## **Europe bans Suriname fishery products**

The European Commission (EC) is imposing a ban on some fishery products from Suriname. Citing health and hygiene concerns, smoked fish and cultivated shrimps are banned from the European market. A recent EC inspection in Suriname found serious shortcomings and health hazards at shrimp farms and fish processing companies. It was discovered that some of the processing companies are smoking their products with wood containing carcinogenic substances. “Wood was being used for smoking that is not safe and which was linked with production of carcinogens, so there was a risk of cancer for humans,” said EC spokesman Philip Tott in an interview with Radio Netherlands.

Suriname exports approximately 390 tons smoked fish products to the Europe Union (EU) valued 1.6 million euros, mostly to the Netherlands and Great Britain. “In the pond shrimp sector the establishments that inspectors visited were in very bad condition and there was no proper authorisation procedure by the authorities. Establishments were not complying with our standards,” said Tott. Due to poor hygiene at some of the shrimp farms and other shortcomings, farmers were not able to show whether their products were free from residues of medicines used to cure diseases in the ponds. Shrimp exports from Suriname to the European Union reach up to 100,000 tons annually. According to experts it could take months or even years before the EU could lift the ban. Shrimps that are caught at sea and fresh fish products could still enter the European market.

Meanwhile, the Suriname authorities have not yet been officially notified by the EC of the ban. At a press conference, Thursday Fisheries Minister Kermechend Raghoebarsing noted that there are arrangements with the EU to establish a new inspection authority in Suriname. He further stated that currently the fishery sector is being inspected thoroughly on various aspects. “Workers are being checked for health, the production process, the working environment, even the administration of the companies are being examined and if they are not okay we impose sanctions,” said the cabinet minister. Two companies that failed to comply with the regulations were closed by the authorities, he disclosed.

According to Raghoebarsing the authorities are doing the best they can but laboratory facilities have not yet been established. Therefore samples of the products are sent to Europe for inspection, which results in extra expenses for the companies. Meanwhile, the establishment of these facilities are scheduled for the near future in order to conduct the inspections in Suriname. Minister Raghoebarsing noted that the government is very surprised by the sanctions since the government is in dialogue with Brussels “to execute an action programme with a good timetable” to comply with all the standards. Exporters were also surprised Thursday when they were confronted with the sanctions. It is alleged that the EU never informed them about any shortcomings they should improve.

**Source: Caribbean Netnews, 16 February, Paramaribo, Suriname:**

**US, Emirates suspend trade talks**

The US and the United Arab Emirates have suspended negotiations for a free trade agreement over differences on how the Gulf state would open its market to US banks and other overseas investors, according to US officials.

The temporary halt in talks with a key US ally in the Middle East means the two sides will not meet a March 31 deadline imposed by congress if the deal is to be considered under President George Bush's trade negotiating authority, which expires at the end of June. The two sides will wait to see what congress mandates in a new trade negotiating authority before resuming negotiations, according to a US trade official who spoke on the condition of anonymity. Democrats say that, among other things, they want to overhaul the trade negotiating rules to require more rights for workers.

**Source: Bloomberg, Washington, 19 February 2007**

#### **Arab countries' meet on WTO from March 4**

The Ministry of Commerce and Industry, in cooperation with the Oman Chamber of Commerce and Industry and the Arab Organisation for Administrative Development, is organising a conference for Arab countries from March 4 to 7, under the title 'Future trends of WTO: Opportunities and challenges for Arab countries'.

The conference will discuss a number of subjects related to WTO, such as the effects of the WTO agreements on the most important goods and service production sectors in the Arab countries and the challenges facing such countries to integrate in the new world trade system.

The conference will also discuss the outcome of the last Doha development round and the opinion of Arab countries on it. It is expected that a number of prominent figures involved in WTO issues in some Arab countries and the Sultanate from both the public and private sectors will participate in the conference.

The working plan of the conference comprises six sessions wherein different WTO-related issues will be discussed. It will be a golden chance for interested parties in the Sultanate from both sectors to participate so as to be acquainted with the most recent developments in the WTO negotiations. All working papers will be delivered in Arabic.

**Source: Oman Times, Muscat, 19 February 2007**

**Ravi Bangar to head WTO body on trade, debt and Finance.**

The World Trade Organisation (WTO) today named India's deputy permanent representative in Geneva, Ravi Bangar as head of the working group on trade, debt and finance. The working group would study the inter-play and impact of debt and finance on world trade and submit its report to the WTO General Council, a WTO statement said

**Source: Press Trust of India, New Delhi 18 February, 2007**

### **US to approach WTO against China IP Rights and Piracy**

U.S. trade officials are considering whether to take legal action against China at the World Trade Organization for the latter's failure to cut down on widespread piracy and counterfeiting of U.S. goods. Karan Bhatia, deputy U.S. trade representative, told a House of Representatives hearing on China trade issues that there has been no settlement of issues after the country agreed to a suggestion by China for further bilateral discussion and held off a filing of a case in October 2006. "If it becomes clear that negotiations will not be successful, then we will proceed with WTO dispute settlement," Bhatia told in a prepared testimony.

According to estimates, software makers and music and book publishers in the U.S. lose billions of dollars by way of sales in China because of piracy. Counterfeiting activities affect other U.S. industries like automobiles and drugs.

Chairman of the House Ways and Means trade subcommittee Sander Levin said the country had waited too long before taking the issue to WTO. He wanted China to put effective intellectual property and anti-piracy legislation in place well before the 2008 Olympics.

In the event of a ruling by the WTO against China, the U.S. can initiate steps to impose retaliatory tariffs on Chinese imports.

The U.S. has filed a separate WTO dispute settlement case against China involving export subsidies, saying the subsidies violated WTO rules. It received support from Japan in this effort as Japanese trade Minister Akira Amari announced Japan will join in the complaint.

**Source: Herald Tribune, Washington, 19 February 2007.**

## **Now EU courts Uganda to sign EPAs**

As debate on the contentious Economic Partnership Agreements (EPAs) rages on, the European Union now wants Uganda to sign the trade pact and continue to negotiate for tariff waivers while on board, according to EU trade experts.

The EPAs are at the centre of a markets war, as the World Trade Organisation (WTO) seeks to end poor countries' preferential access to EU markets by 2008. The EPAs are intended to force 77 least developed African, Pacific and Caribbean (ACP) countries to offer reciprocal market access for their EU trade partners and eventually to all WTO members. This will be enforced at the expiry of the Cotonou Agreement, which was signed in 2000, giving the ACP preferential and non-reciprocal EU market access.

Uganda has benefited from this window since 2001, exporting mainly agricultural products, while the EU exports consumer goods to Uganda. ACP countries, Uganda included, have remained sceptical about the EPAs because of the likely competition from EU member countries. Uganda has made very little progress in the negotiations towards an EPA, and officials say the country needs more time before it signs on.

Dr Sam Nahamya, Permanent Secretary in the Ministry of Tourism, Trade and Industry, told The EastAfrican that it is in the interest of the EU to give ACP countries more time to complete the negotiations. "Why do you think they are pushing us to sign? It is also in their interest to give us more time. How can we sign something which is incomplete?" asked Dr Nahamya.

However, time is not on Uganda's side, as the negotiations to sign the EPAs are nowhere near conclusion, while the Cotonou Agreement window expires at the end of this year. Uganda wants the EPAs to have a clause that gives the country preferential access to the EU for another 10 years. At the same time, it wants assurances that products from elsewhere will not immediately flood the local market, a situation that can only be guaranteed by the WTO, according to Tom Vens, EU's head of trade section at the Kampala mission.

If Uganda does not sign by December 31, the EU will come under pressure from the WTO to either cease trade relations with Uganda or to open its markets for all WTO members. This means that Uganda will lose its largest export market, worth over \$380 million as of 2005 from exporting mainly fish, flowers and other agricultural products to the EU.

During a video conference between EU officials in Brussels and journalists in Kampala, the former said Uganda will not be subjected to the new tariffs immediately. “Signing the EPAs does not mean Uganda will start to implement the new tariffs,” said Peter Thompson, EU’s Director of Trade Development. “The EPA doesn’t say there is a single penny that has to be cut from tariffs immediately. But if Uganda does not sign we are in a legal void.”

The officials said once on board, Uganda can then negotiate for a period of time within which its exports to the EU can start to attract taxes under the tariff regime that will be ushered in on January 1 next year. The EU blames the delays, particularly in the East and Southern African (ESA) region on the many regional economic blocs. But Uganda’s Permanent Secretary the Trade Ministry has for the first time said blame for the delayed negotiations should rest on the EU as well over its slow disbursement of funds for EPA studies within the ESA region.

Mr Vens declined to comment on the issue of funding but advised that Uganda should concentrate on meeting its obligations towards the deadline. Uganda’s negotiating team will travel to Brussels at the end of this month to push for an extension, a source said and is positive that the EU will offer one.

**Source: Reuters, Kampala, 19 February 2007.**

### **EU official moots trade, investment pact with India ahead of WTO talks**

European Union commissioner for external relations Benita Ferrero-Waldner says India and the EU must push for a strong bilateral trade and investment pact even as they continue to play a crucial role to conclude the current round of global trade talks. Ferrero-Waldner told the media ahead of a five day visit to India that every effort should be made by New Delhi and Brussels to ensure the success of the ongoing talks at the World Trade Organisation (WTO). Her reference was to the efforts made at Davos, Switzerland, to revive the global trade talks by commerce ministers of around 30 countries, last month. The talks stalled last July over sharp differences between the developed and the developing world. "We think we also have to show leadership in WTO because I think WTO is now in a crucial moment and the European Union and India should play a very important role here," Ferrero-Waldner said.

She also said that EU alone could not make compromises and developing countries, led by India and Brazil, must show some movement forward, especially in areas like market access. She said that the EU had already made major subsidy cuts, "whereas Americans still have to do a lot more. But all countries have to compromise means also India. In fact, India has an important role to play." She said strong ties with India must also result in a trade and investment pact, even as they push for multilateral trade. "I think our willingness to move towards negotiations of a bilateral, broad-based trade and investment agreement will complement our commitment to multilateral trade," she said.

During her visit, Ferrero-Waldner is scheduled to meet Prime Minister Manmohan Singh, foreign affairs minister Pranab Mukherjee and commerce minister Kamal Nath.

**Source: Press Trust, New Delhi, 20 February 2007**

### **Shrimp exporters for review of US anti-dumping duty**

The majority of the 75 shrimp exporters are likely to voluntarily seek administrative review of the anti-dumping duty on shrimp imposed by the US which has already initiated proceedings for the second annual review.

A meeting of the exporters held in Visakhapatnam recently decided to seek the services of a law firm for formal application of individual exporters to support the filing of applications and also to present matters before the US Department of Commerce (DoC), according to Seafood Exporters Association of India (Seai) secretary-general Elias Sait. He told FE that the association was also looking at the option of having an Indian law firm to take up the case this time. During the initial proceeding and the first review whose determination is yet to be announced, the association had sought the services of US law firms. A formal discussion was held with a Delhi-based firm.

Though there was a 90-day period for the withdrawal of applications after February 28, the last day for filing applications seeking review, it was unlikely that some of the exporters would go for an out-of-court settlement with the petitioners Southern Shrimp Alliance (SSA) this time, he felt. Given the prospects of a lower duty and also with chances of several others in the US also petitioning for review, any agreement with the SSA would not be binding on the DoC, he said. Also, the ruling of the WTO panel against the US practice of zeroing (ignoring prices above the fixed level for calculating anti-dumping margins) in the case of shrimp exports from Ecuador and the WTO constituting a panel in India's plea against customs bonds over and above the duty should turn things in India's favour. The WTO ruling in India's case was expected early next month.

During the initial proceedings for the imposition of anti-dumping duty on Indian shrimps, there were around 228 exporters to the US. After the announcement of the duty, the number fell to 128. During the period of second review from February 1 2006 to January 31, 2007, the number had fallen drastically to 75. The fall also reflected in the decline of exports to the US. There was nearly 50% fall in exports which now stood at \$251.6 million. It is estimated that during the latest review period, the anti-dumping duty at 10.17% was around \$25.58 million. Besides the duty, exporters had to furnish bonds of matching value. Additional cost of around 3-4% was needed to taking bonds. All these had literally hit the industry hard and most of the exporters were looking at new markets. This had resulted in considerable increase in exports to the EU. Meanwhile, the Marine Products Exports Development Authority (Mpeda) short listed three firms for the supply

of software for calculation of anti-dumping margins. Under the scheme supported by UNCTAD's, nearly 15 firms had expressed their interest and three were short listed and final selection would be made soon, according to Mpeda sources. All the three firms had made their presentations last week.

### **Aussie threat looming**

Shrimp exporters now face a new threat; this time from Australia. The government there is to ban import of raw shrimp under a new import risk analysis. Shrimp exporters here took up the matter with the Australian Consul authorities during the recent visit of the ambassador to Kochi who has agreed to consider the matter 'sympathetically.'

According to the recent draft on the analysis, shrimp imports would have to be accompanied by a certification that the consignment is disease free. Exporters were to confirm that the corrective steps had been taken latest by February 21. Shrimp farmers from Thailand which has been the main supplier of shrimp to Australia have made representation to the Australian authorities to re-consider the decision.

Exporters here said that in the wake of their looking out for new markets, such moves from countries like Australia could prove detrimental to their marketing strategies.

**Source: Financial News, New Delhi, 19 February 2007**

## **AND THE CARIBBEAN: WHAT IS THE PEOPLE'S VIEW?**

Wouldn't it be great if ordinary people in the Caribbean and Europe had a say in the future partnership between the two regions that is now currently being negotiated by government officials?

The idea is not far-fetched, although it is late and would have to be effectively and quickly organised in the Caribbean if it is to be meaningful before year-end by which time the European Union (EU) is insisting Economic Partnership Agreements must be in place with African, Caribbean and Pacific countries.

The example has been set by the EU and the African Union (AU). They have recently launched a consultation process in an attempt to fashion a Joint EU-Africa Strategy. So, if the EU could do this with Africa, why not with the Caribbean which would be considerably more manageable given its smaller population size and more widespread availability of technology?

EU Commissioner Louis Michel and the Chairman of the Commission of the AU, Oumar Konaré, launched the public consultation saying that it "shall develop a political vision and practical elements for the future partnership between the EU and Africa".

Both the EU and the AU claim that the joint strategy would be adopted by the EU/Africa summit in Lisbon in the second half of 2007. They have invited stakeholders in Europe and Africa "to make your voices heard and provide your valuable input to this important process." And, to facilitate the collection of opinions about the future of Euro-African relations, a special website has been set up on the Internet, <http://europafrica.org> managed on behalf of the EU and the AU by an independent foundation, the European Centre for Development Policy Management (ECDPM). The plan is a two-stage process. The consultation will feed first into a draft to be discussed at the EU-Africa Ministerial troika meeting in Brussels on 15 May and then into the final EU-Africa strategy which should be adopted towards the end of the year at an EU/Africa summit in Portugal.

In explaining how public responses on the Internet will get the attention of the official EU/Africa negotiators, the ECDPM say that it will submit the comments to an EU-Africa experts meeting on the 19-23 of February, where they will start to discuss the content of the joint strategy, and they will do the same for future official expert meetings.

Of course the Internet process may be more a public relations exercise than a substantial one. The vast majority of people in Africa have no access to the Internet and those that do are an elite group in a handful of countries. It is likely, therefore, that the contributions will come from elite groups in Africa, members of the African Diaspora in the global community and interested parties in Europe.

In any event the majority of people in both Europe and Africa have no clue that the Internet website exists. It certainly isn't being boldly advertised on their radios and television screens. What may be of far greater value is four broad-based public debates involving non-governmental agencies which are planned between March and June with a possible pre-summit civil society meeting in Lisbon. These will give organised bodies an opportunity to influence the debate on future EU-Africa relations, even though ordinary voices will still not be heard. But, at least the debate will be broadened and a wider set of positions will be put on the table. Among those positions will be that the present treaty arrangement on trade, aid and investment between the EU and African, Caribbean and Pacific countries does not necessarily have to terminate at the end of this year. It is being argued by an informal coalition of non-governmental organizations that it is unclear whether an extension of trade preferences would require another waiver from the World Trade Organization.

In any event, would it not be beneficial to hear the views of a wide cross section of Caribbean people on all this? So, why can the EU/Africa public consultation not be replicated in the Caribbean?

Indeed, why should the Caribbean not formally put the idea to the EU and initiate its own broad-based consultations with the people of the Caribbean community. Just as in the past when decisions of great moment were taken in the Caribbean, Commissions were established to hear views and accept memoranda from the public, so too could a specially appointed Caribbean-EU Commission now listen to wider views in both regions. The current negotiations might benefit enormously from it, and the structure of the future relationship between Europe and the Caribbean might be laid on a more broadly acceptable foundation.

**Source: By Sir Ronald Sanders**

**(The writer is a business consultant and former Caribbean diplomat)**

### **WTO chief sees 'good signs' for Doha**

The head of the World Trade Organisation (WTO) said on Wednesday he sees "good signs" for calling a meeting to conclude the Doha trade round, but added "we're not there yet" as compromise is needed from all sides.

WTO Director General Pascal Lamy made the comments to Reuters on the sidelines of a trade conference in Indonesia. Lamy had said earlier in February 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 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, U.S., Brazil (and) India," he said, referring to major trade powers whose willingness to make 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 good will. You conclude a deal with precise numbers," Lamy said. One factor concentrating negotiators minds is the fact U.S. President George W. Bush's authority for fast-track trade negotiations that make it easier for the United States to reach agreements only runs through June, unless Congress renews it.

That is not a certainty with the U.S. Congress now controlled by the opposition Democrats. "...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," Lamy said.

In a speech to the conference, where he emphasised the need for all sides to make concessions, Lamy said: "Success is now a question of months away, not quarters or semesters, in particular given the upcoming expiry of the U.S. Trade Promotion Authority."

### **COMPROMISE CRUCIAL**

Lamy told Reuters concessions must not only come from developed countries. The G-33 developing nations group, for example, wants 20 percent of tariff lines sheltered from duty cuts. Others say that gives 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 U.S. will have to move on their (agricultural) subsidies or like the EU will have to move on its tariffs."

Some analysts say the proposed U.S. domestic farm programme for 2007 does not go far enough to cut trade-distorting subsidies and was not a good sign for international negotiations.

However, Lamy said the legislation at least appeared to be moving in the right direction, but in any case "at the end of the day what will be negotiated around the WTO table will prevail over farm bill results".

Agricultural issues are among the main areas of contention for many countries -- developed, developing and undeveloped -- and took most of the blame when the Doha Round of trade talks, launched in 2001, ground to an acrimonious halt last July. "Lamy's visit is a form of pressure on the Indonesian government to lobby for market access, especially for agricultural products," said Amalia Pulungan, programme officer at the Institute for Global Justice. "(The visit) deals with the future of tens of millions of farmers who rely on agricultural products," she told reporters at the hotel where the conference was held, as several hundred Indonesians with a similar viewpoint demonstrated outside. Lamy said he knew trade liberalisation could be disruptive to some farmers, such as subsistence rice producers in Indonesia, and that must be considered in the way reform was implemented.

However, he said, the negotiations could also improve markets for agricultural producers. "If more market access for palm oil is available as a result of this negotiation, this is very good news for a country like Indonesia," Lamy told Reuters. As a whole, he said, all parties including poorer nations would be better off if the Doha Round succeeds, while "if it was to fail, it would be bad news for many people".

**Source: China Daily, China, 21 February 2007.**

**BERNAN PRESS COLLABORATES WITH BRYAN CAVE LLP TO ENHANCE WTO DISPUTE SETTLEMENT DECISIONS WITH EXPERT ANALYSIS AND MARKET IMPACT COMMENTARY.**

Bernan Press is collaborating with international trade experts from Bryan Cave LLP to produce enhanced editions of the WTO Dispute Settlement Decisions: Bernan's Annotated Reporter.

Since 1998, Bernan Press has been publishing dispute settlement decisions of the World Trade Organization (WTO) that include detailed annotations and comprehensive summaries of WTO decisions. The extensive index in each volume enables access to particular titles. Legal precedents and conclusions are detailed in the legal annotations and conclusions sections. Case and treaty citations, along with current information on the overall status of all disputes before the WTO, are presented in tables. "The one area we felt could be enhanced to make this a more valuable resource was adding in-depth analysis that includes market implications for the various industries and nations affected," said David Williams, Managing Director for Bernan. "The expertise that Bryan Cave brings to this series makes it truly invaluable for all companies that do business internationally, law firms with a trade practice, government agencies with a focus on trade, and academic institutions with related courses of study."

Curt Dombek, Managing Partner of Bryan Cave's International Trade Practice adds, "We are pleased to provide more practical insight to Bernan's publications on how WTO decisions might affect multinational companies and other parties, given our work with clients who operate at the global level." A law firm of 800 lawyers worldwide, Bryan Cave has a leading International Trade Practice with more than 50 trade lawyers and advisors. More details are available at: [www.bryancave.com](http://www.bryancave.com).

Two new editors for this series are Mark D. Nguyen and Felipe Berer. Messrs. Nguyen and Berer are Senior Trade Policy Advisors working out of the Washington, D.C. and Los Angeles offices of Bryan Cave LLP. They assist clients in the analysis of cross-border trade rules and trade agreements, including the implications of U.S. bilateral and regional trade agreements and WTO rules. Mr. Berer has also assisted in trade remedy investigations, WTO proceedings and trade policy developments in the United States and Latin America.

The first volume being produced under this new collaboration is Volume 78, covering decisions settled between April 4, 2006 and August 14, 2006. Volume 78 covers WTO disputes concerning the "zeroing" practice used by the U.S. Dept. of Commerce in trade remedy investigations, the dispute over Canadian lumber and a dispute regarding European customs practices. It is being published on February 23, 2007. Volumes 79 and 80 will be published in March 2007. Individual volumes may be purchased, and this series can also be placed on Standing Order so that the customer automatically receives and is invoiced for each edition as soon as it is published.

**Source: Press Release, Bernan Press, Washington, 21 February 2007.**

### **Japan to talk with WTO members**

Japan will hold a series of bilateral talks in London this week with other key members of the World Trade Organization in an effort to revive the flagging Doha Round of global trade liberalization talks, the government said Tuesday.

Agriculture, Forestry and Fisheries Minister Toshikatsu Matsuoka said high-ranking Japanese officials will meet with their counterparts from the United States, European Union, Brazil and India. "Whether there has been progress in U.S.-EU relations and what kind of action India is intending to take will be the focus of attention," Matsuoka said. He also referred to the possibility of telephone talks with Indian Commerce and Industry Minister Kamal Nath after seeing the results of the scheduled bilateral meetings.

Earlier this month, diplomatic sources said WTO members threw their weight behind a proposal by Pascal Lamy, chief of the international body, to restart the Doha Round talks, which have been suspended since July. The focus is on whether the U.S. and the EU can reconcile their differences over proposed liberalization of politically sensitive farm trade.

**Source: Kyodo News, Japan, 21 February 2007.**

## **WTO Action Needed On Cotton Subsidies**

Trade distortion measures on cotton must be dealt with by the developed world urgently and expeditiously, according to the head of the World Trade Organisation.

Director General Pascal Lamy recently told reporters that unlike other developing nations like Asia, India, Pakistan, Bangladesh and Indonesia that have developed their capacities for local value addition, Least Developed Countries (LDCs) like Uganda have not. "Any distortions in price caused by subsidies, hits African farmers hardest," Mr Lamy said.

In separate comments, Cotton Development Organisation Managing Director Jolly Sabune said that Uganda- and Africa as a whole- is less competitive because it only produces raw cotton and does not add value to the crop as Asian producers like India do. "We have the land, markets and our lint is good. The world needs it. But because we are in the raw cotton bracket, our capacities to convert raw cotton into a value addition chain is still not there," She said. "As we struggle to develop value addition, which government is highly committed to, the subsidies and other trade distorting measures employed by the developed world only work to depress the prices of raw cotton."

Ms Sabune said developed nations' subsidies to their farmers have dealt a further blow to LDCs like Uganda. "If these subsidies were therefore removed, it would ensure that the cotton prices are controlled by actual supply and demand in the world cotton trade, which would stabilise the price," she said.

Mr Lamy said there was a basket of funds available to mitigate the impact of subsidies to cotton farmers in the LDCs in Africa. He said there are 22 projects of development assistance for cotton available from various developed countries. "I have a telephone book available for Uganda. These guys have their own assistance. It is up to each of you to make up your mind on what the priority is." Through these development assistance projects, West African countries referred to by the WTO as the cotton four countries or C4- Chad, Burkina Faso, Benin and Mali- already benefited in 2006. Talks on reaching a global trade agreement suffered a setback in 2003 when the C4 countries objected to a draft agricultural agreement that failed to recognise their demand that developed countries, particularly the United States, reduce subsidies to their cotton farmers.

Ms Sabune encouraged Uganda to try all avenues to secure development assistance from the basket of funds to promote the interest of cotton farmers and the sector in general. "We want the fund to help us address the issue of farmer support, training them on best agronomy practices. Everything that will assist the farmer improve productivity and market access and stabilise the price," she said.

## **Organic cotton**

Until last year, developed world interest in organic agriculture centred on food crops. Uganda has been benefiting from this interest through the production of organic foods,

including honey and dried fruit. The CDO managing director said there is a huge demand for organic cotton, and Ugandan farmers should to take up the challenge.

She said beginning with the last cotton season; the developed world had added organic cotton fabric and garments to its list. "This market is growing at a supersonic speed of between 25 to 50 per cent in just two years. We have seen it grow, it is expected to grow and it will continue growing," Ms Sabune said. "Because of the enormous demand for organic cotton by fashion houses in the US and Europe, the demand for organic cotton has just gone through the roof."

Recently, Whitaker Group President Rosa Whitaker said Uganda's cotton sector has the potential to be a strong driver of economic growth something that could interest well known brands like Edun and Woolworths. The Washington, D.C. -based group specialises in facilitating trade, investment and commerce in Africa. Ms Whitaker told journalists that the global demand for organic cotton is growing at 35 per cent annually, and Uganda is well placed to become a major player in the market. She said she had linked Ugandan textile manufacturers to international garment buyers in the US and other countries. Phenix Logistics (U) Ltd, a textile and garment company venturing into the export of textiles to the United States under the African Growth and Opportunity Act (AGOA) initiative has concluded a deal to supply the US and Japanese markets.

AGOA is an initiative that allows selected African countries to export to the US markets duty free and quota free. It is meant to enable African countries to penetrate the US markets with clothing, textiles and agricultural products. Phenix is expected to begin exporting textiles to those destinations on Friday.

Uganda's National Research Organisation, the only cotton research institute in the country, says organic cotton can grow in Teso and West Nile sub regions. Statistics show that organic cotton, if certified as pure, can fetch 50 per cent more than conventional cotton. The current price for ordinary cotton lint is Shs450 per kilogramme. But farmers who grew organic cotton were selling it at Shs600 per kilogramme.

**Source: The Monitor Kampala, 20 February 2007**