



Trade News Bulletin

ISSUE NO. 66

Thursday, 16 March 2007

Table of Contents	Pages
EU seeks WTO deal mid-April	2
India-EU deal hits political rocks	3-4
WTO breakthrough by June	5
Firms count cost of plan to cut tariffs	6-7
WTO denies changing Taiwan's official title	8
Global warming measures missing in Doha	9
U.S. willing to make agricultural tariff concessions	10
EU stops WTO probe into banana tariffs	11
Canada Calls for India Free-Trade Agreement	12
WTO and the myths about NGOs	13
WTO Talks Could Worsen Job Climate	14
Relief as India hints at watering down import duties	15
Developing states oppose WTO rebate	16
CRNM suggests political approach in gaming dispute	17
China warns US against 'destructive' protectionism	18

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

EU seeks WTO deal mid-April

The European Union wants a breakthrough in struggling global free trade talks by mid-April, but the United States seems in no rush, a senior EU diplomat said Wednesday.

Trading powers have been locked in behind-the-scenes efforts to galvanize the World Trade Organization, or WTO, negotiations, with WTO chief Pascal Lamy warning repeatedly time is running out for a deal. "We are pushing to have some kind of understanding by mid-April," the diplomat told Reuters. "But the United States does not seem to be in a hurry," added the official, who declined to be further identified.

Washington, which is under pressure to offer deeper cuts in farm subsidies, long a highly contentious issue, was still intent on winning prior concessions from India and other big developing countries, the diplomat added. Other members of the 150-state WTO are growing restless as the so-called G4 -- the EU, the United States, Brazil and India -- seek common ground in bilateral meetings held over recent weeks in capitals far from WTO headquarters.

Although the WTO relaunched the 5-year-old Doha round last January after a six-month suspension, negotiations can make only modest headway in Geneva until the big powers break cover with whatever it is they can agree amongst themselves. "I hope the pressure on the G4 yields a result soon. People are getting restless in Geneva," said another senior diplomat.

But a spokesman for U.S. Trade Representative Susan Schwab denied that Washington was dragging its heels. "We are making slow and steady progress and it's in large part due to leadership of the United States," said spokesman Sean Spicer, pointing to meetings in recent weeks between Schwab and Brazilian, Indian and European officials. The core elements of any deal are the same as they were when Lamy called a halt to the talks last July saying the leading WTO members needed time to review long-held positions.

The United States and the EU must accept deeper cuts to farm subsidies and tariffs, while leading developing states must open up markets more for manufactured and farm goods. Amy says the WTO must reach a full-scale pact on trade liberalization by the end of June or risk the talks being put on ice for years or even collapsing. U.S. Presidential powers to negotiate on trade, without which a round becomes difficult to conclude, expire on June 30 and the Democrat-controlled Congress may not renew them. Launched in the Qatari capital in 2001, the trade round is billed by the WTO as a once-in-a-generation chance to boost global economic growth and lift millions out of poverty.

After failing to narrow their differences over the headline numbers for tariff and subsidy cuts last year, trade powers have sought a backdoor approach by focusing on individual products and markets to see where the needed concessions may be made. "I think that they are testing numbers, and that is the good news. The bad news is that there is no agreement yet," the second diplomat added.

But the EU diplomat said Washington was insisting India and other leading developing countries agree to more cuts in agricultural tariffs to create new markets for U.S. farmers. "The U.S. will not get that as a pre-payment," the diplomat said. India has said it will not make concessions that jeopardize the livelihoods of its subsistence farmers.

Source: Reuters, Geneva, 16 March 2007

India-EU deal hits political rocks

A planned free-trade deal between the European Union and India has run into serious difficulties over whether or not it should include clauses relating to human rights and weapons of mass destruction. But anti-poverty campaigners have also argued that an agreement is undesirable as it could reduce India's control over its own economy. The idea of launching free-trade talks was agreed at an EU-India summit in Helsinki last October. Over the past few weeks, though, two issues have threatened to stall the process.

The EU is bound by a 1995 decision by its member states' leaders that any trade or political agreement with the wider world must contain a commitment to human rights and democracy. But the EU's executive, the European Commission, has been arguing that an exception should be made for India, which does not want this clause inserted. Commission officials say human rights are already covered by a 1994 cooperation agreement between the EU and India and that a free-trade accord should be limited to economic issues.

Similarly, India is opposed to having a clause relating to weapons of mass destruction (WMD). Although the clause would commit India to supporting international conventions against chemical and biological weapons, it would not deal with the nuclear Non-Proliferation Treaty, which India has declined to accept. Annalisa Giannella, adviser on WMD to EU foreign-policy chief Javier Solana, confirmed this month that some EU states are willing to omit such a clause. She argued that if the EU fails to apply to India the WMD clause it systematically includes in agreements with other countries, this would "establish a terrible double standard". Although Indian Commerce Minister Kamal Nath last year predicted that the EU agreement should be "one of the easiest" in a series of international accords India hopes to reach, he has recently stated that the human-rights clause would be a "deal-breaker".

Non-governmental organizations, meanwhile, suspect that the EU has a hidden agenda. One reason it is pursuing a bilateral trade deal could be to ensure that India no longer sides with other developing countries at the World Trade Organization (WTO) level. "The EU may be using a strategy to divide developing countries in the WTO negotiations," said Astab Alam, head of Action Aid's trade campaign. "The EU and the United States want to capture the markets of developing countries through bilateral agreements when they are not able to succeed in the WTO." The EU has cited India's and Brazil's reluctance to pry their markets open to Western firms as one of the reasons the Doha Round of world trade talks has so far been unsuccessful.

Peter Mandelson, the European trade commissioner, is seeking to have investment issues included in a bilateral deal with India. This is despite investment being taken off the agenda of the Doha Round after protests from developing countries. Anti-poverty advocates are concerned that a deal designed to placate Western multinationals would

reduce India's ability to restrict the activities of such firms within its borders. "Recent research on free-trade agreements by Oxford University has shown that they generally work in favor of the stronger party," said Alam. "Since the EU is stronger than India in terms of economic and political muscle, I fear that the EU would benefit more. The EU wants to push its agricultural and industrial products on India, given that it's such a big market. This would not be useful for poor farmers and industrial workers in India. "The EU is only interested in its own mercantilist interests, rather than the multilateral trading system," he said. "It wants to get market access at any cost."

Mandelson's policy of pursuing bilateral deals has driven a wedge between EU trade officials and their counterparts handling development aid. "The EU used to complain that the US was bypassing the multilateral system by going after bilateral deals," said a senior development official, speaking on condition of anonymity. "But now the EU is doing exactly the same."

A procession of senior European politicians has visited India this year. Mariann Fischer Boel, European commissioner for agriculture, told an audience in Mumbai last week that India needs to address its high import tariffs and duties on food and agricultural products, particularly those affecting Europe's wine-and-spirits sector. "If we get things right, our bilateral agri-food trade has potential to grow from its current level," she said. "This is true for your exports, which were worth about 1.2 billion euros [US\$1.6 billion] in 2005; and I feel it is particularly true of ours, which are currently very modest, at 200 million euros in 2005."

While the EU accounts for almost 20% of India's total external trade, India is only the EU's 10th-largest trading destination, at 1.8%. India also receives less than 1% of the EU's foreign direct investment. "Bilateral trade agreements could be negotiated more rapidly than a WTO agreement," said Carlos Gonzalez, an India specialist with the employers' federation Business Europe. "One does not exclude the other, however. We believe that in parallel to the Doha Round, the EU can negotiate with countries of interest. "We also believe that there will be a reduction of poverty after a free-trade agreement. The aim should be to have a further opening for European companies in India. This will create jobs there that are sometimes better paid than what local firms can offer." As well as mulling over the whether the impasse over human rights will scupper a bilateral deal with the EU, the Indian government was this week considering the future of the Doha trade talks.

When Pascal Lamy, the director general of the WTO, visited New Delhi for discussions with government figures on Monday, he was met by protests from trade unionists, farmers and migrant workers. The protesters pointed out that more than 600 million people depend on agriculture in India, and insisted that trade liberalization must not be allowed to damage their livelihoods.

Source: Inter Press Service, Brussels, 16 March 2007

WTO breakthrough by June

Greater involvement by world political leaders is expected to deliver a breakthrough in the Doha Round of negotiations at the WTO by June, the chief of the multilateral trade body, Mr Pascal Lamy said. "The prospects of closing the gap (in positions of major players) appear more plausible and probable than ever. We are at a delicate and critical moment and have a possibility to deliver," the WTO director general, who is in India to participate in a seminar on Doha Round, said. "There has been a pretty good movement and we have the opportunity of closing the gap sometime towards the end of June. The landing zone has started to appear," he said, adding that the push was coming from political leaders who realise that the cost of failure would be huge. He said that the major countries and blocks India, Brazil, the USA and the EU were involved in hectic bilateral negotiations and were close to making their offers which could see the USA bringing down its trade distorting subsidies and EU its farm tariffs. Emerging countries would be providing market access in right proportion. Mr Lamy was, however, worried that the movement was slow. He said talks have been at the bilateral level and any breakthrough would have to come at the multilateral level. Earlier speaking at the seminar, Mr Lamy said: "We need to speed up the process so as to grasp the window of opportunity which closes by the end of June. In June the US administration's mandate from the legislature to accept any deal at the WTO expires."

At the seminar, external affairs minister, Mr Pranab Mukherjee said India looks forward to the developed countries taking a leadership role in moving the Doha process forward. "They should correct distortions in the global trading system, especially in agriculture, which meets the aspirations of the developing countries, particularly the Least Developed Countries (LDCs)," he said. "Export subsidies of all forms must be eliminated by a certain date and domestic support substantially reduced under the Doha Round in order to provide market access opportunities to all," Mr Mukherjee said. He said appropriate policy space must be intrinsic to any agreement through instruments such as appropriate formula to reduce tariff and special products and special safeguard mechanism. Even on industrial goods, the developing countries should have flexibility to protect their nascent industry and vulnerable sections of the economy, Mr Mukherjee said at the seminar in which top negotiators, officials and civil society groups from all over the world are participating.

Union commerce and industry minister, Mr Kamal Nath said developed countries should not seek concessions from the developing countries that might jeopardise their economy as they would end up hurting themselves. "If the purchasing power in developing countries comes down who will buy the goods produced by industrialised countries," he said.

Mr Nath said India too wants the completion of the Doha round but would not compromise on its content.

Source: Press Trust of India, New Delhi, 12 March 2007

Firms count cost of plan to cut tariffs under WTO

The department of trade and industry (DTI) has given South African companies, whose products are subject to trade protection, two weeks to submit a list of goods that may be negatively affected by tariff reduction.

The submissions are to help the country prepare for negotiations at the Doha round of World Trade Organisation (WTO) talks, in which tariff reduction on industrial goods is one of the issues to be tackled. Tariff cuts are intended to increase market access for industrial products across the global economy. Laurraine Lotter, convener of business at the department of trade and industry said businesses were being called to argue their cases when products might be negatively affected by tariff reductions. Only a limited number of these products would ultimately be subject to a lower tariff reduction. According to Xavier Carim, South Africa's chief director on international trade, sectors where there were high import duties could be the most affected, and these might come under severe economic pressure if import duties were reduced. They included the automotive and textile sectors.

Tony Ehrenreich, the convener for labour, said any tariff reduction would have to be aligned with South Africa's industrial policy. Employment would have to be protected in any new tariff regime.

WTO negotiations were suspended last July, when the 150 members hit a cul de sac over farm subsidies and tariffs. The talks, however, resumed last month.

The Doha round of trade negotiations could lead to trade benefits between developed and Third World countries reaching \$96 billion (R710 billion) a year. Carim said South Africa and other developing economies were leaning towards a tariff regime oriented to industry development. He said that non-agricultural market access (NAMA) economies had banded together as the NAMA 11, to throw their combined weight behind common issues.

NAMA 11 countries include India, Brazil and South Africa. "NAMA 11 will put development at the centre of the Doha round of trade negotiations," Carim said.

Lotter said South Africa was at a stage where it had to build capacity to gain access into other markets. In addition, some of its fledgling industries, particularly those producing high-value goods, might need protection until they were able to compete with their global peers.

Jack Kipling, the executive director at the Clothing Trade Council of SA, said the formula to be used in the proposed tariff reductions could lead to a negative outcome, with duties on textiles falling from 22 percent to between 13 percent and 14 percent. He said the gross undervaluation of imports into South Africa proved that without adequate tariff protection the local textile industry would be "decimated".

However, the dti said it had done its own research and was awaiting response from the various industries that enjoyed some form of tariff protection.

Source: Business Report, Johannesburg, 16 March 2007

WTO denies changing Taiwan's official title

The World Trade Organization (WTO) says complaints arising over Taiwan's title come from "a lack of understanding of the facts." In an international seminar on fisheries subsidies in Geneva, Taiwan was introduced as "China, Taiwan Province." The Geneva staff later apologized to the Taiwan delegation.

The WTO said it did not host the event and should not be blamed for the mistake. The WTO said it always uses the nomenclature agreed upon when "Chinese Taipei" acceded in 2001. Taiwan's formal title in the WTO is "the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu."

Source: WTO News, Geneva, 12 March 2007

Global warming measures missing in Doha trade round: France

The struggling Doha Round of world trade talks lacks the necessary measures to curb global warming, French Trade Minister Christine Lagarde warned Tuesday. Lagarde has suggested putting the talks on hold, possibly to 2009, and said one of the reasons was a lack of measures to help tackle climate change. "Shouldn't we be much more mindful of environmental issues?" Lagarde asked journalists during a visit to New Zealand.

She said the issue of climate change was "too marginal" to the Doha round of trade talks, which were struggling to meet a June deadline, when the fast-track negotiation powers of US President George W. Bush expire.

The fast-track authority allows Bush to present a single trade bill to Congress for approval or rejection, rather than allowing Congress to amend individual provisions of an agreement. She said: "Climate change just like world global pandemics, just like weapons of mass destruction these are becoming global threats which cannot be tackled unless we reach global solutions and global consensus."

Lagarde said a pause in the Doha round would allow a re-examination of the whole negotiation process. She said getting 150 countries to reach a consensus on trade talks was a Herculean task. The WTO (World Trade Organisation) voting system could be reformed to allow voting to be weighted through various criteria, such as the size of the national economy, she said.

She said chances of a breakthrough before Bush lost his fast-track authority in June were remote. But WTO chief Pascal Lamy was more optimistic about prospects for the Doha round Monday, saying in New Delhi that a breakthrough before the June deadline was "more probable than ever." The Doha round ground to a halt last July. The EU and United States have been unable to agree on the size of cuts in agriculture subsidies and tariffs protecting their farm industries, while rich and poor nations are at loggerheads over trade in industrial

Source: AFP, Paris, 13 March 2007

U.S. willing to make agricultural tariff concessions in Doha talks: US trade rep

The United States is willing to make tariff concessions in its agricultural sector at the next round of the Doha global trade negotiations, visiting deputy U.S. trade representative Peter Allgeier said on Wednesday. "We are prepared to reduce significantly our agricultural subsidies and agricultural tariffs provided other countries who have even higher tariffs and give even more subsidies, such as the European Union (EU), do the same," said Allgeier, also the U.S. Representative to the World Trade Organization (WTO) in Geneva. "Large trading countries have a responsibility to contribute significantly at the talks and to make further concessions," he said. "Agriculture is probably the most difficult aspect of the Doha negotiations."

Allgeier is on a four-day visit to China to seek consensus on pushing forward the Doha talks. During the visit, Allgeier held discussions with Chinese Vice Minister of Commerce Yi Xiaozhun and other agencies and officials. "We talked about what we each are willing to do to open our own markets because other countries look to the major trading countries, such as the U.S. and China, to lead the way and to make contributions to the negotiations," Allgeier said.

The Doha Round of the WTO talks ground to a halt last July because developed nations wished to continue subsidizing their farmers, while developing nations disagreed. China's Minister of Commerce Bo Xilai on Monday urged the United States and Europe to slash their domestic agriculture subsidies, saying the major obstacle to the Doha Round lay in the inaction of the United States and Europe to cut substantially their tariffs on farm produce imports and cut the huge subsidies for agriculture. "The question is how much more is the EU prepared to do in comparison with the U.S.?" said Allgeier.

According to Allgeier, WTO members have already agreed to cut tariffs using a special kind of formula, namely the Swiss formula, in which countries with higher tariffs have to make a larger cut and those with lower tariffs have to make a smaller cut. Both China and the United States have lower tariffs compared to the ones in other countries, typically in large developing countries such as India and Brazil. "Therefore China and the U.S. share a common interest in reducing these tariffs," Allgeier said. The Doha Round was launched in 2001, with the aim of alleviating poverty through fairer trade conditions. But the negotiations stalled in July 2006 due to sharp differences among major WTO members on agricultural trade and industrial market access.

"We are already negotiating very intensively and we hope to complete the Doha Round by the end of this year," Allgeier said.

Source: Xinhua, china 14 March 2007

EU stops WTO probe into banana tariffs

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

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

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

Ecuador, which has a population of about 13.5 million, said it has paid about \$131 million because of the tariff.

Source: Reuters, Geneva, 14 March 2007

Canada Calls for India Free-Trade Agreement If WTO Talks Fail

Canada wants India to consider a free-trade agreement between the two countries if global trade talks continue to falter, a Canadian lawmaker said.

The so-called Doha round of talks among the World Trade Organization's 150 member governments, which are aimed at lowering tariffs worldwide, have stalled because of disputes over farm subsidies. Canada has said it will seek out bilateral or regional agreements in Asia if those discussions fail. "Depending on the outcome of the Doha round, we will assess next steps for meaningful trade liberalization between our two countries," Ted Menzies, a legislator for Canada's governing Conservative Party, said in a speech today in New Delhi. "A high-quality free-trade agreement should be our longer objective," he said, according to a copy of the speech.

Trade negotiators from WTO countries want to complete at least an outline of an accord before U.S. President George W. Bush's negotiating authority from Congress expires at the end of June. Without that congressional mandate, other governments can't be sure that American lawmakers won't alter any deal reached with the Bush administration. Menzies, who is leading a trade delegation to India this week, made the speech today on behalf of Trade Minister David Emerson, who fell ill before the trip. Canada is eager to conclude a foreign-investor protection agreement with India by the end of the year, Menzies also said.

Trade between the two countries totaled C\$3.6 billion (\$3.1 billion) last year, according to Menzies. India is Canada's 14th-largest export market, while Canada is India's 24th-largest, he said.

Source: Bloomberg, Ottawa, 14 March 2007

WTO and the myths about NGOs

One of the striking features of the WTO in its first decade of existence is its remarkable ability to attract attention from NGOs. According to WTO's definition, any entity other than a government is a non-governmental organisation. This means that WTO considers organisations representing business interest and those representing public interest at par. It's true business interest often receives more attention as far as international trade is concerned.

From barely a few NGOs (that too mostly from the rich world) participating in WTO's first ministerial conference in Singapore in 1996, hundreds of NGOs have participated in the sixth one held in Hong Kong in 2005. They represent a variety of interests: business (including small business), consumers, environment and social issues. There are several reasons for this growing interest among the NGO community in WTO matters. Till the Uruguay Round negotiations, which lasted from the late 1980s to early 1990s, international trade issues under the GATT system were mostly confined to those that were mainly of interest to rich countries. For the first time, in the Uruguay Round, issues such as agriculture, textiles & clothing, services, investment and IPRs were brought under the ambit of the multilateral trading system.

These issues concern the lives of the common people and thus NGOs have started taking interest in the multilateral trading system. Even then it was a few NGOs in rich countries, which were active in the field. I remember taking part in the Hong Kong Congress of the then International Organisation of Consumer Unions (now Consumers International) in 1991 where the famous Dunkel draft on the Uruguay Round was discussed heatedly. Unfortunately, many of us from the South were unable to understand what was going on.

Interest of NGOs from developing countries in WTO issues has grown following the Singapore ministerial conference. In 1996, the International Centre for Trade and Sustainable Development (ICTSD) was established in Geneva.

It was a joint initiative of Northern and Southern NGOs, of which CUTS was one of them. Its main mandate was to inform the larger civil society on what was happening in Geneva with regard to the WTO. CUTS also played its bit in its endeavour to develop the capacity of Southern NGOs (particularly from South Asia and eastern and southern Africa) through training and other means.

Even though NGOs' interest in WTO matters has grown over the years, there are yet certain myths with regard to their positions, etc. Often it is perceived that all NGOs are opposed to the WTO. This is a myth. There are a large number of NGOs, which are centrist in their philosophy and do understand the virtues of a rules-based system that the WTO is.

Source: Pradeep S. Mehta, Financial Express, New Delhi, 12 March 2007

WTO Talks Could Worsen Job Climate

Trade Unions Unite against Rising Unemployment: WTO Talks Could Worsen Job Climate Trade union leaders from Brazil, India, South Africa, and other developing countries, traveled this week to a Global Unions meeting in Geneva to deliver a message to WTO members rising unemployment if their countries accept demands by developed countries to open up markets for manufactured goods. The trade unions' visit comes amid increasing pressure on developing countries to accept steep cuts on industrial tariffs in order to unblock the stalled Doha trade talks.

One worker, Badiyah Peterson, a 41-year old clothing manufacturer from Cape Town, South Africa, already lost her job when the swimwear company she worked for was forced to close down because of the surge of cheap clothing imports, mainly from China. Clothing imports into South Africa, increased by 480% in US Dollar value over three years and contributed to 70 000 jobs being lost since 2003 - a third of the entire industry. Stories like Badiyah's are happening to manufacturing workers all over the developing world in textiles, clothing, electronic goods, white goods, paper, plastics, automobile, and metals. "The situation could become a lot worse," said Guy Ryder, ITUC General Secretary "if current proposals at the WTO for draconian cuts in developing country industrial tariffs are agreed to."

Trade unions refuse to leave the fate of millions of workers in the hands of WTO negotiators. They are biting back. Trade Unions from NAMA-11 developing countries- including South Africa's COSATU and Brazil's CUT- have formed a NAMA-11 trade union group to defend the interests of their workers. The trade unions set out their demands in an ITUC press conference today to ensure industries and employments in their countries are protected. "We call upon our Ministers to resist any further concessions in the manufactured goods negotiations," said Jacy Afonso de Melo, CUT-Brazil. "The existing NAMA-11 position already goes too far and will have negative consequences for manufacturing employment and industrial development in our countries." "Our governments must ensure the commitments they make in relation to manufactured goods are in-line with our different stages of development and that adequate flexibilities are built into any final agreement," said Rudi Dicks of COSATU.

The full statement from the Trade Union Alliance can be found here [on November 1 2006](#), the ITUC represents 168 million workers in 153 countries and territories and has 304 national affiliates.

Source: Press Release: International Trade Union Federation, Geneva,

Relief as India hints at watering down spirit import duties

Gavin Hewitt, chief executive of the Scotch Whisky Association, will return from India sniffing victory this week over the punitive tariffs situation after the country's finance minister said that he wants to find an amicable solution.

In a humiliating climb down, minister for commerce Kamal Nath said that India is considering cutting import duties on wine and spirits to avoid having the issue decided by the World Trade Organisation. Speaking from New Delhi after a series of meetings with Hewitt and delegates from the EU, Nath said: "This is being discussed at the highest level in the government. India doesn't want to take it to the dispute settlement level" at the WTO. The breakthrough comes just days after the Indian government shocked the Scotch whisky industry by not cutting tariffs in its budget. At the very least, executives were expecting some concession on a system which subjects all imported spirits to an additional duty of between 25% and 550%.

Hewitt flew out a week ago to tell Nath that the budget was the last opportunity for the matter to be resolved amicably. His case was strengthened as the US administration waded in, officially requesting formal WTO consultations with India.

Deborah Lamb, senior vice-president for international trade at the Distilled Spirits Council, said: "It is time for India to eliminate its WTO-incompatible practices and dismantle the web of additional duties and charges that unfairly blocks imports of spirits and wine." But last night sources close to the SWA said that although they welcome Nath's comments they will not rest until the tariffs have been removed. They are now looking for a favourable WTO ruling within 15 months.

In the next few weeks Peter Mandelson's trade department at the European Commission will notify the WTO that cuts have not been forthcoming and will request the formation of a panel to look at the issue. An SWA spokesman said: "Both the EU and USA have made it clear this week that vague hints of possible future change are insufficient. These have been heard before. India must act quickly to reform its discriminatory tax system or face a WTO panel in the coming weeks. This position has been strongly backed by the SWA in its own meetings with the Indian Ministries of Commerce and Finance."

Despite all the hype surrounding potentially enormous emerging markets in South America and the Far East, they still pale into insignificance compared with that of India. A snapshot of emerging markets across the world shows that, even with India's exorbitant tariff barriers, the country still buys more Scotch whisky than Russia, China, Poland or Turkey. The latest export figures from the SWA show that in 2004 only 700,000 cases were shipped to China, 600,000 to Russia and Turkey and just 200,000 to Poland. This compares to one million cases sent to India.

Source: Scotland Sunday News, 12 March 2007

Developing states oppose WTO rebate

Unions from developing countries demanded on Friday that their governments resist pressure from the European Union, the United States and others for deep cuts to industrial tariffs in global free trade talks. Rich nations, which are under pressure to slash farm subsidies and tariffs, have called for concessions in industrial goods from developing states as a condition for giving ground on agriculture in the negotiations. A group of 10 developing countries, officially called the NAMA-11 and including India, Brazil, Argentina, South Africa and Egypt, has insisted poorer states will cut manufacturing tariffs only by a much smaller amount than developed countries.

But trade unions such as Brazil's Central Unica dos Trabalhadores (CUT) and the Confederation of South African Trade Unions (COSATU) said the NAMA-11 had already given too much away and must make no further compromises. "Trade talks that promised to ... promote the needs and interests of workers in developing countries are not achieving these results," they said in a statement. Negotiations on a new global free trade pact have recently resumed at the 150-state World Trade Organisation (WTO), but there are no signs yet of a breakthrough. Senior diplomats say one must come soon or the 5-year-old talks may collapse.

Brussels, supported by Washington, has proposed setting 10 percent as the maximum tariff for developed countries and 15 percent for developing nations. But the NAMA-11 insists there must be at least a 25-percentage-point gap between the two. "The demands by the EU and the United States on tariff reductions would reduce the level of employment and development (in developing countries)," Rudi Dicks of South Africa's COSATU union group said.

Source: Reuters, Geneva, 12 March 2007

CRNM suggests political approach in gaming dispute

Political “massaging” will be necessary to motivate US compliance in the World Trade Organisation (WTO) Internet gambling dispute with Antigua & Barbuda.

This is the conclusion of a report prepared by the Communications Division of the Caribbean Regional Negotiating Machinery (CRNM), last week. The political massaging comment came in acknowledgement that Antigua & Barbuda is unlikely to be able to pressure the US into compliance with a WTO ruling that its laws create trade restrictions in violation of international agreements. “Not only is Antigua & Barbuda as an open economy highly dependent upon trade with the US but the imposition of sanctions against the US would have de minimis effect on a large economy like the US,” it pointed out. “Not only is Antigua & Barbuda as an open economy highly dependent upon trade with the US but the imposition of sanctions against the US would have de minimis effect on a large economy like the US,” it pointed out.

This position has been acknowledged by Antigua & Barbuda’s gaming authorities, who have committed to some of the massaging techniques mentioned by the CRNM. “These include closer collaboration with sympathetic countries which have greater trade and negotiation resources and more political clout, such as Brazil and China. “It is apparent that despite the ruling, the US has continued to flaunt the rules of international trade in this context... The rule of international law as it relates to trade may be applicable to every state but there are limitations to the extent that these rules can effect fairness in the interaction between states. “As the persistence of the behaviour of the US implies, the rules of international trade may have little effect on the dynamics of power that still characterise the interactions of sovereign states. A philosophical question is presented here – To what extent can international laws really govern the behaviour of sovereign states?” the article stated.

Despite these conclusions, the CRNM has indicated cautious optimism that the US will comply in light of other powerful incentives, such as the resolve to have peaceful international relations and comply with international law as well as the need to show commitment to the principles of the WTO during the recently resumed Doha Round of international trade negotiations.

A less pressing incentive is the likelihood that US non-compliance is likely to impact bilateral US-Caricom relations.

Source: CRNM Web News, 12 March 2007.

China warns US against 'destructive' protectionism measures

China promised to rein-in surging trade surplus with its major trading partners, including India but warned the United States against taking "destructive" and "hegemonic" steps to derail their "win-win" bilateral trade ties.

China resolutely opposes a tariff increase of 27.5 per cent on Chinese goods, which was proposed by some US lawmakers, Commerce Minister Bo Xilai said here yesterday, adding such an increase will be destructive to healthy bilateral trade. "If implemented, such a policy is more than protectionism and becomes hegemonism," he said at a press conference on the sidelines of the parliament's annual session. China's trade surplus with the United States exceeded a record USD 140 billion last year, sparking strong response from the US Congress and media.

Some US lawmakers proposed a 27.5 per cent increase in tariff on all Chinese goods and suggested the most-favoured-nation (MFN) treatment for China be revoked, unless China makes major reforms and changes on foreign exchange policies. However, Bo said the proposals are in breach of the World Trade Organisation (WTO) agreements, while in bilateral trade "China has the surplus while the United States has the profits". "The US traders are wise and we have no grounds for suspicion. They will not do business with China if they cannot make profits," Bo said. He said the development of Sino-US trade is healthy and traders from both sides have reached a mutual beneficial and win-win relationship. Bo's statement came amid the US welcoming China's decision to scrap a perk for exporters that formed part of a landmark WTO case filed by Washington against Beijing. China has announced that it was abolishing an allowance that provided key export companies with a discount of up to 10 per cent on bank loan rates, effective immediately. In early February, the United States hauled the Communist trading giant to the WTO over a raft of "illegal" industrial subsidies in steel, paper, information technology and other sectors.

The two major trading partners are to hold consultations over the dispute at WTO headquarters in Geneva towards the end of this month.

Source: PTI, Beijing, 13 March 2007