

## **EU Accuses Australia of Pro-US Bias**

European Union Trade Commissioner Peter Mandelson criticised Australia on Monday for taking the U.S. side in stalled World Trade Organization talks on global trade liberalization.

The talks in Geneva, Switzerland, were suspended indefinitely last month because of an impasse between the EU and the U.S. over winding back market barriers." At the moment we hear from some quarters, from the Australian government, a lot of bashing of Europe," the former British government minister told Australian Broadcasting Corp. radio. "It's a lot of ritualistic abuse, which we're well used to, but until we see everyone, all the negotiating partners, being asked ... to demonstrate some sort of flexibility, we're really not going any further forward," Mandelson added.

Mandelson said he would not be attending next month's Cairns Group meeting of 18 agricultural exporting countries in Australia, a platform from which Australian Trade Minister Mark Vaile had proposed to restart the round of WTO negotiations that began in Doha, Qatar, in 2001. But Mandelson said the EU would be represented. Despite the U.S. not being a member of the Cairns Group, Vaile invited U.S. Trade Representative Susan Schwab and U.S. Secretary of Agriculture Mike Johanns to attend the Sept. 20-22 meeting in northern Australia.

Both Schwab and Johanns have said they will attend the talks, which Vaile has described as the last chance to salvage the Doha round.

Australia has a free trade agreement with the U.S., which many analysts regard as Washington's reward to Canberra for providing military support for the invasions of Afghanistan and Iraq." I think the Australian government, as a close friend and ally of the United States, really has got to show some realism, or get the United States to show some realism, on farm subsidies," Mandelson said.

The EU says Washington derailed the Geneva talks by failing to offer deeper cuts in subsidies paid to farmers. The U.S., meanwhile, targeted Brussels' failure to ease access to its agricultural market for foreign goods. Mandelson said the Cairns Group meeting is not the only forum at which the Doha round could be revisited.

Australian Foreign Affairs Minister Alexander Downer said Mandelson's criticism of Australia's role would not help the trade talks.

Downer acknowledged Mandelson was in a difficult position, representing 25 European nations with differing views on trade liberalization. "The European Union has not been prepared significantly to improve its market access offer for agricultural products and for as long as it refuses to increase its market access offer, well then, we're not going to get a settlement to this problem," Downer said.

WTO Director-General Pascal Lamy has also accepted an invitation to attend the meeting of Cairns Group trade ministers in the city of Cairns, in Queensland State.

The Cairns Group – which accounts for more than a quarter of the world's agricultural exports – comprises Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

Source: Associate Press, Canberra, Australia, Houston News, 7 August 2006

### **The implications of Doha round collapse**

The most recent of the setbacks for the troubled Doha round of multilateral trade negotiations has brought out the frustrations that some of the major players have felt with the negotiating process.

While both the US and the EU have embarked on a now-familiar blame game, WTO director-general Pascal Lamy has commented that the failure meant that everyone was a loser. But more than evaluating the losses and the gains from the failed attempts to conclude the Doha round, the protagonists need to take a step back and to evaluate the possible reasons contributing to this impasse.

It may be argued that the time-frame for concluding the Doha round was far too ambitious. The Doha ministerial declaration gave the WTO members three years to conclude what was the most ambitious round of multilateral trade negotiations.

The problem with the Doha time-frame can be better understood considering that the previous two rounds of trade negotiations, viz., the Tokyo round and the Uruguay round, took six and seven years respectively to complete.

Furthermore, both Tokyo and the Uruguay rounds were far less complex as compared to the Doha round in two significant ways. In the first place, the negotiating mandates of the earlier rounds were less complex. Secondly, and perhaps more importantly, most developing countries did not figure as effective participants.

In sharp contrast to the earlier rounds, the negotiating mandate for the Doha round had several layers of complexities. First, issues pertaining to the implementation of the Uruguay round commitments were included.

Secondly, the mandate required WTO members to deepen and widen their commitment to trade liberalisation. Thirdly, a set of new issues, which included investment, competition policy, transparency in government procurement and trade facilitation, were taken up for possible inclusion in the negotiations.

And, last but not the least, the development-related concerns of the developing and the least developed countries were included as the guiding principles of the

negotiations. The prominence given to the last mentioned set of issues led to the christening of the negotiating mandate as the "Doha development agenda".

The participation of the developing countries had also witnessed a manifold increase in the Doha round. The backbenchers in the comity of nations had finally started demanding their due share in global trade, much to the chagrin of the larger trading nations.

These countries were arguing for the elimination of much of the market distorting policies that some of the developed countries have used for maintaining their hegemony in some areas. The most vital of these areas was agriculture where much of the comparative advantage of the developing countries was neutralised by the high levels of subsidies granted by the US and EU in particular.

All evidences thus indicate that the Doha round needs more time to see it to fruition. One would argue that this is the necessary but not the sufficient condition for a successful conclusion of the current round of negotiations.

It is the ability of the WTO members to bring down their ambitions in the negotiations to more achievable levels, which holds the key to the successful conclusion of the Doha round.

This view is strengthened by the fact that the negotiating positions of the more active countries in key areas like agriculture and services are so inflexible at the present juncture that the only way of breaking the impasse seems to be through lowering of their ambitions.

But above all, the lesson that WTO members must learn from the Doha round is that trade policy reforms involves a gradual process and that agreements cannot be reached by imposing artificial deadlines.

**Source: Economic Times, 1 August, 2006**

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### **Pressure Mounts to Revive Talks**

Pressure is building to revive global free trade talks less than two weeks after their acrimonious collapse, but some observers caution against a rush back to the negotiating table if there is nothing new on offer.

President Bush and British Prime Minister Tony Blair are amongst world leaders to have issued calls for a quick renewal of efforts to lower barriers to trade.

Australia's Trade Minister Mark Vaile said he wanted a long-planned meeting of the Australian-led Cairns Group of farm goods exporters, set for September 20-22, to relaunch the negotiations that crashed to a halt at the end of July.

But those hopes have been dented by the fact that the European Union (EU) will not attend.

The Brazil- and India-led G20 developing country alliance, however, is also talking of getting together once August, the World Trade Organization's (WTO's) holiday month, is over. "There is clearly going to be a big effort in the (northern hemisphere) autumn to get this thing going again," said John Weekes, trade analyst and former Canadian envoy to the WTO.

But despite the earnest declarations, there is no sign yet that any of the key players is ready to bridge differences in farm trade, the issue that led to the talks' collapse in July.

WTO chief Pascal Lamy suspended the Doha round, named after the Qatari capital where it began in 2001, saying there was no hope of meeting an end-year deadline for a deal.

Source: Reuters, Geneva, 5 August 2006

### **EU: 'Not Much Value' in Australia Talks**

The EU said Friday there was "not much value" in next month's trade talks in Australia and it would not definitely attend unless major trade partners were ready to make concessions.

Billed as the last hope of salvaging a global trade liberalization deal, Australian Trade Minister Mark Vaile said Wednesday that the EU had not responded to an invitation even though senior U.S. negotiators would attend.

But EU spokesman Peter Power said EU officials had not deliberately snubbed the talks, but it would be "extremely difficult from a diary point of view."

"We haven't said definitely that we're not going," he told reporters. "We just wonder about the value of meetings in the absence of any clear indications from certain parties to these talks that they're prepared to move from the position they had in Geneva. "If we get such an indication, then clearly that changes the scenario and people will travel, but in the absence of that there's not much value."

Five-year talks between the World Trade Organization's 149 nations to strike a new global trade deal were suspended indefinitely in Geneva last month because of an impasse between the EU and the United States over winding back market barriers and cutting farm subsidies.

Vaile said he was hoping the two had changed their position, saying they were under public pressure not to let the talks fail.

He said the Sept. 20-22 conference in Cairns, Queensland, would be the last chance of reviving the round of WTO talks that began in Doha, Qatar, in 2001. "It's only half a chance, anyway," Vaile told Australian Broadcasting Corp. radio. "The Round is not dead, but it really is only hanging by a thread. The window is almost closed."

U.S. chief trade negotiator, Susan Schwab, U.S. Agriculture Secretary Mike Johann and WTO Director-General Pascal Lamy have accepted invitations to attend the meeting of trade ministers from the 18 farm exporting countries who comprise the Cairns Group, Vaile said.

The Cairns Group -- which accounts for more than a quarter of the world's agricultural exports -- comprises Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

Source: Associated Press, Brussels, Belgium 5 August 2006

### **Japanese Premier comments on deferral of Doha Agenda**

Prime Minister of Japan and His Cabinet announces that PM Junichiro Koizumi made comment on Suspension of WTO Doha Development Agenda Negotiations, as follows:

It is extremely disappointing that the Doha Round negotiations were suspended as a result of the inability to bridge the gap in negotiating positions. This is in spite of the utmost efforts thus far by WTO Members to reach an agreement.

The suspension is an unfavorable result not only for Japan but for all WTO Members who support and reap the benefits of the multilateral trading system. It is a matter of concern should world economy growth through trade increase stall.

In particular, it is a blow for developing countries that the prospect for conclusion of the negotiations by the end of the year has now become remote. This is in light of the current Round's strong emphasis on benefiting developing countries, especially the LDCs. Japan will provide its utmost efforts towards the early resumption of negotiations, and is committed to setting the negotiations back on track to realize the early conclusion of the Round.

The significance of development through trade does not dwindle as a result of the suspension. Regardless of the suspension, Japan will steadily implement its Development Initiative for Trade that it announced on the occasion of the WTO Hong Kong Ministerial Conference.

Furthermore, Japan will continue to pursue steady progress in the two axes, the WTO and the EPA/FTA's, the former maintaining and strengthening the multilateral trading system while the latter complementing this process.

Japan will continue to pursue vigorously its agricultural policy reform from the viewpoint of "proactive agricultural policy", with an aim to strengthen the viability of the domestic agricultural sector, as well as to establish strategies toward globalization

Source: Reuters Tokyo, Japan, 4, August 2006

### **Vaile floats idea of Asian FTA**

Australia could join an Asia-wide free trade bloc or create its own deal with other free-trading nations across the globe.

Trade Minister Mark Vaile has floated at least two options for Australia if the current round of World Trade Organisation (WTO) negotiations collapses.

The talks have been put on hold indefinitely following the failure of six key nations - including Australia - to agree on how best to slash farm protection, open up industrial markets and cut agricultural subsidies.

Next month, representatives from countries such as the United States will join with the Cairns group of agricultural free nations in talks in Queensland aimed at breathing life into the WTO talks. But Mr Vaile signalled he is already thinking ahead of next month's meeting, outlining other options for Australia if the WTO negotiations collapse altogether. He said one option was for like-minded countries to strike their own deal, and then extend that to other nations that agree to slash their protection levels.

Another option being floated is a free trade agreement (FTA) between Australia, New Zealand, India, South Korea, Japan, China and the ASEAN group of nations. "Our test for whether we enter negotiations will remain as it is today - any agreement should obtain tangible benefits for Australian business," he told the Institute for International Trade. "We won't do an FTA unless it will open markets."

Asia-Pacific businesses backed a similar proposal two years ago but it has so far failed to win political support.

Mr Vaile said he still believed the WTO talks could be salvaged, although he admitted they were hanging by a thread.

He said next month's meeting would specifically address how countries like the US and Japan could become more flexible in addressing "stumbling blocks" to the talks. "The round is not dead, it's hanging on by a thread," Mr Vaile told reporters in Adelaide. "Every now and then you need an event like this to shake a few people up to get focused on what we're trying to achieve and the objectives we're trying to achieve."

Mr Vaile backed up by his Malaysian counterpart Rafidah Aziz, said until the talks agreed on the early issue of a formula for tariff cuts, there was no need for the active input of leaders such as Prime Minister John Howard. "The prime minister has indicated that he's prepared to contact other leaders at a particular stage of the process but there's still quite a bit of detailed work ... that needs to be done before we get to that stage," he said.

Ms Rafidah, Malaysia's Trade Minister, said Australia and Malaysia were frustrated by the failure of other countries - which she refused to name - to move the talks forward. "Individual countries have failed to be proactive in showing flexibility to the degree that they should ... much to the disappointment to the rest of the world," she said. "Some countries are so unreasonable." If they're really serious about the Doha round, and they really mean what they say about having a predictable regime that benefits everybody: the so-called win-win situation, then they had better come on board and agree to modalities to which the majority of us already agree."

Source: Reuters, Australia, 4 August 2006

### **Antigua's WTO Action Triggered By Jay Cohen**

US WTO representative between a rock and a hard place if decision goes Antigua's way.

The Washington Post reports that the US Administration can thank ex-sports book operator Jay Cohen for its embarrassing World Trade Organisation troubles with the tiny Caribbean islands of Antigua and Barbuda.

In an article entitled "Against All Odds" the newspaper says that U.S. prosecutors put Cohen behind bars in 2002 for running an Internet gambling site in the Caribbean country of Antigua and Barbuda. Not long before the prison gates clanged shut, he had learned that the federal crackdown on online betting might violate global trade rules. He persuaded Antigua and Barbuda to instigate a complaint at the World Trade Organisation. "It kind of helped keep my spirits up," he said. Fast forward: Antigua and Barbuda, population 69 000, is winning. The case has become an embarrassment to Washington, one that could result in economic pain. It isn't quite over, but the world's only superpower may have to capitulate to a country whose entire population could easily fit into the Rose Bowl, the Post opines

In 1998, federal prosecutors charged several operators, including Cohen, with violating a 1960s-era law forbidding the use of phone wires for gambling. Convinced that the law didn't apply in Antigua, Cohen returned voluntarily to U.S. soil. The United States imprisoned Cohen for his gambling Web site based in Antigua. "No judge is going to let this stand," he recalled thinking. But a jury

convicted him, the judge gave him 21 months, and the Supreme Court refused to hear the appeal.

Out of the blue, not long before Cohen entered prison in Nevada, a strange letter arrived. He has since lost it. The writer suggested that the U.S. government's position left it vulnerable to a trade complaint. "Is there anything to this?" he asked a lawyer friend.

Turned out there might be: Several years earlier, Washington had pledged in a trade treaty to open the U.S. market in "recreational, cultural and sporting services" to global competition. Cohen alerted the Antiguans. Antigua filed. "Did we not have a duty to our citizens to protect their jobs?" said Sir Ronald Sanders, who was then Antigua's ambassador to Britain and the WTO.

The United States had a seemingly strong defense -- the need to protect "public morals and public order." WTO member countries can ban goods and services that might harm their social fabric, a classic case being the prohibition of liquor imports in Muslim countries. "Gambling in general, and remote supply of gambling in particular, raises grave law-enforcement and consumer-protection concerns," the U.S. trade representative's office said in a legal filing. There was, however, a hole in the U.S. position: The government tolerates Internet betting on horse races and, in some states, lotteries and other games. Numerous U.S. sites, including Youbet.com and Xpressbet.com, let users wager on races over the internet.

This was blatant hypocrisy, the Antiguans claimed, contending that the U.S. position violated a trade principle called "national treatment." The principle essentially requires a government to treat foreign goods and services the same as domestic ones. To outlaw liquor imports, a Muslim country must ban domestic brewing, too. Likewise, the Antiguans contended, the United States can bar citizens from using overseas gambling sites only if it bans domestic sites. Yet Congress has refused to enact a comprehensive ban - in part because horse racing depends on phone and Internet wagers.

WTO judges bought that argument. Antigua won a slam-dunk ruling in 2004, and though an appeals panel scaled it back, Washington was still in a tough spot. The final ruling essentially said that the United States must outlaw all forms of online gambling, including on horse racing, or Antigua wins.

The U.S. government has refused to concede defeat. The Bush administration first vowed to secure legislation "clarifying" that all forms of online betting are illegal. But the horse racing industry has blocked such efforts on Capitol Hill. Next, the administration cited testimony by the Justice Department in April claiming that all Internet wagering across state lines, including that on horses, violates existing laws. That was news to the horse racing industry, and it seems to have had little effect. Even so, the administration

has pointed to the statement as evidence that the United States treats all online gambling the same.

Scoffing, the Antiguan are asking the WTO to declare that Washington is defying its ruling. Many experts expect Antigua to win again, after months of delay.

Source: Washington Post, New York, 5 August 2006,

### **Australia slams EU for trade talks fiasco**

Australia has slammed the EU for playing a major role in the collapse last month of international talks on liberalising world trade. "Why are the negotiations stuck? The simple but familiar answer is that rich WTO Members do not want to substantially open their agricultural markets," said trade minister Mark Vaile on Thursday according to Today Online. "The European Union's offer to cut agricultural tariffs by 51 percent might sound reasonable, but its tariffs are so high that it would make very little difference. Carve-outs for sensitive products would have weakened the result further," he continued.

WTO talks ended in acrimony late in July after the main blocs in the round failed to agree compromise packages on reducing protectionism in agriculture that could have prolonged negotiations. The failure led to public recriminations - the EU was the most vocal in blaming the US for stalling the talks - with several countries suggesting that the so-called Doha round could take years to be revived. "The bottom line is that we will only reach a consensus when we have an outcome that delivers substantial new trade opportunities," said Mr Vaile who is in September organising a meeting of the 18-member Cairns Group focussed on breathing life back into the WTO talks.

Source: Reuters, Canberra, 4 August, 2006.

### **EU rejects Australia offer**

But although the EU has been invited to attend the meeting as well, Reuters reports that both farm commissioner Mariann Fischer Boel and trade commission Peter Mandelson have already turned down the offer. "To be honest, I do not expect to see such an opportunity [for a resumption of talks] in the near future", Mrs. Fischer-Boel is quoted as saying.

Referring to the US, which last month refused to put further concessions on the table arguing that both the EU and developing countries were not giving it enough incentives to do so, the farm commissioner said "I am afraid to say that, for some of our trade partners, 'ambition' was strictly a one-way street. "They understood ambition only in terms of demanding concessions from others, not offering them", she said

Source: Reuters, Canberra, 4 August, 2006.

### **EU to boost competitiveness through bilateral trade agreements**

After the suspension of the WTO Doha negotiations, the Commission looks ready to refocus its commercial strategy on bilateral free trade agreements so as to catch up with the US and Japan.

In February 2005 the Barroso Commission launched a package of measures designed to give revitalise the Lisbon agenda, the strategy to boost growth and job-creation in Europe. When the Lisbon agenda was first formulated in 2000, the aim was primarily to enhance Europe's competitiveness in order to catch up with the US. However, in the last 6 years, new economic competitors have emerged, such as China and India, putting considerable pressure on the European economy and provoking restructuring and job losses in Europe.

In order to keep up with these emerging economies, Europe has to ensure it remains competitive, by pursuing internal economic reforms, strengthening investment in education and skills and promoting innovation.

But, Europe being one of the most outward-oriented economies in the world, with external trade in goods and services accounting for 15% of its GDP, it must also adjust its commercial policies to ensure that they contribute to its jobs and growth strategy.

Trade opening is a major driver of productivity gains through greater competition, which generates innovation; better specialisation; economies of scale; and technology transfers via foreign imports and investments.

Greater openness to trade and investment alone generated a quarter of productivity gains witnessed in Europe over the last 20 years.

Thus, in the face of globalisation, the EU must remain open. But it must also ensure that markets abroad are open to its own exports. European businesses

often find it difficult to access foreign markets due to high tariff and non-tariff barriers, and discriminatory measures applied against foreign companies.

Removing such barriers is particularly important in the services sector, which represents 70% of Europe's jobs and of EU GDP, but which faces higher trade barriers than goods, mostly due to restrictive national regulations, such as technical standards, licensing requirements or national discrimination.

To address these issues, the Commission will outline, in two new Communications due in September or October 2006, a strategy for promoting competitiveness through trade and trade policies and a renewed European strategy for improved market access.

Among the proposed policy options will be the suggestion to start negotiating a series of bilateral trade deals with emerging economies.

This proposal is in stark contrast with the EU's previous trade strategy, in which the focus was strongly on multilateral negotiations within the WTO, and free trade deals were primarily driven by the logic of development or geopolitics rather than economic interests.

This has so far led to the EU developing a strong presence in countries where demand is static but being less well positioned in rapidly growing areas, contrarily to its competitors such as the US and Japan.

Following the suspension of the Doha Round, gaining access to new markets via the bilateral route has taken on a new importance. The EU has already announced its intention to start negotiations for a trade pact with the 10 Members of ASEAN, as well as with Ukraine, South Korea, India and Russia. In November, it will present a strategy for boosting its trade and economic relations with China. The Commission will also be looking to ensure Community access to foreign government procurement markets, an area where EU companies are world leaders (for example in the provision of transport equipment, public works and local services), but to which access is often restricted to national companies. A new "external procurement instrument" will be proposed in view of improving EU access to these markets.

Other areas of activity before the end of the year are likely to include continued action on improving the global enforcement of intellectual property rights and a review of the EU's trade defence instruments, so as to ensure better protection of community interests.

According to EU Trade Commissioner Mandelson's aides, he remains "fully committed" to the WTO as the "engine room" of the global economy, but believes that that bilateral and regional deals can add value to the multilateral approach.

The European Business Federation, UNICE, urged the EU to develop its bilateral agenda, saying "whenever a trading rival signs a deal it puts European business at a disadvantage. We cannot allow that to happen".

The European Services Forum said that the EU must focus on “vastly improving market access for our services exports”, saying that Regional Trade Agreements should clearly be an option for this, but favouring a multilateral approach.

Eurochambers welcomes the proposal for an External Procurement Instrument (EPI), saying existing disparities in access to public procurement markets between the EU and some third countries are “unfair” and that the principle of reciprocity should therefore be applied. However, it stressed that “the EPI has to be understood as a tool to opening up third countries markets to European companies rather than closing EU markets to extra-EU competition”.

Source: Reuters, Brussels, Associated Press, Brussels, 5 August 2006

### **Schwab approves formal repeal of “Step 2” cotton program**

U.S. Trade Representative announces that the U.S. Trade Representative Susan C Schwab issued the following statement to mark the repeal of the “Step 2” cotton support program. “I am pleased to recognize the repeal of the Step 2’ cotton program. This action demonstrates the strong U.S. commitment to abiding by its WTO obligations and reflects U.S. support for the rules-based trading system. “I appreciate that the Administration and Congress could work together to address this issue.

The Deficit Reduction Omnibus Reconciliation Act of 2005, S. 1932, which President Bush signed in February, repealed the Step 2 program effective August 1, 2006 and implements recommendations and rulings of the WTO in the dispute brought by Brazil against certain U.S. agricultural programs, principally related to cotton.

Repeal of the Step 2 program terminates export subsidies and import substitution subsidies cited by the WTO. The repeal also addresses a WTO finding regarding suppression of world cotton prices. The repeal of the Step 2 program builds on the significant implementation efforts first undertaken by the Administration in July 2005, when it took administrative action to eliminate the WTO-inconsistent aspects of export credit guarantees.

Source: USTR Office, USA, 4 August 2006.

## **Canadian Law Authorizing Sale of Generic Drugs in Low-Income Countries Has Not Helped Export Drugs**

Almost two years after Canada amended its laws to allow drug makers to manufacture and export less-expensive, generic versions of patented drugs -- including antiretroviral drugs -- to developing countries, no drugs have been exported as a result of the law. The Canadian Senate in May 2004 approved Bill C-9, which former Canadian Prime Minister Jean Chrétien introduced in November 2003 in the House of Commons. The law, which was modeled after an agreement signed by World Trade Organization officials in 2001, says that generic manufacturers must charge developing countries who request low-cost medicines 25% of the Canadian market cost of their brand-name equivalents. The law was meant to take advantage of a WTO agreement provision that allows countries signing the agreement to grant compulsory licensing of drugs during national health emergencies.

Rachel Kiddell-Monroe, the Canadian head of Campaign for Access to Essential Medicines, said Canada's law on drug patents is more confusing than the WTO agreement, adding that a primary problem is the law says brand-name patent holders and generic manufacturers must have voluntary negotiations before the government ordering the less-expensive drugs can receive a compulsory license. "And voluntary negotiations between (these competing) companies are always going to be difficult because, unless the companies want to give each other permission, ... they're going to bring in the lawyers, and it's going to get complicated," Kiddell-Monroe said. She added that there should be an automatic process, where if a country requests a generic drug from a manufacturer, the government grants the compulsory license. In addition, Kiddell-Monroe said that the law requires "bureaucratic and administrative procedures" that make it too slow to effectively fight the spread of HIV. Kiddell-Monroe is scheduled to appear at the XVI International AIDS Conference in Toronto, where she is expected to call for the streamlining of this legislation. She is also expected to urge the international community to pass legislation that would speed the delivery of drugs to developing nations. Erik Waddell, spokesperson for Health Minister Tony Clement, said the government is "actively reviewing the program right now," adding that improvements will be made if they are necessary. He added, "Obviously there's an interest in helping victims of HIV and AIDS get the help they need, and we're interested in providing that help where we can, and we're going to look at the current legislation".

Source: Toronto Star, Canada, 4 August 2006

### **India not to move WTO panel on MFN status issue**

Indian High Commissioner to Pakistan Shivshankar Menon said on Thursday his government will not challenge Pakistan in WTO for not granting MFN status but the issue would be taken up in the upcoming Safta Ministerial Council meeting. "We have not changed our position of not to take up the issue to dispute settlement body of WTO. However, New Delhi has requested the Saarc Council's of Ministers to review Pakistan's decision not to offer India trade on the basis of sensitive list, which was restricted to positive list of 773 items," said Mr Menon in response to a question following a speech to the traders at Islamabad Chamber. The envoy said that the date for the council meeting would be announced shortly.

Mr Menon said the restriction of the scope of Safta to positive list with India would jeopardise its implementation and affect all the contracting states. He raised serious questions by saying if this was Pakistan's intention, why did Islamabad negotiate a sensitive list of products, which would be outside Safta tariff concessions with India? He said this was not only a question of commitment to Safta and Saarc but one of Pakistan's credibility to undertake and implement good faith negotiations. A businessman told this scribe that how many provisions of the Safta agreement Pakistan would quote, the fact remained that Safta had been negated in its true spirit. This ill-conceived treaty which was not properly negotiated by Pakistani trade wizards would attract bad name to the country at international level, he added. The Indian envoy also asked for free transit trade to Central Asian Republics, Afghanistan through Pakistan. He said Pakistan could increase its export to India to the tune of over \$1.8 billion if trade with India was no longer made subject to political calculations and extraneous factors. Moreover, if measures like to transport through border, steps to simplify shipping, banking, travel and other links were taken.

Answering a question, he said that he did not mean that trade should be de-linked from the political issues. He said all the issues should be taken up simultaneously and should not be connected with one another. He also quoted Indian chambers estimation that bilateral trade could grow to \$11-12bn following the liberation of trade between the two countries. He pointed out complementarities existed between the two countries in the sector of agricultural products, tires, minerals, iron and steel, chemicals and pharmaceuticals, automobiles and their spare parts, leather, new and renewable energy technology and cooperation between small and medium enterprises. He said Pakistan was a competitive supplier of cotton goods, particularly men's apparel, home textiles and fabric.

Speaking on the occasion, Islamabad Chamber President Abdul Rauf said that there are many visible and invisible barriers in spite of MFN status, that make

Pakistani products penetration into Indian market difficult, which he said required to be removed.

He said that Indian government has imposed high duty on Pakistani basmati rice. Moreover, Pakistan's textile sector, especially cotton yarn, bed linen, terry towel etc., should be given level-playing field.

Source: Reuter, Islamabad 3August 2006.