

Table of Contents

Title	pages
NZ Trade Policy: Doha Suspended – What Next?	1-14
India sets sights on Africa	14
Libya joins Comesa as full member	15
Hafiz tells G-20 meeting: Allow quota-free market access soon	16
	17
Develop alternative trading system: NGOs to G-20	
Vietnam is ready for WTO accession, EU commission chief says	18
Court scraps EU cotton aid regime	19
<i>Stalled WTO talks 'in repair,' Lamy says</i>	20
South Africa to Strengthen Relations With India	21-22
Africa: Intra-Trade Will Tackle Poverty - Minister	22-23
Vietnam submits tariff plan in preparation for WTO entry	23-24
Eager for results, EU, Asian to send climate change message at summit	25-26

NZ Trade Policy: Doha Suspended – What Next?

Hon Phil Goff, New Zealand Minister of Trade's Speech Notes: Speech to University of Auckland Business School, Thursday 7 September

We don't pursue trade objectives in a vacuum. I want to discuss the interplay between what's happening in international commerce – the large and rapid changes affecting business – and the way our trade policies are evolving. I need to talk about the World Trade Organisation and specifically the recent suspension of the Doha negotiations, which raises some tough issues for us. The other main track in our trade strategy is free trade agreements. I'd like to explore what we can and can't expect to achieve out of bilateral FTAs and wider regional initiatives – and some of the issues that arise as we push down this track.

Finally I'd like to spend some time on what we need to do to capitalise on the trade access we already have. The efforts basically have to come from business but as a government we have to keep asking ourselves what we can do to support private sector initiative.

Continuity around multitrack strategy

But let me start with the basic shape of our trade policy framework. Over the years there has been a high level of continuity in overall strategy. We have generally had a bipartisan view around the broad approach. We operate on multiple tracks.

Of these we have traditionally given top priority to multilateral trade rules and trade liberalisation under the GATT and World Trade Organisation. CER, the world's most comprehensive free trade agreement, has been a key focus of our trade policy for over 20 years, and a model for what is possible when two countries seek to reduce barriers to doing business. But we have also looked for opportunities to negotiate better trade conditions through bilateral free trade agreements or economic partnerships – such as our deals in recent years with Singapore, Thailand and Chile and our current negotiation with China.

We have also looked for wider regional deals, with a focus on the Asia-Pacific region. Last but certainly not least there is the unilateral track – domestic policies that help nurture international linkages and support our trade strategy. Working

in parallel on multiple tracks has a cost in terms of demands on negotiating resources, but there are good reasons for it: each track offers potential gains and we simply don't have the powers of prediction that would allow us concentrate our efforts more narrowly. We have to spread our risks. Broad continuity – but need to check settings periodically

The general outlines of that multitrack approach have remained in place over a number of years. Continuity in trade strategy is generally a good thing. Traders don't want sharp or rapid changes of direction. They want as much certainty as they can get about the environment in which they are going to operate. And exporters in particular want to know they have the government working with them to get better market opportunities.

But you also need periodically to check your assumptions and your policy settings. We need to keep up with changes in the international business environment. The recent breakdown in the WTO negotiations for the time being puts on holds one of the key pieces of our strategy. There is a flurry of activity on regional and bilateral free trade agreements. How should we respond to these?

Impact of change in international business environment

I start with the business environment. As a government we have to ask ourselves what “globalisation” – or all the changes that are loosely bundled together under that tag – means for our policies. We're talking about trends such as the following: The progressive freeing up of trade in manufactures – to the point where manufactured goods generally trade among OECD markets at or close to duty-free.

The revolutions in the capacity, speed, cost and reach of information technology, communications and transportation – with the prospect of broadband driving further rapid change in the period ahead. The development of global supply chains where the value and profit increasingly lies in the design, marketing, branding and distributions – or putting it into trade-speak, in the services and intellectual property rather than in the manufacture of a product. We see this phenomenon even in New Zealand with companies such as Pumpkin Patch and Icebreaker. The move to specialisation within these global supply chains. And related to that, the impact of extensive outsourcing and even off-shoring across national borders. The phenomenal impact of East Asian producers, particularly China, on the economics of manufacturing – and the pressure that puts on smaller-scale or higher-cost manufacturers in New Zealand. With tariffs falling, non-tariff barriers to trade – issues at the border such as quarantine, rules of origin or customs procedures and behind-the-border issues such as standards and technical regulations – have a growing impact. Our continuing struggle – notwithstanding the promise of the Uruguay Round –

to make headway against entrenched discrimination against agricultural trade. The extent to which services are increasingly driving innovation and growth within OECD economies. But alongside this, the fact that expansion of trade in services is held back in many sectors and many markets by access or regulatory barriers.

Related issues in investment – the fact that new opportunities in both goods and services trade are often tied to investment, and the extent of investment barriers in some markets. What does globalisation mean for trade policy? That’s just a quick look at some features of the changing business landscape.

But what does it all mean for trade policy?

The first is that the distinction between domestic and external is increasingly artificial. For a wide range of products and services we are now part of a global marketplace. If we are to prosper we have to be able to work effectively in a dynamic and competitive global market. We should not be under any illusions about the scale of the challenge. Our exports account for only 28% of GDP against an OECD average of just over 40%. Furthermore, it is estimated that only 360 firms export more than \$10 million a year and only 50 export more than \$75 million. We need to see more firms exporting, and exporting more.

David Skilling from the New Zealand Institute has recently suggested a number of things that could be done to help lift New Zealand's international engagement. Among them were changes to our taxation and savings regimes and encouraging the international expansion of state-owned enterprises. These are all areas the Government is considering or already acting upon. The underlying point is that trade strategy more than ever has to be tightly integrated with wider economic policy – and reflect an essentially open and outward-looking perspective.

The second point is that we can’t afford to focus only on the potential gains from agricultural trade reform, which have dominated our negotiating effort for generations. We shall keep working for reform of agricultural trade for obvious reasons. But we have to keep asking ourselves whether there is more we can do under the new trade agenda. In a discussion with sectoral leaders earlier this week, I was given some strong messages by software exporters for example, on their need for political and diplomatic support in markets where others are using political muscle to gain advantages over New Zealand competitors in competing for contracts. At the same meeting, there was a strong emphasis on the need to put high on our list of trade priorities the protection of intellectual property – the ideas, designs, techniques and so on developed by New Zealand innovators.

The importance of securing investment opportunities offshore and the challenge of dealing with "behind the border" issues involving local regulators also came

through strongly in that discussion. So we need to take a broader view of “trade”. If we want to earn our way in the global economy of the 21st century we have to look beyond the old paradigm of shipping product off to foreign markets and find opportunities in a much wider variety of international economic linkages.

Suspension of Doha process

But before I go too far down those tracks let me come back to the traditional trade agenda. The suspension of the WTO negotiations at the end of July is bad news for the world trade system, even if it was not a total surprise.

Why does it matter?

There are straightforward economic reasons. The Uruguay Round was worth around 1% of GDP to New Zealand. In round terms we would expect gains of a similar order from a successful Doha Round. There are systemic reasons. The WTO is a pillar of the multilateral system, alongside the UN – and demonstrably more successful. WTO rules have obvious importance to the less powerful members of the international community. Notwithstanding the imperfections of the process and the results we can expect the WTO and the Doha negotiations are also a central element in the global development agenda. We could go into each of these points in some depth. But the bottom line is that the stakes are extremely high for New Zealand and for the whole membership.

The immediate question is where this leaves the negotiations. The suspension of the process obviously carries risks of longer-term failure of the Doha Round. That in turn presents real risks to the WTO as an institution. Not that we can write the process off yet. Completing a multilateral trade round will always mean a rollercoaster ride. The previous Uruguay Round broke down several times before it was completed in 1993.

The current round started badly with Seattle in 1999. It was finally launched in Doha in Qatar late in 2001 as the smoke was still rising from the World Trade Centre in New York. There was an ugly breakdown in Cancun in 2003 followed by a successful salvage effort, which produced the July 2004 framework deal in Geneva. The heart of that deal was the EU's agreement to eliminate all export subsidies – though agricultural exporters had to agree to live with softer treatment for sensitive products. The negotiation was kept alive in Hong Kong at the end of last year.

In the first half of this year we struggled to get a real negotiation going. I had opportunities to talk to key players on a number of occasions – Davos in January, Washington in April, Paris in May and Ho Chi Minh City in early June. The signals we were getting in private over this period suggested real movement was possible.

But when we met for a make or break ministerial Green Room in Geneva at the end of June that did not translate into the sort of negotiating flexibilities that were needed to get a real negotiation under way. And in spite of a push from G8 leaders in St Petersburg the talks finally broke down, as you know, when a smaller core group of ministers met in a final attempt to find a breakthrough at the end of July.

The WTO Director-General, Pascal Lamy, concluded – I think correctly – that he had no option but to suspend the negotiations for the time being.

Does WTO structure make a deal impossible?

Some have argued that the structure of the WTO – now with 150 members and consensus decision-making – makes it impossible to get a deal across an agenda as complex as Doha. Frankly, however, I don't think that's the real problem. The formation of the G20 essentially a grouping of the larger developing economies – before Cancun in 2003 effectively gave us a much simpler negotiating structure on the core issues. The market access and subsidy issues are primarily negotiated among OECD and G20 members. For issues on the wider negotiating agenda, including those of specific interest to the smaller African, Caribbean and Pacific economies, the "Green Room" brings together representatives of the each of the main groups.

And in any case, the immediate cause of the current breakdown was the failure of a handful of key players – starting with the European Union, the United States, India and Brazil to find a way to move forward on three key problem areas: agricultural market access, agricultural subsidies and industrial tariffs. To get progress from here on, Brussels and Washington will first have to build an understanding on the basic parameters of a deal on those issues and then get wider buy-in from G6 colleagues. There would then be a good chance that we could build that up into a full deal through the Geneva negotiating groups, even if the technical challenge of completing detailed legal texts and country schedules should never be underestimated.

If they couldn't do a deal in July what is going to be different in future? Why do we imagine it can be revived any time soon? Many commentators are now talking about writing off the Doha process altogether – or for some years at least.

If the process is suspended for that length of time there is no guarantee that it will, in fact, be revived. There is certainly that risk. But for a New Zealand trade minister to take that as a *fait accompli* right now would be quite the wrong response, for several reasons.

New Zealand in particular is not ready to write off the Round. First, we have a large stake in the success of this round. As long as there is some prospect of reviving and completing the negotiations we have to push hard to achieve that. Failure of the Round risks the resurgence of protectionism in some key countries, and countries shifting their trade focus to other areas.

Second, key players still insist they are committed to a result. I spoke to four of the six G6 ministers recently in Kuala Lumpur. I spoke to Peter Mandelson and Celso Amorim earlier in August by phone. I believe each is genuine about wanting to revive the process before the end of the year – even if they were unable as a group to find a way forward in July in Geneva and even if none of them right now can quite see how they are going to get things going again.

Third, from what we know of positions on key issues and the way they have evolved, especially since Hong Kong, I am not persuaded that the gaps are unbridgeable. The issues are sensitive but they don't ultimately match the scale of the problems that faced Uruguay Round negotiators. They now require essentially political rather than technical solutions. And finally it would be wrong to assume that the big players can casually watch the negotiations go down the drain. The law of the jungle ultimately gets very tiring even for the elephants. The big players have their own reasons for wanting to preserve a viable system of multilateral trade rules. And the Doha process is the only way to lock in agricultural subsidy reforms that each of them wants to see happen.

Stay close to the action

I will be keeping in touch with the main players, starting later in the month at a ministerial gathering in Cairns. I'll be in touch with other ministers before then by phone, particularly to get a read-out from the meetings in Rio this weekend involving G20 and G6 ministers. I don't do this simply to be able to say I know what's going on. Our track record shows New Zealand has the capacity to make a real difference.

Part of this is through the individual efforts of people like Mike Moore, Jim Sutton, Tim Groser and Crawford Falconer in the Uruguay Round and in the Doha Round. Partly it reflects our capacity to look beyond narrow commercial interests and focus on the big deal and how to pull it together – many of my counterparts have to put most of their energy into managing defensive

sensitivities at home. And in Hong Kong in December I was impressed by our ability – again in contrast to many others – to work as a combined New Zealand Inc operation involving government, industry and NGOs on the same team.

So I expect the Doha process to remain top of my list of priorities for the remainder of this year and through the first quarter of 2007, at which point we shall know whether we have a chance of completing a deal. We shall be preserving our capacity in Wellington and Geneva and other posts to stay close to the behind the scenes action over the next few months and to re-engage in the actual negotiations when and if they resume.

Where does this leave free trade agreement?

With the Doha process temporarily on ice people are asking about alternative ways of pursuing trade objectives. I talked earlier about our multi-track trade strategy. Free trade agreements – either bilateral deals between two countries or initiatives involving a wider group or region – are a key plank in that strategy. New Zealand along with Singapore and Chile led the wave of FTA initiatives in the Asia-Pacific region in the early part of this decade – at a time when many others were cool on the idea.

FTA trends

That has changed. Everyone is now playing the game. The United States has looked for bilateral deals outside North America, particularly with key security partners in the Middle East, Latin America and the wider Asian region. China has dipped its toe into the water, starting with New Zealand and Chile. Now Japan, Korea and Canada are active though their focus is on deals with major economic partners

We are also seeing a fresh wave of long-range free trade agreements – outside the immediate region, in other words. Earlier this year, for example, EU trade commissioner Peter Mandelson announced his intention to launch a new set of FTA initiatives with a focus on the major trading economies of Asia. He has since had preliminary discussions with Korea and ASEAN. We have been involved ourselves in one groundbreaking initiative: the Trans-Pacific Closer Economic Partnership – better known as P4 – links three regions: Latin America, Oceania and Southeast Asia (membership is Chile, New Zealand, Singapore and Brunei). This shift to agreements bringing together countries separated by long distances reflects apart from anything else the impact the transport and communications revolutions have had on the economics of trade and the importance of distance.

Regional agenda

I have been talking here mainly of bilateral deals. But a new element in the trade agenda is the emphasis going onto wider regional arrangements. Regional agreements are not new. They take many different forms. The European Union has grown from a limited customs union to a large and complex structure involving extensive economic integration. The NAFTA agreement is more limited in scope but still basically achieves free trade among the three big economies of North America. Negotiations for a wider Free Trade Area of the Americas have been under way for some years.

In 1994, APEC, the pre-eminent Asia-Pacific trade and economic forum, set the ambitious target of "free trade and investment in the region by 2010 for developed economies and 2020 for developing economies." But much of the most valuable work in APEC has been done at the softer end of the trade and economic agenda – for example in trade facilitation and technical cooperation.

Regional architecture is a current issue for New Zealand trade strategy. There is a lively debate in North and East Asia about shaping trade architecture to reflect the economic integration that is taking place within the region. Underlying this is some heavyweight jostling for geo-strategic leadership in the region. Last month in Kuala Lumpur trade and economic ministers from ASEAN met counterparts from China, Japan and Korea (the “plus three”) and India, Australia and New Zealand (making up the “plus six”), along with the United States. The discussion ranged from bilateral deals already under negotiation – such as our negotiation involving ASEAN and CER – to much larger structures. Also hovering in the wings was an idea that has been around for several years for a free trade deal among all members of APEC – a Free Trade Area of Asia and the Pacific.

New Zealand interest in regional architecture

It's not easy to work up excitement about a list of acronyms. You might ask what interest we really have in the difference between the alternative ASEAN Plus Three and ASEAN Plus Six models and APEC – particularly if you accept, as I do, that none of them is likely to get to the point of a formal negotiation in hurry.

But from a New Zealand perspective there is a basic difference. We're not part of Plus Three; we are part of Plus Six; and of course we are part of APEC. And reflect on the size of these groupings: ASEAN+3 accounts for 22% of world trade; ASEAN+6 for 25% and APEC 46%. You can see why we can't afford just to watch from a distance. If we are going to have new trade and economic architecture that reflects the growing economic integration of the region we want to be at the table, not watching from outside the room. Don't write this off as process in

search of a goal. We need to think globally – but our economic destiny lies primarily around the margins of the Pacific basin. We have a vital stake in how our neighbours choose to develop regional economic and political and security structures and how we are included.

Issues around FTAs

The recent proliferation of FTA activity and the increasing involvement of the big OECD and emerging economies is making it tougher for us. It increases the risk of our being shut out of key deals. If that happens New Zealand exporters end up at a competitive disadvantage. We obviously don't have the economic leverage either to let us block FTAs that discriminate against us or to demand matching treatment. With this new wave of FTAs there are big questions about the feasibility of negotiating real liberalisation in markets where there is entrenched protectionism around sensitive sectors such as agriculture. On top of that I have heard questions about the real gains from negotiating FTAs in markets that are already relatively open – such as Singapore and Chile.

For these reasons some might argue that there's not much to be gained from pursuing FTAs at all. In the real world that is not an option. We cannot forego opportunities to improve market access for New Zealand exporters. If our competitors are gaining an advantage through deals they have negotiated we can certainly not afford just to stand by and watch.

And there are wider reasons.

One is our goal of progressively freeing up world trade. Precedents are powerful things. Our success in negotiating tariff elimination with developing economies such as Chile and Thailand establishes a benchmark. That sets a standard that others know they will eventually come under pressure to match – either through unilateral liberalisation or through FTAs or in the WTO process. Those benchmarks also have value when we sit down to negotiate with much larger partners such as China: we can point to results achieved in negotiations elsewhere.

What are our specific FTA targets?

With the Doha negotiations on ice for the time being people are asking not just whether we are going to shift our negotiating effort to FTAs but also what our specific targets are going to be.

We have existing agreements with Australia, Singapore, Thailand and, through the P4 agreement, with Chile and Brunei. We have a large negotiating agenda already with China, Malaysia and ASEAN. Beyond that it is not hard to identify

targets for new FTAs. There are good potential gains from better access to any of the major Asia-Pacific economies – the US, Japan, Korea, Canada or Mexico – as well as the EU. The same economies are important as potential sources of investment, something we would expect an FTA relationship to stimulate. Then there are the other large emerging economies such as Brazil, India, Russia and South Africa. Here the likely early gains from better access under FTAs might be limited. But closer ties with these economies obviously offer long-term potential. They would have to be seen as part of a New Zealand FTA target list. So would the Pacific, with 1.1 billion dollars of New Zealand exports currently going to our island neighbours. Our wider relationship with these countries makes them a special case.

This leaves us with a long list of potential FTA targets. The question is whether we should have a shorter list. Obviously we couldn't negotiate with all of them at the same time. To be frank I can't see much point in chopping back this list. The reality is that we'll have to look for opportunities and grab them as they present themselves – assuming in each case that initial soundings confirm that we can look for a balanced deal with worthwhile gains.

Getting to the negotiating table

Wanting to get a deal is one thing. Getting to the negotiating table is quite another. There are several lessons from experience to date. One is that it is relatively easy to get together with smaller partners with relatively open economic and trade policies. New Zealand, Chile and Singapore have all been active in the FTA game for some years and it is no accident that we have been successful in negotiating agreements with each other. We've also found that we can attract interest from larger countries that are relatively new to the FTA game and want early experience of negotiating a high-quality agreement. That was certainly part of China's motivation and I think also played a part in Malaysia's decision to enter negotiations with New Zealand.

Finding big partners is harder. Beyond that the lessons are tougher. Big economies will tend to give priority to their larger trade partners. The numbers are simply more attractive. They will generally depart from that rule only if they have special strategic or political reasons for doing so. And they will look warily at candidates whose export profile presents them with special negotiating challenges. If you reflect on the list of potential FTA targets I ran through earlier you will see that we are up against it. Potentially looking at much more broadly based agreements

We are not going to be able to rely simply on our appeal as a trade partner. In seeking to engage with the larger OECD economies we face a different challenge.

If we want to go down this path we shall have to construct more broadly based relationships within which we can make a persuasive case for preferential trade and economic ties. The multi-faceted relationship we have with Australia – admittedly a special case – gives you one point of comparison.

This sort of venture will require some careful thinking not so much about what we can get from a relationship but what we can bring to it and how deeply we can see ourselves engaging. And it is a question not just for the Government but also for business, academic institutions and civil society more broadly.

In the short term ...

There is a glimpse of the longer-term challenge. In the meantime there are things we can get on with. I flagged earlier the importance I attach to giving New Zealand exporters a level playing field wherever possible.

The members of the Gulf Cooperation Council – Bahrain, Kuwait, Qatar, Oman, Saudi Arabia and the United Arab Emirates – have embarked on a process of negotiating FTAs with a number of economies, including the EU, Mercosur, India, China, Japan, Australia and Pakistan. During a visit in March I sounded out counterparts in the region about an agreement with New Zealand. I was pleased to hear overnight that GCC foreign ministers have confirmed their readiness to enter negotiations for a bilateral free trade agreement. Although GCC tariffs are generally low, our competitive edge in those markets could be eroded by agreements the GCC is negotiating with our competitors. This decision offers an opportunity to reach an agreement that would preserve our competitive position and boost export returns from a group of markets that took \$720m in New Zealand exports in the year to June 2006.

I expect there will be further opportunities to make incremental gains in markets. The new Peruvian government, for example, has announced following discussion with Chile that it is considering the possibility of joining the P4 agreement. That would be welcome. Meanwhile, with Mexico we have been engaged in a process looking at ways to strengthen the trade and economic relationship and we look forward to talking to the new Calderon administration there about what might be possible in this area.

Trade negotiations are about opening the door to new trading opportunities by removing or reducing obstacles to trade. The challenge is then, of course, to ensure that New Zealand companies are in the position to go through the door to take advantage of these opportunities. Nomination of 2007 as Export Year is one way of focusing government, private sector and public attention on building the capacity and capabilities of New Zealand exporters. As one level, this will

involve changes in the broader macro-economic and local environment arising from reviews of business tax, the regulatory framework and assistance to export businesses.

At the company level, Export Year provides the opportunities to build networks of exporters and to share information on export opportunities. Experienced exporters will be encouraged to mentor and provide advice to others, newer to the field, about meeting the challenges of exporting, developing markets, raising capital, investing offshore – and so on.

Export Year is also a chance to raise aspirations and awareness about exporting, both within companies and in the public more generally. It provides the platform for the private sector and government to work together on an ongoing basis to develop export strategies designed to improve New Zealand's performance.

Within this, it will allow New Zealand Trade and Enterprise to expand and develop specific and successful programmes and activities, which support New Zealand exporters. I welcome the fact that one of New Zealand's most successful exporters, Ken Stevens, of "Glidepath" has taken on the task to champion Export Year, working in conjunction with others such as Peter Maire, Stephen Tindall and David Skilling, to maximise the prospect of its success.

Conclusion

I've touched on change in the business environment. We have discussed the uncertain prospects for the WTO and the Doha negotiations. I have talked about the new complexities around FTAs and regional architecture. Across much of the trade agenda I think it is a case of maintaining our course, for reasons I have explained.

We'll need to sustain our efforts in the WTO, acknowledging that the multilateral system and its rules remain the foundation stone of the global trading system. Within the FTA agenda, likewise, perseverance is a key theme: working actively to find opportunities to negotiate economic partnerships and be open to those offering long-term potential rather than short-term gains.

We need to give further thought – government and the private sector – to the special challenges we face if we want to develop more extensive trade and economic relationship with the larger developed economies. In the big capitals of the northern hemisphere we shall struggle to get traction on economic grounds alone. To get to first base we shall need to be able to demonstrate that there are benefits in both directions from a more intimate political and economic relationship, within which opening up trade access is only one element. And that

puts the onus on us – New Zealand Inc. – to show what we can bring to the table across a wider agenda. An element in making that case will be how far we succeed in taking full advantage of the economic integration opportunities we have under CER and other FTAs.

We need to identify and capitalise on new opportunities. Some of those will come through conventional market access negotiations through the WTO and FTAs but many will depend on the capacity of New Zealand firms to find market niches for new products and services and business linkages. Above all a core function of our external economic policies, including our trade negotiating effort, is to signal as clearly as we can to New Zealand economic operators, as well as potential partners offshore – that our orientation is outwards, open and welcoming and that we see, emphatically, our future as deeply integrated into the global economy.

India sets sights on Africa

Mangoes stand piled high in red, orange and green stacks, a traditional sight on the roadsides of Senegal during the harvest season. Few here know the "king of fruits" came originally from India. But most are aware of a more recent import, the Tata bus, fast becoming as common as mangoes on the streets of the capital Dakar and a symbol of India's growing presence in West Africa. "Increasingly we're focusing on West Africa and southern Africa and the SADC (Southern African Development Community) countries," Parbati Sen Vyas, India's ambassador to Senegal and four neighbouring countries, said in an interview. "We are looking at these countries because they are rich in resources, but there is a very significant political role also."

Indian traders and businessmen have lived and worked for generations in eastern and southern Africa, where many of their countrymen moved as labourers for Britain's former colonies. But links with the continent have taken on what Vyas called "a new dimension ... a new vitality" in recent years as firms have broken traditional geographical and industrial boundaries. India's role mirrors that of neighbouring Asian giant China, which has launched a diplomatic and trading offensive to win friends on the resource-rich continent and secure supplies of oil and other minerals to fuel its fast-expanding economy. "We don't compete with China - China has more resources. In a more modest way we have a foothold here in these West African countries. It is a commitment

to mutual cooperation, mutual benefit," Vyas said.
Source: Reuters, Dakar, Senegal, 7 September, 2006.

Libya joins Comesa as full member

Libya has completed the process of ratification to the Common Market for Eastern and Southern Africa (Comesa) Treaty, thereby gaining to full membership.

The Libyan permanent representative to Comesa, Khalifa Swiex, officially deposited the instrument of ratification/accession to the treaty establishing Comesa on Tuesday. "The formal depositing of the instrument of ratification/accession to the Comesa treaty by the Great Socialist's People's Libyan Arab Jamahiriya completes the process of the country's acceding to full membership of Comesa," the representative said.

Libya was admitted as a member of Comesa at the 10th summit of the Comesa Authority in June 2005. Swiex, who is also Libyan Ambassador to Zambia, said he had always appreciated the activities of Comesa as one of the main building blocks of the African Economic Community and the African Union. Ambassador Swiex also emphasised Libya's commitment to the aims and objectives of Comesa in the attainment of sustainable economic development of the region. Swiex said with the formal depositing of the instrument, Libya would play an increased active role in all Comesa programmes and activities.

And acting Secretary General of Comesa Ambassador Nagla El-Hussainy expressed gratitude to Libya for completing the ratification process. Ambassador El-Hussainy said Comesa looked forward to Libya's participation in all its programmes including the Comesa Free Trade Area and the forthcoming Customs Union that will lead to improved cooperation with other member states.

Source: Reuters, Tripoli, Libya 7 September, 2006.

Hafiz tells G-20 meeting: Allow quota-free market access soon

Bangladesh's Commerce and Water Resources Minister Hafiz Uddin Ahmed solicited the G-20 countries' support to the LDC demand for duty and quota free market access immediately.

He made the request while speaking at the G-20 meeting at Rio de Janeiro in Brazil on September 9. According to the Commerce Ministry, the minister said that the Hong Kong ministerial meeting agreed for the first time a multilateral approach to duty and quota free market access for the LDC. "Developing countries are not responsible for the temporary suspension of the Doha negotiations. Our countries are deeply committed to multilateralism and to the WTO. We want this meeting to give a strong signal that we demand the resumption of the negotiations," Hafiz said. The Commerce Minister also urged the G-20 countries specially Brazil, India and China to be important players to provide duty and quota free access to the LDCs. Minister Amorim of Brazil said that some South American countries are currently in the process of creating the structure to provide duty and quota free market access to the LDCs.

The G-20, a grouping of 23 developing countries to coordinate negotiating positions in agriculture, is meeting in the port city of Brazil from September 9 to 10. The LDC group, which Bangladesh is coordinating, has been invited to the meeting. EC Trade Commissioner Peter Mandelson, USTR Susan Schwab and WTO DG Pascal Lamy attended the meeting.

Source: The News Nation, 10 September, 2006.

Develop alternative trading system: NGOs to G-20

International civil society organisations have urged G-20 trade ministers to reflect upon the negative impact of the WTO regime and help develop an alternative global trading system, which can ensure development, social equity and environmental protection.

The trade ministers of G-20, a major group of developing countries including India, Brazil, Pakistan, South Africa and China, are slated to meet in Brazil from

September 9 to discuss future strategies as the WTO talks collapsed in June this year. The civil society organisations like US-based Public Citizen's Global Trade Watch, Brazilian civil society groups and leading NGOs across the world, in their joint letter to G-20 trade ministers, said, "We have a unique opportunity to stop the expansion of the model of corporate globalisation embodied in the WTO and its top-down, one-size-fits-all policies."

It further said the processes of regional integration in Latin America and other regions were developing new models of trade based on complementarity, solidarity, cooperation and respect for sovereignty. The letter pointed out that in many countries leaders who rejected this model of corporate globalisation enshrined in the WTO were being elected by the people. The NGOs also demanded "the WTO must be scaled back so that the human rights, environmental, labour and other multi-laterally agreed public interest standards enshrined in various international treaties can serve as a floor of conduct for corporations seeking the benefits of global trade rules." The letter quoted studies done by the World Bank (Fall 2005), Carnegie Endowment for International Peace and the United Nations Conference on Trade and Development, which projected net losses for the developing countries and the world's poor on the outcome of the conclusion of the WTO talks. It referred to similar studies done by various trade unions including COSATU of South Africa and CUT of Brazil. It further pointed at the losses incurred by the developing world in the present regime and increase in global poverty.

Source: Reuters New Delhi, 7 September 2006

Vietnam is ready for WTO accession, EU commission chief says

The European Union backs Vietnam's bid for swift accession to the World Trade Organization, European Commission President Jose Manuel Barroso said Friday. Vietnam meets all criteria for joining the WTO, Barroso said after a meeting with Vietnamese Prime Minister Nguyen Tan Dung in Brussels. "We support the early entry of Vietnam in the WTO," the commission chief said, adding that the EU was ready to assist the social and economic development of the Southeast Asian

country.

The government in Hanoi hopes to join the WTO this year. "The fact that some problems are happening in our economic relations is a sign that the relationship is expanding," Barroso said, referring to current quarrels over an EU shoe tariff plan. The European Commission last week said it wants to slap tough anti-dumping fines on low-cost leather footwear from China and Vietnam - a move which Vietnam says is aimed at protecting uncompetitive manufacturers, not correcting unfair trade practices. Barroso said that the EU not only wants to expand and strengthen economical relations with Vietnam, but was also hoping to upgrade political ties with Hanoi. The commission chief urged the Vietnamese government "to engage in an active dialogue on topics of mutual concern" including illegal migration, money laundering and human trafficking. "These are examples of issues linked to regional stability," Barroso said, adding: "I am happy that the prime minister agrees that human rights are of universal nature." Barroso said that the EU welcomed the recent release of political prisoners in Vietnam. However, more progress in human rights issues was needed, he stressed. "Vietnam will continue to open our door and to implement the policies of reform," Tan Dung said, adding that the EU would continue to be a "very special and important partner" for Vietnam and that European business was welcome in the country.

Source: Deutsche Presse-Agentur, Brussels, 8 September, 2006.

Court scraps EU cotton aid regime

The EU's highest court ruled on Thursday that the European Union's cotton aid regime, drawn up after difficult negotiations in 2004, must be scrapped. The Luxembourg-based European Court of Justice said in a statement that the current cotton subsidy regime could remain in place until a new system is drawn up "within a reasonable delay". Spain has been hit particularly hard by the amended regime and introduced the legal move to scrap the cotton regime as it was revised in 2004, largely decoupling subsidies from production.

Spain, the second-biggest producer in Europe, argued that the decoupling of subsidies from 65 per cent of cotton production was disproportionate. "They challenged that the (remaining) 35-per cent figure was insufficient to maintain cotton production in Spain," a European Commission spokesman said. The commission is "pleased" that it can continue to apply the regime until such time as a new one can be adopted, a spokesman for EU agriculture commissioner Mariann Fischer Boel said. The European Union's executive arm will immediately begin work to take the ruling into account, including an impact study. "We are also pleased that the basic principle of decoupling has not been brought into question," the spokesman Michael Mann said. In April 2004, EU farm ministers agreed the deal on the bitterly divisive issue of reforming subsidies for tobacco, cotton and olive oil production, in the teeth of fierce Spanish opposition. The reforms were brought in to comply with the EU's Common Agricultural Policy. The move was also in response to EU partners' concerns within the World Trade Organisation, particularly amongst developing nations for whom the pre-existing subsidies distorted the world market. The deal on so-called "Mediterranean" products was struck only after lengthy haggling and with Spain voting against the measure. The reforms had been a subject of deep division between the EU's Mediterranean-rim members which benefit from the subsidies and northern European members. France, Greece, Italy, Portugal and Spain had expressed concerns about the social impact of the reform, which had the backing of Britain, Denmark, Germany, the Netherlands and Sweden. Round-the-clock talks at a WTO conference in Hong Kong last December yielded a deal in which the United States and other rich countries agreed to progressively remove subsidies to their cotton producers. A key plank of the deal was that export subsidies for rich countries' cotton industries would be phased out by the end of this year. The accord was part of the WTO's wider Doha Round negotiations which aim to give developing countries a much-needed economic boost by cutting global barriers to commerce.

Source: AFP Luxemburg, 7 September, 2006

Stalled WTO talks 'in repair,' Lamy say

International trade officials sought to strike a positive tone at the end of a two-day meeting yesterday aimed at restarting negotiations for the stalled World Trade Organization's Doha round.

But aside from widespread agreement over the need to achieve a global free-trade deal, few could point to real signs of progress in the trade talks which stalled in July -- largely over developing nations' demands for greater access to rich countries' agricultural markets. "What happened in July was a serious

accident," said Pascal Lamy, director-general of the World Trade Organization. "I think what happened here, since yesterday, is that we have been able to move the 'serious accident' signpost to another signpost which is 'WTO negotiations in repair.' "Mr. Lamy said that all the parties present in Rio de Janeiro were in favour of continuing talks, but that he was not yet sure all the elements were in place for them to go forward."By mid-March of next year we have to know if there is a deal in the making or not," he said. The Doha round has been billed as the "development round" of the WTO talks and supporters said the talks' success would lift millions of people out of poverty. The talks, which were billed as a high-level meeting of the Group of 20 developing nations, represented the first time nearly all the parties involved have come together since the Doha talks were suspended.

The presence of U.S. Trade Representative Susan Schwab, European Union Trade Commissioner Peter Mandelson and Japanese Agriculture Minister Shoichi Nakagawa served to highlight the desire of the developed countries to reach an agreement. "The Doha round is in serious trouble, there's no question. On the other hand, there is evidence among developed and developing countries alike that it is worth the effort -- the extra effort to resuscitate the talks," Ms. Schwab said.

Source: Associated Press, Rio De Janeiro, Brazil, 11 September, 2006.

South Africa to Strengthen Relations With India

Deputy President Phumzile Mlambo-Ngcuka leaves for an official visit to India on Saturday, in the context of increased market and trade access among countries of the south.

South Africa and India have a partnership in developing the agenda of the south, and are members of the India, Brazil, South Africa (IBSA) Forum. Ms Mlambo-Ngcuka has been invited by Indian Vice President Bhairan Singh Shekhawat and is to discuss, among others, the cooperation between India and South Africa in terms of skills acquisition and placement. "Deputy President Mlambo-Ngcuka will also during her visit to India promote the objectives of South Africa's Accelerated and Shared Growth Initiative (AsgiSA) and Joint Initiative for Priority Skills Acquisition (JIPSA) aimed at ensuring a shared and faster economic growth in SA," the foreign affairs department said.

Other issues on the agenda include co-operative projects for small industry development particularly for the benefit of rural women as well as the development of small businesses in the fields of ceramics, jewellery manufacturing and textiles. While in New Delhi and Mumbai, the Deputy President will deliver the 5th annual Alfred Nzo Memorial Lecture and interact with various business leaders in the country.

She will also address Indian chief executive officers on "Investment and Skills Transfers", as well as give a presentation on AsgiSA, said the department. Ms Mlambo-Ngcuka is also expected to pay courtesy calls on President Abdul Kalam and Sonia Gandhi. In terms of economic relations, the department said major Indian products exported to South Africa are rice, cotton, yarn finished leather goods, machinery and instruments, handmade yarn fabrics, spices, handicrafts and hand made carpets.

India imports from South Africa chemicals, gold, silver, coal and briquettes, iron and still, inorganic and organic fertiliser, pulp and waste paper as well as precious and semi-precious stones. Trade between the two countries trade has grown with a total bilateral trade approaching R14.5 billion last year.

Imports from India stood at R7.02 billion and exports to India at R7.05 billion. India currently ranks as South Africa's 13th most important export market and the 13th most important import market. Foreign affairs said since the two had similar developmental challenges, their collective capacity in bargaining and voicing concerns that affected their economies in international forums was made highly effective. "As a key emerging regional economy, India provides a platform for the re-integration of the South African economy with that of South Asia," the department said. Opportunities for closer co-operation had been identified and constitute South Africa's trade development agenda in India.

In the automotive industry, Tata Motors has already established itself in South Africa while Mahindra Motors has expressed interest to commence exporting vehicles to South Africa. Other important areas identified for co-operation are

health, information and communication technology, services and small, medium and micro enterprises (SMMEs).

Source: BuaNews (Tshwane), South Africa, 9 September, 2006.

Africa: Intra-Trade Will Tackle Poverty - Minister

Commerce Minister, Dr. Aliyu Modibbo has said that Africa has what it takes in terms of natural resources to improve on its economy and tackle the issue of poverty, saying that one instrument that can provide the much-desired change is the encouragement of economic integration and emancipation of Africa through trading among member states.

The minister, who was represented by the Permanent Secretary in the Ministry of Commerce, Mrs. Janet Ogulewe at the on-going All African Trade Exhibition in Lagos told participants that African continent has what it took in terms of "natural resources to improve on its economic performance and tackle the issue of poverty," adding that "one instrument that can provide the much-desired change is the encouragement of economic integration and emancipation of Africa through trading among member states.

He said, "it is a panacea for industrialisation and wealth creation within the African continent."Industrial Growth in Africa and Promoting African Manufactured Products for Intra-African Trade Development and Expansion" further confirms our aspirations and desires.

He said that since the exhibition has been designed to expose African's latest discovery, inherent creative potentials, manufactured goods and opportunities in diverse sectors with a view to expanding our business frontiers and further encourage investments, it would provide information and technical support that will engender massive investment to enhance economic and industrial growth in Africa, calling on captains of industries to regularly use the complex for trade exhibitions.

Similarly, Modibbo urged Naccima, MAN and other Organised Private Sector (OPS) to work closely with the management board of the complex with the aim of hosting several fairs in a year at the complex. According to him, there is need to maximise the use of the facilities of the complex which was purposely built for

fairs and exhibitions. He noted that "All African Trade Exhibition" was the first of its kind to be organised in the country on the platform of "Public-Private Sector Partnership (PPPs) in line with the economic policy of the present administration, explaining that the successful staging of the maiden edition would lay a "solid foundation for holding subsequent editions annually in the years ahead thus making it another major event that will facilitate an all year-round effective utilisation of the structures and facilities at the complex."

He explained that an exhibition like this "is imperative towards creating the much needed economic interaction and integration African among African businessmen and among member states," saying it was also an additional impetus to the leadership of President Olusegun Obasanjo on his commitment to the New Partnership for African Development (NEPAD). He said NEPAD was a vehicle for effective socio-economic renewal in Africa, "it is also a framework for the transformation and reform of Africa, focusing on changing the way business is conducted in the continent for the better. Simply put, NEPAD is an energising agent. The minister noted that it was obvious Africa "is highly endowed with natural and human resources that are yet to be developed. The continent, according to various studies, ranks second largest among the six continents of the world with 12 per cent of the world.

Source: Vanguard, Lagos, 9 September, 2006

Vietnam submits tariff plan in preparation for WTO entry

Vietnam has submitted a roadmap on tax reduction and opening of the agriculture sector to the WTO Secretariat, and is set to continue multilateral accession talks in late September in Geneva.

According to Ambassador Ngo Quang Xuan, head of the Vietnamese Mission to the United Nations in Geneva, Vietnam's commitments on tax lines reduction have been circulated and approved by WTO Secretariat members.

There would be an unofficial meeting between Vietnam and negotiators to handle the remaining multilateral issues and to complete Vietnam's documentation on WTO accession, said Xuan. On September 7, EU Trade Commissioner Peter Mandelson announced that Vietnam and the European Union had reached an agreement on all remaining multilateral WTO issues of interest to the two sides. The EU saw no further bilateral obstacles to Vietnam's accession to the WTO, Mandelson said while he met with Vietnamese Trade Minister Truong Dinh Tuyen Brussels the same day.

He noted that Vietnam has made remarkable progress towards WTO accession

during the past year. The EU has always been a staunch supporter of Vietnam's accession to the WTO, he said, adding that he would be delighted to see the country pass this final milestone. Apart from the EU, a Vietnamese delegation has been to the US to handle the remaining multilateral issues with the country ahead of full WTO member.

WTO obligations

In bidding for WTO membership, Vietnam has made bilateral commitments to 26 other members to reduce the overall level of import duties by 22 percent from current levels. In bilateral negotiations on market access with the 26 trading partners, taxation emerged as the most complex and sensitive issue. The 22 percent reduction in import duties will be implemented over a five-year period after Vietnam becomes a member. Thirty-six percent of the 10,600 classes of import tax will be decreased following a roadmap spanning 5-7 years. Reductions vary from sector-to-sector, ranging from a 2 percent reduction on imported minerals to a 63.2 percent reduction on textiles and garments. The tariffs on imported seafood will be cut by 38.4 percent, on leather and rubber by 21.5 percent, and on agricultural products by 10.6 percent. For agriculture, the commitment on average import tax on agricultural products is 21 percent in comparison with current tax level of 31.6 percent. Vietnam also committed to applying regulations on food hygiene and safety to agricultural products.

Source: Hanoi News, Vietnam, 11 September 2006

Eager for results, EU, Asian to send climate change message at summit

European and Asian leaders, eager to show that together they can produce results on the global stage, were to send a strong message on climate change to the rest of world at a summit.

During a second and final day of talks, leaders were to try to show that their Asia-Europe Meeting (ASEM) in Helsinki was more than just a talk shop, but a

forum that can produce real benefits for their citizens. Although their discussions have ranged widely from security, trade and workers rights, a joint declaration on what to do about global warming after the Kyoto Protocol on climate change runs out in 2012 was expected to be the most concrete outcome of the summit. "It is needless to say that climate change can have drastic consequences both for Europe and Asia," Finnish Prime Minister Matti Vanhanen said. "We need to send a strong message about climate change and our common will to tackle this challenge," he added.

A senior official from Finland, which holds the EU's rotating presidency, said that "the basic idea is to find a platform for work after 2012", the end of current commitments on emissions-reducing. The 25-nation European Union, both curious and cautious about Asia's growing role in world affairs, was hosting leaders from China, Korea, Japan and the 10 members of the Association of Southeast Asian Nations.

Widely seen as being long on talk and short on substance, the club is still trying to prove its relevance despite having 10 years of existence behind it. Eager to strengthen ASEM, the leaders agreed on Sunday to bring in new members with invitations to Bulgaria, India, Mongolia, Pakistan and Romania to join in future meetings. Vanhanen said that he was "convinced that this enlargement will not only widen, but also significantly deepen Asia-Europe relations". With the second day of their talks coinciding with the fifth anniversary of the September 11 terror attacks in the United States, the leaders were to hold a moment of silence in commemoration during their morning session.

In the first day of talks, leaders discussed common threats both their regions face, ranging from terrorism, to pandemics and some of the more negative sides of globalisation. European leaders called on their Asian counterparts to help stop workers being exploited and let them profit more from the globalisation that has turned Asia into an economic powerhouse. "To maximise the benefits of globalisation and mitigate its potential adverse impact, there is a need to strengthen the social dimension," European Commission President Jose Manuel Barroso said.

After WTO trade negotiations acrimoniously ground to a halt in July, the leaders were expected to include in their final statement a call for the talks to be relaunched. With 40 percent of the world's population, the two regions generate about 50 percent of global gross domestic product and 60 percent of world trade.

But the balance of trade is rapidly moving in Asia's favour, in particular due to the meteoric economic rise of China. EU leaders are also keen to rival powerful US influence in a region where a few decades ago several European states still possessed colonies.

Source : AFP, TurkishPress, 10 September, 2006