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

The WTO's Doha Round Is Restarting

WTO Director-General Pascal Lamy told his General Council last week that the Doha Round is back in business: “We have resumed negotiations fully across the board.”

Lamy, in his report to the WTO General Council on 7 February 2007, said that “political conditions are now more favourable for the conclusion of the Round than they have been for a long time”. He added that “political leaders around the world clearly want us to get fully back to business, although we in turn need their continuing commitment”.

Since negotiations collapsed in Hong Kong last year, Lamy has ceaselessly shuttled around the world in an attempt to get major participants to show enough flexibility to allow the talks to restart, and a breakthrough seemed to take place at the Davos Forum two weeks ago.

Addressing the General Council, Lamy said: 'Since the beginning of the year, we have witnessed a number of developments, starting with an increasing level of political engagement and clear signals of renewed commitment to a successful conclusion of the Round. Messages stressing both the importance and the urgency of concluding the negotiations have been coming in from all sides, including the highest political levels. There have also been very welcome expressions of support from business communities and civil society organizations across a broad range of the membership. In addition to this renewed political impetus, and maybe as a consequence of it, several participants have been stepping up their discussions at various levels to work on possible areas of convergence. Of course, this is not a substitute for the multilateral process, but, at this stage of the negotiations, it is a vital input and I believe we all understand it is necessary.

'At a recent informal gathering of a number of Ministers hosted by our Swiss colleagues in Davos, there was clearly a renewed commitment on all sides to put the Doha Round back on track. All the Ministers present at that meeting supported a quick resumption of full scale activity in the different Negotiating Groups and declared that flexibilities were available within their mandates. This confirmed my feeling that that we needed to restart the multilateral process fully, to try to reap the benefits of this new mood.'

Source: Law and Tax News, 13 February 2007.

WTO praises Argentina but warns about inflation

Argentina has successfully emerged from one of the worst recessions in its history, and the economy has been growing at a fast pace since 2003, according to a World Trade Organization Secretariat report on the trade policies and practices of Argentina released this week.

However Argentina needs economic growth to become stable and sustained in time for which it needs to drastically reduce inflation, increase competitiveness and attract foreign investment. The report notes that the recovery came hand-in-hand with the adoption of a wide range of policy measures that have included the abandonment of a fixed exchange rate, the renegotiation and reduction of the external debt, and government intervention in domestic price formation.

Although Argentina's heterodox mix of measures has, arguably, underpinned its remarkable economic turnaround, the report states that the systemic implications for the global economic system of such a strategy and whether it will prevent another boom-bust cycle in Argentina remain open questions.

Argentina in the last three years has averaged 9% growth and reduced unemployment to 11.4% as well as the percentage of the population living below the poverty line from 57% in 2002 to 34% at the end of 2006. Fiscal accounts have been in surplus since 2003, in part as a result of measures identified as temporary by the authorities, such as the widened use of export taxes and inflation has declined but, at over 11%, controlling it remains the Government's main macroeconomic concern.

To report points out that to achieve its economic goals Argentina has made use of a range of instruments including the use of price moderation agreements to prevent price increases, the freezing of prices for certain utilities and services previously granted in concession to the private sector, and the renegotiation of contracts with service concessionaires. Some such measures have been taken under the Economic Emergency Law of 2002.

The report also mentions that a successful transition to a sustainable growth path calls for policy measures to avoid economic overheating and prevent market distortions from becoming entrenched, and that attracting investment is important to address emerging supply constraints, and depends in part on enhancing investor confidence.

It also stresses the importance of the international economic environment, which Argentina can help shape by continuing to play an active role in the Doha Development Agenda. After suspending payments for over three years, Argentina managed to renegotiate about three-quarters of its public debt on very favourable terms, exchanging new for old obligations at a ratio of around 1:3.

Argentina has repaid its entire debt to the IMF but a settlement is still to be reached with private creditors on some 20 billion US dollars of its debt. According to WTO, the main impulse to growth has stemmed from strong domestic

demand, particularly investment, as well as from a favourable international context, facilitating a rapid expansion of exports.

Argentina has been posting high surpluses in its current account of the balance of payments since 2002. This has been mainly a result of lower external debt payments, growing exports and, initially, lower imports.

There has been a shift in trade patterns during the period under review, with exports being redirected to countries outside the MERCOSUR.

Source: Marco Press, Buenos, 13 February 2007.

Tonga bid for WTO unlikely

Tonga's plan to become a member of the World Trade Organization in July this year is now very doubtful, according to Paulo Kautoke, the Chief Executive Officer for the Ministry of Labor Commerce and Industries.

Paulo said this morning that nothing has been done to Tonga's application for a WTO membership since it was deferred last June for 12 months. He said that the event of November 16 [riot] last year and the reconstruction of Nuku'alofa has preoccupied government, but "hopefully by the end of this month or early next month, Government will be in a good position to make a firm decision with regards to Tonga's accession to the WTO," said Paulo.

Tonga was scheduled to accede to the WTO in July last year, but it was deferred to enable Tonga to fulfil some essential requirements, such as the implementation of a new taxation system, and a new tariff system. The numerous disruptions in the proceeding of the Tongan parliament last year and its abrupt closure in November left a number of legislations, which were essential for the economic development of the country unattended to.

Tonga, since 1995 has been restructuring its economy with the intention of eventually becoming a member of the WTO and be part of the Global Economy, but the event of November 16 has forced a halt on a number of these development programs.

Source: Saipan Tribune, Nuku'alofa, Tonga, 13 February 2007

Italian PM says WTO impasse damaging everyone

Italian Prime Minister Romano Prodi has said the impasse in the Doha Round of multilateral trade talks has been "damaging all" and made a strong case for speedy conclusion of the negotiations. "Not only India...but Europe and USA...they need an agreement," the former European Union Commission president said in response to questions from the media on his arrival at Bangalore from Chennai. "This impasse has been damaging all of us," he said as quoted by Doordarshan News here.

His comments came close on the heels of the US asking India to make "tangible" offers at the WTO and provide a leadership role to developing nations to conclude the talks which re-started a few days ago. Prodi, on a five-day visit to India accompanied by four ministers and a large business delegation, said that "if India develops so much...if Europe, US are in a better situation, it's because of traditional trade. We have to remember that. We have to respect rights of all the population." Asked if Rome supported India's bid for a permanent seat in the United Nations Security Council, he was non-committal. "You know that this is a delicate matter," he said, but added "we are still going on with our conversation in Delhi," where he meets Prime Minister Manmohan Singh this week. "India and Italy will always go hand-in-hand" and there will never, never be any conflict with New Delhi, he said. His engagements in the city included visits to a facility of the Indian Space Research Organization (ISRO) and to NASDAQ-listed IT firm Infosys Technologies Limited. His scheduled two-day visit here will be cut short by a day as a bandh is being observed in Karnataka tomorrow on the Cauvery issue.

Source: IRNA, New Delhi, 12 February 2007

Need to reduce agriculture support for WTO talks to go forward

The prospect of forward movement in WTO talks seems bleak if developed countries do not give a clear commitment to drastically reduce their support to the farm sector.

The situation became complicated when the US presented its Farm Bill 2007, designed to increase and legitimise its support under different pretexts and avoiding clarity in many areas of the proposed support. It appeared to several experts that the US has designed to shift a chunk of its support to the Green Box, which is considered not trade-distorting. But the US proposal came under sharp criticism when UNCTAD's India recently released a report that Green Box subsidies are equally trade-distorting. Also, G-20 criticised the US Farm Bill. The European Union had earlier shifted a large part of its support to Green Box in its new agricultural policy.

UNCTAD's India's paper 'Green Box Subsidies: A Theoretical and Empirical Assessment', prepared in collaboration with UK-based DFID, has undergone a critical assessment by several outstanding economists, including Nobel laureate and World Bank chief Joseph Stiglitz. If Green Box subsidies were removed, it is estimated that farm production would fall in developed countries, which render such support. Moreover, agriculture exports would decrease in countries like the US (39%), EU (45%), Canada (46%), Japan (66%) and Switzerland (78%), while many developing countries would increase their farm exports. While India's farm export would increase 22%, Brazil's South Africa's agric export would rise 21% and 25%, respectively. Removal of Green Box subsidies will result in a fall in farm output in the EU by \$ 53.8 billion, US' by \$ 20.9 billion and Canada's by \$ 8.1 billion, while developing countries will increase their farm output by \$41.9 billion. Removal of Green Box subsidies will also cause appreciation in global prices benefits farmers in the Third World and also augment employment opportunities.

The study said that the so-called decoupled payments to farmers, under Green Box, distorted trade. The problem is further compounded as these measures are incorporated as permanently as cash flow to farmers. Insurance programmes, with subsidised interest rates, can also affect production through their effects on capital and labour markets. The paper also analysed general services programmes like public stockholding for food security, domestic food aid, pest and disease control, farm training and extension, inspection and infrastructural services.

Thus the UNCTAD India's study has prepared the ground for a discussion on capping Green Box subsidies as these are equally trade distorting. Many developing countries have long been calling for disciplining Green Box subsidies. If the developing world remains united on the issue, they can be successful in getting a firm and clear

commitments from developed countries about overall reduction in all categories of subsidies.

However, there are chances that green room discussions and bilateral talks may result in some compromises being made. These moves may also dilute the claims of the developing countries in the name of breaking the current deadlock in WTO negotiation. For instance, recently commerce and industry minister Kamal Nath made an unilateral offer on behalf of the developing world to be flexible on treatment of Special Products and Special Safeguard Mechanism. Nath's gesture drew ire from farmers across the developing world.

The US has recently indicated its willingness to cap its trade-distorting support (TDS) to \$17 billion against its earlier offer to cap it at \$ 23 billion. But the recent offer of the US does not seem to be a much improved offer as it has already rendered a TDS of about \$20 billion in 2005. Thus, it would mean a reduction by only \$ 3 billion.

In its last notification to the WTO covering 2001 marketing year, the US reported \$50.7 billion in Green Box spending. The bulk of the spending was under domestic food aid, including Food Stamp Programme amounting to \$ 19.1 billion and child nutrition programme amounting to \$9.56 billion. The US enjoys an expanded Blue Box under July 2004 framework agreement. It is not certain whether the US would adjust its counter-cyclical payments under this box.

Source: Financial News, New Delhi, 11 February 2007.

Prodi asks India to lead in breaking WTO impasse

Italian Prime Minister Romano Prodi today said it was in India's interest to play a leadership role in breaking the impasse in the recently re-started talks of the Doha round of multilateral trade agreement.

Talking to newsmen during his visit to the city, Mr Prodi said the impasse was damaging all countries, be it India, the USA or Europe. "This is what is needed to be understood," he said, adding a speedy conclusion of the talks would be in the interests of India also. During his visit here he also visited Infosys as well as a new ISRO facility, which is running Italian high-tech machinery. Expanding further on the same theme, the Italian Prime Minister said India had got where it was due its to traditional trade. This is the case also with the US and Europe. "India should support this movement by taking a leadership role which other developing countries could follow."

Prodi, who is here along with a large business delegation, had to cut short his two-day visit to one day only due to a bandh call given over the Cauvery water issue by various Kannada organisations. He was, however, able to visit Infosys as well as an ISRO facility, which has installed a 6.5 m dia comprehensive assembly, test and thermo-vacuum chamber, supplied by an Italian company on a turnkey basis.

Appreciating the rapid strides made by India in its space programme, he said Italy was ready to cooperate further with ISRO on technology issues. The Italian Prime Minister evaded giving a direct answer to a question whether Italy supported India's bid for a permanent seat in the United Nations Security Council. He said this was a delicate matter and that Italy on its part was still discussing the issue with India.

Source: Tribune News Service, Bangalore, 11 February 2007.

India leadership key to breaking WTO deadlock: US

The United States sees India's traditional leadership role in the developing world as key to advancing stalled world trade talks, Commerce Secretary Carlos Gutierrez said on Friday ahead of a visit to New Delhi. "India's leadership is required to get a WTO agreement that will help the whole world and will help India as well," said Gutierrez, who is to leave on Sunday for New Delhi. He said Washington looked to India's clout in the developing world to help the World Trade Organization's Doha round of free trade talks get back on track. The talks were suspended six months ago amid deep divisions among members. "As other developing countries watch India, and they look for cues from India, we'll need to see movement in agriculture, which of course we understand is a very important decision for India," Gutierrez told reporters.

India also needs to help break deadlocks over freeing up trade in the manufacturing and service sectors, he said. The key to a deal lies in getting deeper US cuts in farm subsidies, which developing countries say give farmers there an unfair market advantage, and in securing similar reforms on farm tariffs from the European Union, Japan and other big importers, analysts say. Big developing countries such as Brazil and India would have to agree to open their markets, mainly to industrial goods and services but also, in the case of India, to farm goods, they say.

Gutierrez, who had dealings with India in his previous job as Kellogg Co chief executive, said the \$29 billion in annual US-India trade that made India the United States' 19th biggest trade partner showed the business relationship was "not at its full potential." "As large as it is, it is just getting started," he said Gutierrez said he aimed to promote cooperation in the areas of service trade, high technology and civil nuclear power under a landmark 2005 bilateral pact, details of which are still under negotiation.

Source: Reuters, Washington, 12 February 2007.

EU says it has filed WTO defence against U.S. Airbus subsidy allegations

The European Union says it filed a written defence with the World Trade Organization against U.S. claims that it gave unfair subsidies to Airbus that damaged rival plane manufacturer Boeing Co.

The European Commission said the submission was "a robust response" to American allegations and "corrects a number of errors, distortions and mischaracterizations in the U.S. submission. "It did not publish the document but said it plans to make a non-confidential version available, likely next month. EU officials, speaking Thursday on condition of anonymity due to the sensitivity of the issue, said the response claimed that the U.S. arguments were undermined by Boeing's glowing health and bright future. Airbus confirmed in January that it had lost its five-year orders lead to Boeing. The EU officials will file their own allegations against U.S. state and federal "massive subsidization" of Boeing in March, when the WTO panel will hear European and American lawyers discuss the U.S. claims. The EU says that the U.S. has covered up "unprecedented prohibited production subsidies in Washington state" for the 787 and other Boeing commercial aircraft. "The EU intends to demonstrate before the WTO panel that the lavish subsidies benefiting Boeing (have) allowed Boeing to engage in aggressive pricing of its aircraft which has caused lost sales for and injury to Airbus," it said.

The WTO is due to issue its final report on the U.S. case against Airbus on Oct. 31 and the EU case against Boeing in April 2008, but the timetable may slip due to the complexity of the cases. In Brussels, officials said the EU response filed Friday argues that the U.S. was wrong to take the years 2001 and 2002 as a case study to highlight its claims since the entire aviation industry was suffering at that time after the Sept. 11, 2001, terrorist attacks and the SARS flu epidemic in Asia. It would be fairer, the EU response said, to look at 2001 to 2006 -- a period that would cover Airbus' recent production delays and leadership crises. EU officials also said the response claimed that the U.S. appeared to have shifted gear in its attack on European nations' launch aid to Airbus because it was now focusing on the interest rates the money was loaned at. Boeing spokesman Charlie Miller said Thursday that Airbus benefits from \$1.5 billion in launch aid. But the EU said that the launch aid was a government loan, with EU nations advancing money to Airbus to help it develop new planes. Airbus, which is controlled by European Aeronautic Defence and Space Co., repays the money as it sells the aircraft. For the A320, Airbus repaid far more than it received. EU officials also said Airbus receives just a tenth of the research funding Boeing gets from the U.S. government and claim that other forms of aid -- such as subsidies local governments give to develop sites -- are covered by the EU's own strict rules that forbid subsidies favouring one company over rivals. The EU is challenging several U.S. subsidies given to Boeing by individual states, including a \$4 billion tax break and infrastructure package from Washington State and \$900 million worth of tax breaks and subsidized bonds from Kansas. It also claims Boeing benefits from \$15 billion from federal research programs. Appeals to both cases could see the legal battle drag on for years.

Source: Associated Press, Brussels, 12 February 2007.

The WTO's Glass Ceiling

Last week's election of the chairpersons of the main World Trade Organisation (WTO) bodies for 2007 went largely unnoticed, as part of the global body's routine procedures. But one aspect stood out: none of the appointed chairs are women.

Indeed, in its 12-year history, the WTO has not had a strong tradition of placing women in important positions. On the contrary, it is accused of inheriting the attitude of its predecessor, the General Agreement on Tariffs and Trade (GATT), which functioned as an exclusive old boy's club for a small group of powerful members. However, a slight shift had been seen in recent years, especially with the appointment of a woman in 2005, Kenyan ambassador Amina Mohamed, as chair of the General Council, the WTO's highest-level decision-making body in Geneva.

A new trend seemed to be taking shape around that time, when current WTO Director-General Pascal Lamy designated businesswoman and diplomat Valentine Sendanyoye Rugwabiza from Rwanda as one of his four deputy director-generals. But everything returned to zero this year as women disappeared from leadership positions in the global trade organisation's main bodies.

In 2006, only one woman, Colombian representative Claudia Uribe, had been named to chair one of these bodies, in this case the Trade Policy Review Body. But she was not re-elected Wednesday. The dearth of women in top-level positions raises doubts as to whether the gender dimension is an issue in the WTO. Keith Rockwell, director of the WTO Information and Media Relations Division, told IPS that "You are right. I don't see a woman here." "In terms of what may be discussed in the consultations over the chair, the answer (with regard to gender) is I don't know," he said. With respect to "gender issues generally speaking I think what they would try to do is to be sure the best person would be put in charge of any particular negotiation," he added.

Rockwell cited the cases of Mohamed and Rugwabiza, although he admitted that "There have not been enough women in senior positions in this organisation -- and in others as well, I may add. But that is something I think that members are aware of." Women abound lower down on the hierarchy. There is a relative balance among the 630 professional, technical and administrative staff of the WTO secretariat. Rockwell even noted that "there are more women than men in the WTO, by a rather significant margin," although he acknowledged that among senior managers, "there are much fewer women than men."

However, "we have a woman as chief of staff to the director general, Arancha González. She has great authority," he added. The spokesman said that in the secretariat "there is a strong effort to ensure that women are given every opportunity to move up the ladder." He mentioned the cases of two women, Anabel González and Carmen Luz Guarda, who head the agriculture and market access divisions, respectively, in the WTO secretariat, "two groups that are right now front-centre in terms of negotiations."

For the past five years, the WTO has been bogged down in the Doha Round of multilateral trade talks, launched in November 2001 in the Qatari capital, whose biggest obstacles are precisely agriculture and market access for industrial goods and services. In summary, Rockwell said "So progress has been made. It is enough? No."

Uribe, the former head of the Colombian mission to the WTO, took a different view, saying she was perhaps not the best person to ask about the issue because "I'm not enthusiastic about the defence of minorities; what I am in favour of are abilities and skills." "I come from a country where women really do have opportunities," she told IPS. "That's why I can speak in such an open and uninhibited manner. "In my country, if a woman or a man has the ability, they move up the ladder. I'm an example of that. My success is solely based on my professional performance. I am not the daughter of influential figures or politicians, but I have had the best opportunities anyway," she said.

Uribe pointed out that in Geneva there are few female members of missions to the WTO. "So how strict proportionality could be achieved if there are so few of us?" she asked. "I know there are two female negotiators from African countries who were consulted in the process of naming new chairpersons. But the few women on the missions are very busy or are not interested in those responsibilities," said Uribe.

On Feb. 7, Malaysian negotiator Muhamad Noor was elected chairman of the WTO General Council. The position alternates every year between representatives of developing and industrialised countries, and from region to region.

Also elected were Australian negotiator Bruce Gosper, to chair the Dispute Settlement Body, Vesa Himanen of Finland on the Trade Policy Review Body, Karsten Vagn Nielsen of Denmark on the Council for Trade in Goods, Trevor Clarke of Barbados on the Council for Trade in Services, and Yonov Frederick Agah of Nigeria on the Council for TRIPS (the agreement on Trade-Related Aspects of Intellectual Property Rights).

Others were Shree Baboo Chekitan Servansing of Mauritius, who will chair the Committee on Trade and Development, Chitsaka Chipaziwa of Zimbabwe on the Committee on Balance-of-Payments Restrictions, and Tony Lynch of New Zealand on the Committee on Budget, Finance and Administration.

Manuel Teehankee of the Philippines will chair the Committee on Trade and Environment, Julian Metcalfe of the UK will chair the Committee on Regional Trade Agreements, Ravi Bangar of India will head up the Working Group on Trade, Debt and Finance, and Kwabena Baah-Duodu of Ghana will chair the Working Group on Trade and Transfer of Technology.

Source: IPS, Geneva, 9 February 2007.

WTO: Kamal Nath asks US to be flexible on agriculture subsidies

The US should offer to cut subsidies it provide to the agriculture sector as agreed to by the European Union so that negotiations on the Doha Round of world trade talks reach a fruitful conclusion. The Doha Round of talks of the World Trade Organisation (WTO), which have been suspended since July last year, revived yesterday in Geneva. "We welcome the EU offer of flexibility on agriculture and are looking forward to something from the US," commerce and industry minister Kamal Nath said after meeting with Greek finance and economy minister George Alogoskoufi.

The EU has agreed for a higher cut in its farm tariffs as desired by developing countries but the US is unwilling to reduce its trade distorting agriculture subsidies. Nath said, while the talks have restarted despite the key players sticking to their positions, in the coming weeks developed countries should show greater flexibility on agriculture tariffs and subsidies. "The official level talks have started and things have been put back on the table. In the next few weeks there should be much more on the table," he said. Nath said the current round at WTO is a development round and "we have to see that it leads to greater trade flows from developing to developed countries in agriculture, industrial goods and services".

US commerce secretary Carlos Gutierrez, meanwhile, is expected to seek India's full cooperation in advancing the Doha Round of world trade talks, specifically efforts to liberalise trade in industrial and agricultural products during his visit to India next week. He is also expected to push for higher US exports to India and hold talks with senior government officials, including Kamal Nath. "My visit will focus on expanding our bilateral economic relationship and working to increase US exports to India. I look forward to discussing with India's government the opportunities our two nations face as we strengthen our relationship and expand upon our economic successes," Gutierrez said in a statement. "American companies should be exporting more to India, and India should work with us to make sure American exporters and businesses are treated fairly," he said.

Gutierrez noted that India is increasingly becoming a vital and important partner on matters of security and trade and that the country will become a key player going forward in the next Doha Round of trade talks.

US exports to India had increased 25 per cent from Jan-Nov 2005 through Jan-Nov 2006. The US is by far India's largest trading partner with \$29 billion in two-way trade in Jan-November 2006.

Source: Financial News, Mumbai, 10 February 2007.

Study calls for regional trade organisations in Middle East

A study by the Council of Arab Economic Unity (CAEU) has called upon the Arab countries to step up their efforts to establish regional trade organisations.

The study, prepared by Adel Khalil, an economic expert at the CAEU, said the regional trade organisations could be established with increased coordination and cooperation between the Arab countries on the one hand and by their active participation in the World Trade Organisation (WTO) on the other. The study also stressed the need for expanding the membership base in the common market for Arabs.

Another immediate requirement for the implementation of the common market was the mechanism to compensate for the losses the countries and sectors might have suffered by the emergence of the free trade zone, Arab Monetary Fund and the common market.

The study said that the volume of mutual trade among the Arab countries could be enhanced by making use of the special status they recognise among themselves. They could also focus on manufacturing commodities that are in high demand in their area. It added that they should also give special stress on developing roads, telecommunication, electric power, and water supply besides promoting the private sector investments.

The study demanded that the various Arab trade federations should strive for change and progress in the region by providing the necessary database, simplified process of technology transfer to less advanced countries. They should also take steps to develop human resources and establish research centres.

The study identified various obstacles in the way of establishing the Arab free trade zone. One of them is the lack of genuine efforts on the part of the Arab countries to complete the formalities required for their accession to the WTO. Their accession to the WTO would simplify the formation of the Arab common market and free trade zone because the membership of the WTO insists on unified regulations in the matter of commodities and services, intellectual property rights and commercial ethics. "It would prompt the Arab countries to increase their bilateral trade. Fulfilment of the conditions laid down for the WTO accession would, undoubtedly, simplify the Arab efforts to form their own common market and other trade organisations," the CAEU study said. The study also emphasised the supporting role to be taken by the current Arab members of the WTO. "They should offer the necessary technical assistance to other Arab countries aspiring to be members in the international organisation," it said and pointed out the importance of the Arab member countries of the WTO to make coordinated demands from the advanced countries to open up their markets for the exports of the Arab countries. "The advanced countries should abandon their practice of adopting protective measures and market flooding against the developing countries," it suggested

Source: Khaleej Times, Jeddah, 12 February 2007.

Anti-dumping duty slashes shrimp exports to US by 50%

The US anti-dumping duty imposed on Indian shrimp has taken a heavy toll, bringing down shrimp exports to the US by nearly 50%. The drastic drop comes at time when India is gearing up to face the second administrative review for which the US department of commerce has set the ball in motion.

Lending support to the cause of exporters, the Union commerce ministry has sought views of various stakeholders, including the Marine Products Export Development Authority (Mpeda), on the stand to be taken in the backdrop of the recent WTO ruling. The WTO panel had, for the first time, ruled that the US practice of zeroing (ignoring the prices above the fixed level) when calculating duty margins was in contravention of international trading norms.

The anti-dumping duty of 10.17%, coupled with a matching customs bond, has seen Indian shrimp exports to the US fall drastically during the calendar year 2006. From exports worth \$485 million in 2005, exports dipped to \$252 million during 2006. Trade sources said the industry could not bear the duty and the bonds and so several exporters were forced to keep out of the market there. Instead, they were now looking at the new markets like the EU and their efforts were paying.

For exporters, the recent move of the commerce ministry, seeking views of various stakeholders on the WTO panel's ruling against the US practice of zeroing, has come as a solace. A meeting of the exporters is to be convened sometime next week when the issue of jointly tackling the new administrative review and taking a stand on the WTO ruling in favour of Ecuador on zeroing would be taken up, according to Seafood Exporters Association of India secretary-general Elias Sait. Sait told FE that ruling in favour of Ecuador, coupled with the WTO accepting India's case against customs bond by initiating a panel to look into the issue, made things brighter.

There was the feeling in the industry that unlike last time when some exporters went in for a settlement with the petitioners Southern Shrimp Alliance, the chances were remote this time. There was the possibility of non-SSA members in the US also seeking review. This could make settlement with the SSA insufficient to be kept out of the review as happened last time.

Also, exporters were better prepared for the second review since their number to the US had come down and their books and deals had been properly scrutinised. The WTO ruling had given India the competitive edge and various strategic options. In case it went ahead with an appeal against zeroing even as it has supported the fight by other countries, there was every possibility of the duties for the three mandatory respondent companies falling drastically in the original investigation. Calculating the margins avoiding zeroing could bring down the rates to below 2% which would mean that other exporters would be out of duty. But a section of the exporters were wary of the US stand.

Although it did not challenge Ecuador before the WTO panel, the United States could well ignore the WTO ruling. They point out to the WTO ruling against Byrd amendments of collecting duty margins and distributing them domestically and the US going ahead with the practice for quite sometime.

Source: Associated Press, Kochi, 11 February 2007

France sees no quick progress in WTO talks

French trade minister Christine Lagarde said on Friday she saw no progress being made in world trade talks in the near future and that the new US farm bill was a particular obstacle to a deal. "Given the various positions, and in particular the U.S. position as it is laid out, at least implicitly in the farm bill proposition ... I do not see them moving forward in the immediate future," Lagarde told journalists. The US farm bill is an umbrella law that sets subsidy, environment and nutrition spending. "The farm bill leaves you thinking that the US farmers will continue to want their subsidies. Under these circumstances it seems extremely unlikely that the United States will make a significant effort involving a reduction of domestic support," she said. The U.S. administration unveiled the 2007 farm bill last week, a package estimated to cost \$87 billion over the next decade.

World Trade Organisation (WTO) talks on lowering barriers to commerce were halted last year amid disagreements over proposals to free up farm trade in particular. However, leaders of major powers meeting in Davos, Switzerland at the end of January, called for the negotiations to be relaunched. France, the staunchest defender of EU farm subsidies, has repeatedly warned EU Trade Commissioner Peter Mandelson against going too far in the negotiations. "I think he has understood very well that any proposal he makes must stay within the framework of his mandate," Lagarde said, adding that this specifically referred to the CAP (Common Agricultural Policy) reform decided in 2003. Behind the scenes, talks between the EU and the United States are continuing on how to narrow their differences over farm trade, an EU official in Brussels said on Friday.

An agreement between the Brussels and Washington on farm trade would help pave the way for broader negotiations involving the WTO's full membership. The EU's farm commissioner, Mariann Fischer Boel, is visiting Washington.

Top-level agriculture officials on both sides of the Atlantic are trying to hammer out a deal on how to treat the EU's so-called sensitive goods, or farm products that Brussels wants to shield from the full impact of import tariff cuts.

Source: Reuters, Paris 9 February 2007.

G7 MEETING Steinbrueck hopes WTO talks can resume late Feb, early March

German Finance Minister Peer Steinbrueck said he is optimistic that the Doha round of WTO world trade talks can resume in late February or early March. The US and China are also in favour of a resumption of the talks in the weeks ahead, Steinbrueck told a news conference at the meeting of G7 finance ministers and central bankers.

Steinbrueck held bilateral talks with his Chinese and US counterparts ahead of the G7 meeting. "We all have an interest in a resumption of the talks in the coming weeks," he said. "We're somewhat more optimistic than we were a few weeks ago," he said. "We see some windows of opportunity," he added. But he said this does not mean that an agreement in the round is imminent. The WTO talks were suspended last July, but trade ministers at the recent World Economic Forum in Davos agreed that negotiations should resume.

Source: Financial Express, New Delhi, 12 February 2007.

EU To WTO: Launch Aid Permissible

Countering U.S. arguments to the World Trade Organization, the European Union argued Friday that the after-effects of the 9/11 attacks and Boeing management blunders can explain most of the poor financial results U.S. regulators are blaming on Airbus subsidies.

In its Nov. 15, 2006, WTO filing, the U.S. claimed the EU's subsidies to Airbus harmed Boeing's business between 2001 and 2005. The EU says most WTO filings use the most recent data available. Boeing posted record sales in 2006, which counters the notion that its business was harmed by any alleged subsidies, an EU official told The DAILY. Instead, external market factors and Boeing's own confused strategy leading up to the launch of the 787 were more harmful, the official added.

In its filing, the EU says that any alleged "actionable subsidies" to Airbus were legal under the 1992 bilateral U.S.-EC Agreement on Trade in Large Civil Aircraft. To rebut U.S. claims that the EU violated agreements on repayable launch aid, the EU says any such aid is under 1% of an aircraft's price permissible by the 1992 bilateral agreement, the EU official said. Another component of the EU filing counters U.S. claims that European support for research and development, infrastructure and Airbus restructuring constitute illegal subsidies. The small amount of government support for R&D is not a subsidy, the EU official said, adding that Airbus pays market rents for its infrastructure.

In the next step of the process, the EU plans to show that Boeing benefited from Washington State and U.S. government R&D support for developing the 787, the official told The DAILY.

In response to the EU's filing, Gretchen Hamel, a spokeswoman for the U.S. Trade Representative's office, said, "The record is clear that Airbus has benefited from a long history of subsidies from European governments...We remain confident that the WTO will find the subsidies inconsistent with [its] rules."

A Boeing spokeswoman said the company would prefer a "negotiated settlement," adding that the company "stands behind the U.S. government's efforts on launch aid."

Source: Aviation Daily, Brussels, 12 February 2007.

Dominican Republic and P.R., the top Caribbean tourism poles

The Dominican Republic has converted into an authentic tourism reserve in the Caribbean. According to the annual Barometer report issued by the World Tourism Organization (WTO), this country along with Puerto Rico predominates as leaders in terms of tourist arrivals.

The report explains that of the 19.5 million that arrived in the Caribbean last year, these two destinations captured the biggest chunk. Data indicate that in 2006, 3.9 million visited the country, while 3.8 went to Puerto Rico, for a difference of barely 0.1 million tourists.

The Tourism Ministry has informed that the local industry owes its boom to the diversity of offers and to growth in markets such as Canada, the United States, Spain, England and Italy, in addition to Belgium. These were the countries with the most prominent growth with respect to travelers visiting here. The WTO's report also points to America as the region that hosted 136.3 million tourists, of which 90.3 million traveled to North America; 19.5 million to the Caribbean region; 6.9 million to Central America and 19.6 million to South America.

Source: Reuters, Santo Domingo, 11 February 2007.

Commonwealth Gives Sh147m for Exports

The Commonwealth Secretariat has given Uganda Export Promotion Board (UEPB) sh147m for the developing of a new export strategy.UEPB said in a statement that the new export strategy was aimed at eliminating barriers along the export growth value chain. "Though Uganda has had an export growth rate of 11% per year since 2002, the terms of trade remain qualitatively unimpressive and the sector lacks robustness to generate high foreign exchange and create employment," said the statement issued on Monday.

The statement explained that the sector lacks competitiveness with low volumes of production, poor quality and failure to integrate into the global economy.

It added that at the national level regulatory policies had been established but policies to encourage value-addition, sustainable production, better terms of trade, export diversification are either lacking or poorly implemented. "To meet these challenges, Uganda needs to develop an export strategy to guide the export development," the statement explained.

Source: New Vision Kampala, 7 February 2007

UN/WTO highlights tourism's role in climate response

The Tourism Sector should be brought to the table in the global response to Climate Change, said UNWTO Secretary-General Francesco Frangialli, addressing the UNEP (United Nations Environment Program) Governing Council in Nairobi, Kenya.

Mr. Frangialli announced a work programme which will culminate in two major conferences in 2007 a preparatory sectoral summit in Davos, Switzerland, in September, supported by the Swiss Federal Government, and a Global Ministerial meeting in London, co-organized with the UK Government and World Travel Market, in November.

These meetings will intensify the follow up from the UNWTO Summit on Climate Change and Tourism, held in 2003 in Tunisia, which resulted in the Djerba Declaration and plan of action. "There is now unequivocal proof from the Intergovernmental Panel on Climate Change and the Stern report that climate challenge is real and that we must all play our part in its resolution. Tourism is an important sector of the global economy and a vital link in human communications, cultural interface and development. Like other key sectors, we play a part in the problem and we have to be responsive and responsible as temperatures, sea levels and other climactic conditions evolve," Mr. Frangialli said. "We will work even more closely with UNEP and other sister agencies like the International Civil Aviation Organization, as well as the private sector, in exploring new patterns of consumption and conservation, as well as fast track strategies for adaptation."

There will be two overriding considerations for UNWTO, the Secretary-General added. "First, promoting responsible growth of tourism to advance global trade, as well as strengthening the links between people and cultures which foster mutual understanding. This will mean innovative adaptation across the sector using all the tools and technologies as they become available. Second, ensuring that tourism remains a key tool to achieve the Millennium Development Goals and helping poor nations lift themselves out of the poverty trap. Tourism represents 40% of services exports and the world's poorest countries have comparative advantage in this area which must be encouraged as a part of responsible climate change strategies." UNWTO and UNEP have agreed to strengthen their cooperation in a number of ways – most immediately, UNWTO will join the billion tree planting campaign of UNEP and the environment agency will strengthen its support for UN/WTO's Global Code of Ethics for Tourism to upbeat the sustainability and climate response components. The organizations will collaborate on the Tourism Climate Change Summits.

Source: UNEP News, Nairobi, 12 February 2007

Antigua-Barbuda to assist UK in developing gambling regulations

Antigua and Barbuda's Financial Services Regulatory Commission, Division of Gaming has announced that the country expects to play a key role in developing international regulations and legislation for remote gambling following publication of the UK Government's communiqué regarding the 2006 International Summit on Remote Gambling.

The communiqué, released by the UK's Department of Culture, Media and Sport (DCMS) on Monday 29th January, highlighted the approval by the Summit's delegates for the proposal to set up an expert working group to advise on the scope for developing international minimum standards for regulating remote gambling.

Errol Cort, Antigua and Barbuda's Minister of Finance and the Economy, commented, "Antigua offers its unique experience and insight wholeheartedly in developing regulatory standards for the international remote gambling industry as part of the expert working group proposed by the DCMS."

Kaye McDonald, Antigua's Director of Gaming, also highlighted Antigua's credentials for regulation of their online gambling industry, adding, "The regulations that Antigua has in place for online gambling are respected globally and have been a contributing factor in winning the WTO ruling against the US in 2005." It is widely known that regulations put in place by Antigua and Barbuda are more stringent than those that the US imposes on its own legal gambling industries.

The US recently admitted suffering a new setback in the long running trade dispute with Antigua over the provision of offshore gambling within the United States, having, according to the press agent for the United States Trade Representative, been on the losing side of a recent WTO report assessing the status of US compliance with the original adverse ruling from the WTO issued in 2005. While the new report is not officially released until mid February, the US has already publicly stated that the WTO panel did not agree with the United States that they had taken the necessary steps to comply.

Source: Antigua Post, ST JOHN'S, Antigua, 9 February 2007.

'Exploit Comesa'

Industry has been called upon to aggressively exploit the vast Common Market for Eastern and Southern African region market so Zimbabwe can reduce the negative trade balance to the region.

Officially opening the Comesa consultative meeting on the establishment of a Customs Union yesterday, the Deputy Minister of Industry and International Trade, Mr Phenias Chihota, said it was important that exporters aggressively considered the Comesa Free Trade Area as one of their export destinations. "I urge you to commence search for export markets, or expand the number of countries and volumes of exports. "Every company should export if we are to reduce the negative balance of trade. We cannot live with such a huge trade deficit because it is highly unsustainable," he said.

Mr Chihota said the workshop was being held at an opportune time for Zimbabwe as the country was working hard to grow its exports. He said: "Government will thus be in a position to take into consideration your views, needs and concerns on the subject, as we continue to dialogue in partnership and nation building," Mr Chihota said. He said various components of the Customs Union had implications for business, something which requires industry to take interest in the discussion. "You may be aware that the manufacturing sector is now the biggest export generating sector in Zimbabwe, contributing 32 percent of total export earnings in 2005.

In this regard then, it is utmost important that the sector increases activity on the export market," he said.

Speaking at the same occasion, the secretary-general of Comesa, Mr Erastus Mwencha, said: "We are calling on the Zimbabwean industry to make use of the trade opportunities presented by Comesa. We believe Zimbabwe has a great capacity to do more for the region and we are here to listen to your proposals and see how we can help."

Source: The Herald, Harare, 9 February, 2007

US wants India to show way in WTO talks

The US has said India must play a leadership role for achieving a global trade-liberalising agreement among 150 WTO members under the Doha Round of negotiations. "Simply stated: India's leadership is required to achieve an agreement," US Commerce Secretary Carlos M Gutierrez said here at a FICCI function.

Gutierrez, who had one-to-one meeting with Commerce and Industry Minister Kamal Nath earlier in the day, said India has a tremendous opportunity to play an active and positive role in pushing the trade talks forward. "We are willing to make difficult choices, but we have a shared responsibility to make the round a success," he said.

The US administration is working with the new Congress to renew President George Bush's Trade Promotion Authority, which is set to expire at the end of June this year. "Time is short, and a great deal remains to be done if we in the United States are to show progress in the Doha Round sufficient for Congress to renew the Trade Promotion Authority needed to conclude the negotiations," Gutierrez said. He said many developing countries were waiting to see what stand India would take. "I am looking forward to working with Nath to ensure successful conclusion of the round," US Commerce Secretary said.

However, according to sources, India would continue to insist on the "development content" of the round rather than the time lines set by the US and others.

Source: Economic Times, New Delhi, 13 February 2007