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

Chile to take Argentina to WTO over agriculture subsidies

Chile announced early this week that it would file a new lawsuit against Argentina before the World Trade Organization (WTO) for the country's use of agricultural subsidies. The pending lawsuit would further strain relations between the two southern cone neighbours, as Argentina has already has filed two lawsuits against Chile before the WTO.

Although Argentina and Chile share a long border, the two countries have historically been known for their lack of economic integration. As international trade increases, the vast differences between Chile's market-based economic principles and Argentina's penchant for subsidies are increasingly being felt. Argentina already takes issue with Chilean sanctions imposed on Argentine milk and cheese imports (Chile contends the sanctions are necessary to combat milk industry subsidies), but Chile is under increasing pressure from its own farmers over Argentina's generous farming subsidies.

Argentina currently imposes maximum prices on wheat, corn, milk, and soy, and Argentine food processors are reimbursed by Argentina's government if they are forced to pay more than the official prices dictate. Processed foods imported to Chile from Argentina, as a result, are often cheaper than their Chilean counterparts.

The WTO opposes price ceilings, but any lawsuit brought before the organization must demonstrate damages on specific products. President Michelle Bachelet recently received a letter from several lawmakers and industry officials regarding what they described as the unfair situation, and Chile responded by sending a formal letter of "preoccupation" to the Argentine embassy in Santiago. Bachelet, however, must walk a fine line between defending the interests of her country and maintaining a strong relationship with Argentina. Chile is dependent on Argentina natural gas and is attempting to renegotiate an energy contract that expires in August. As Bolivia has refused to export natural gas to Chile because of a long-standing diplomatic dispute over sea access, Argentina remains the only source of energy for Chile's growing industry. Chile has very little reserves of gas or oil.

Chile government officials also said they were keen on maintaining good relations, as Argentina is a primary recipient of Chilean foreign investment.

Source: Mercopress, Fresh Plaza, Tholen, News, 16 February 2007

Ecuador: WTO complaint in banana dispute will not be put off

The Ecuadorian minister of agriculture, Carlos Vallejo, assured that the government will not change its decision to demand a reduction at the WTO of the EU banana import tariff for bananas proceeding from Latin America. Vallejo has not yet said whether or not Ecuador will lead the defence of the matter in front of the WTO arbitration panel, as plausible or logical as it might seem to assume that. Furthermore, the minister announced that the new banana reference price for bananas should be established at cost price level.

According to Pompilio Espinoza, the president of the federation of banana grower associations, the minister will maintain the single classification of fruit on the plantations, excluding second classifications in the ports.

Source: Fresh Plaza News, Tholen, 16 February 2007

42 complete WTO course

Forty-two girls from the International Islamic University Islamabad (IIUI) have completed a comprehensive training course on World Trade Organisation (WTO) agreements.

IIUI Management Sciences Faculty Dean Prof Amanullah thanked the TIHP and the UNDP for their support in frequently organising such courses and said that universities were the most appropriate places to prepare students for global trade and economy challenges. Commerce Ministry Additional Secretary Nazi Quyreshi said that awareness about WTO was needed on a professional level to enable young graduates to gain knowledge and to respond to national trade and industry challenges due to globalisation.

Daily Times, Islamabad, 16 February 2007

India offers to host developing nations' conference on WTO

India has offered to partner United Nations Industrial Development Organisation (UNIDO) for hosting a conference of developing countries to assess the impact of tariff reductions in manufactured goods under WTO agreements on the economies of developing countries. Launching UNIDO Centre for South-South Industrial Cooperation, Commerce and Industry, Minister Kamal Nath, offered to hold a meeting of group of 90 developing to discuss the impact of tariff reduction on developing countries and steps that need to be taken in future. The offer was immediately accepted UNIDO's Director General, Kandeh Yumkella, who was also present.

Earlier, Nath launched a frontal attack against the multi-lateral agencies like World Bank and IMF and their "bizarre ideas" that come up from time to time, but have "repeatedly failed". He said developing countries have learnt their lessons after implementing their advice. At the Hong Kong ministerial conference of WTO the developing countries asked India, which is voicing their concerns at the multi-lateral body that it should anything but save them from the clutches of World Bank and IMF, Nath said.

He also attacked the developed countries who, he said, were turning protectionist after preaching free trade. "The developed countries wanted developing countries to take greater cuts on tariffs on industrial goods. We have told them at Davos that developing countries would cut their tariffs by 10 per cent less than what developed countries were willing to do. We are yet to hear from them," he said.

Earlier, speaking at the conference Yumkella laid down the challenges faced by resource-rich African countries in providing economic opportunities for their youth by manufacturing value-added products. The centre is the first of its kind in the world and UNIDO has planned one centres each in Brazil, South Africa and China. The centres would enhance cooperation between the developing countries to boost industrial sector by exchange of expertise and experience. It will also network institutions and enterprises and strengthen national and local innovation systems.

It would also work for human resource development, technology transfer, policy formulation and standards. The India centre, which came up in just 10 months, will focus on areas of renewable energy, low-cost housing, food-processing, pharma and biotech, technical training and skill enhancement, and information technology applications in investment, trade and industry.

Source: PTI, New Delhi, 16 February 2007

WTO report calls for EU farm tariff, subsidy cuts

The European Union should remove or reduce export subsidies and import tariffs on farm goods because this would benefit consumers and make its economy more efficient, a World Trade Organisation (WTO) report says.

The report, which is due for official release later this month, says the economy of the 27-state bloc is generally open and that this has aided global growth. However, "substantial" barriers remain in a few areas, notably agriculture. "Reduction/elimination of export subsidies and tariffs on agricultural imports would benefit EC (European Community) consumers, improve resource allocation and significantly contribute to the promotion of the world economy," says the report, a copy of which was obtained by Reuters.

Rich nation farm tariffs and subsidies are a central issue in the WTO's troubled Doha round of free trade negotiations, which have recently resumed in Geneva after a six-month suspension triggered largely by deep divisions over agriculture. The EU has already offered to get rid of export subsidies as part of any final Doha treaty, which would also cover industrial goods, services and trade rules. But Brussels is resisting calls from major farm goods exporters, led by the United States, for deeper tariff cuts than the some 50 per cent its negotiators have proposed. The EU says the United States must reduce farm subsidies further and it is also seeking concessions from major developing states in industrial goods and services.

The report by WTO economists, who regularly review the trade performances of member states, does not go into details on the Doha negotiations. But it expresses concern that Brussels' new interest in bilateral and regional trade pacts could divert negotiating energy away from the search for a Doha deal. Since the last review in 2004, the average most favoured nation (MFN) tariff on agricultural goods, the baseline duty open to all WTO members, has risen to 18.6 per cent from 16.5 per cent, mainly due to lower international prices. But individual duties go as high as 428 per cent on certain processed meat products. The EU remains the world's leading exporter and importer of commercial services, despite the fact that there are still significant barriers to such business both inside the bloc and with third parties, it notes. "Addressing these distortions, would boost the overall competitiveness of the economy," the report says.

Source: New Zealand Press Association, 16 February 2007

Australia shrimp ban to go to WTO

Thailand is set to raise the shrimp import barrier imposed by Australia for discussion in a meeting of the committee responsible for hygiene affairs of the World Trade Organisation (WTO) later this month. Chutima Bunyapraphasara, director-general of the Trade Negotiations Department, said Australia's bio-security unit had recently produced a risk analysis report on shrimps and shrimp products imported from Thailand and come up with a compulsory measure that shrimp meat shipped to Australia must be certified as having been boiled at 85 degrees Celsius. She said representatives of the Commerce, Agriculture, and Foreign Ministries had travelled to Australia to confer with officials concerned and assure them that Thailand had its own method to make shrimps clean and safe for consumption.

They informed the officials that such a strict measure would affect Thailand's export of shrimps to Australia, which totalled 2.29 billion baht in value last year. They also gave assurances that Thai shrimps had never spread any disease to shrimp farms of importing countries because the Fisheries Department had strictly supervised the matter. Ms. Chutima said Thailand would raise the issue for discussion with Australia again when the WTO Committee on Sanitary and Phytosanitary Measures meets in Switzerland February 28-March 1. She said the measure issued by Australia is clearly seen as a trade barrier because there is no scientific evidence to substantiate the measure.

The Commerce Ministry was examining the matter and might file a complaint with the WTO as a last resort, said the director-general.

Thailand News Agency, Bangkok Post, 16 February 2007.

Starbucks in African coffee moves

Starbucks plans to double purchases of East African coffee in the next two years and increase credit to farmers in the region to improve bean quality.

Starbucks' Dub Hay said they would also set up a Farmers Support Centre, and have pledged to offer \$1m in micro finance to farmers in the region. Starbucks bought \$294m of coffee last year and 6% was from Africa. Mr Hay says that will double to 12% by 2009. Starbucks has been in a trademark row with Ethiopia over the past few months. The Ethiopian Government wants to trademark three of its coffees in America - Sidamo, Harar and Yirgacheffe names. Charity Oxfam has claimed Starbucks is blocking Ethiopia's bid to get the trademarks, by influencing the National Coffee Association in the US.

The allegation has been denied by Starbucks, which says it has farmers' interests at heart but does not believe trademarks will help. Starbucks say helping growers to improve the quality and quantity of their coffee is the best way to ensure farmers get a better price for their product. Mr Hay has been having meetings with the Ethiopian officials to try and improve relations between the firm and government.

Source: BBC, London, 15 February 2007

India's cheap drugs under patent threat

A court challenge to India's patent laws by the pharmaceutical giant Novartis could cut the supply of affordable medicines to treat Aids and other epidemics in the developing world, aid agencies say.

India changed its patent laws in 2005 to comply with a global agreement on intellectual property. A subsequent application by Novartis - one of the first under the new rules - for a patent on its leukaemia drug Glivec was rejected by India's patent office in January 2006.

Novartis is now fighting that decision, and also challenging India's patent laws, claiming that they do not comply with the international agreement. The trial opened in Madras last month, and is due to resume on Thursday. Central to the case is the question of innovation. India's patent act currently requires that drugs be "new and involve an inventive step" in order to win patent protection.

NGOs including Médecins Sans Frontières (MSF) and Oxfam say that if Novartis succeeds, pharmaceutical firms will be able to put newer Aids treatments based on existing drugs under patent protection in India, preventing cheap generic versions being exported to Africa and elsewhere.

India became the "pharmacy of the world's poor" in 1970 when it stopped issuing patents for medicines. This allowed its many drug producers to create generic copies of medicines still patent-protected in other countries - at a fraction of the price charged by Western drug firms. But in 1994 India signed up to the Agreement on Trade Related Aspects of Intellectual Property Rights (Trips), a deal which required all WTO member countries to grant patents on technological products, including pharmaceuticals, by 2005.

Drug companies have since been queuing up to patent their brands in India. Up to 9,000 patents await examination. Glivec was one of the first to come to court. Its patent application was rejected because it was judged to be merely a new version of an older medicine. Novartis is now arguing that India's requirement for drugs to be new and innovative is not in line with the Trips. Experts are divided as to whether the Glivec case would set a precedent allowing other modified drugs to be patented in India. "There are an estimated 9,000 patent applications waiting to be reviewed, of which roughly 7,000 are believed to be modifications of old drugs," said Richard English, manager of Oxfam's Make Trade Fair campaign. "If Novartis wins, countless medicines previously available cheaply to poor people could then be patented and priced out of reach."

Professor Brook Baker, a professor of law at North eastern University in Boston, agrees: "Novartis, in the underlying challenge to the patent act, is claiming that any variation of

an existing entity should be patentable. "And secondly - by inference, it doesn't directly claim so in its court papers - Novartis is also claiming that, for example, new indications or uses of existing drugs, or arguably new combinations or delivery systems of existing drugs, might also be patentable."

But Jo Walton, a pharmaceutical analyst with investment bank Lehman Brothers, said: "My guess is that Glivec is not the best case for the Aids groups to be fighting on. I'm not sure that because you have said Glivec is novel, [the Indian government] would have to say combined [Aids] medicines and the like are novel."

Aids issue

MSF says it has collected 300,000 signatures in a worldwide petition calling for Novartis to drop the case. The Geneva-based charity says that India's generic pharmaceutical firms are already so concerned about the challenge that they are not producing generic versions of second-line Aids drugs. Over time, Aids patients become resistant to the antiretroviral drugs that allow them to live with the virus. New or second-line drugs are needed, and it is these, developed after India signed up to Trips, which aid agencies are concerned would be patentable in India, should the Glivec trials succeed.

MSF says generic manufacturers have helped bring the cost of Aids treatment down from \$10,000 per patient per year in 2000, to just \$130 now.

Novartis, however, points out that nations are entitled to over-ride patent protection in the case of a national emergency. Governments are permitted to issue compulsory licences which allow companies to break patent protection and reproduce drugs, for a modest royalty, when there is a public health need. "Granting a patent to Glivec would not stop governments granting compulsory licences or getting the drugs they need for their people," said John Gilardi, a spokesman for Novartis. "This [case] has nothing to do with HIV."

However the issue of compulsory licensing is not as straightforward as Novartis makes it seem, according to Professor Baker. "The countries that are trying to issue compulsory licenses, which in some instances have been some of the more powerful middle-income countries, come under enormous pressure, and that pressure is noticed." Brazil has threatened compulsory licences three times. The drug companies have jumped up and down, and [the US] Congress has threatened to withdraw Brazil's trade

Source: Economic News, New Delhi, 14 February 2007

Antigua Lodges complaint over US leaks

Minister of Finance and the Economy Dr. Errol Cort revealed yesterday that Antigua & Barbuda had lodged a complaint with the WTO over leaks from US officials on what was intended to be a confidential preliminary report.

The final report of the World Trade Organisation (WTO's) Dispute Settlement Body on the Internet gambling quarrel between Antigua & Barbuda and the United States is due to be released tomorrow. "The WTO had specifically said to all parties that... no party should say anything in respect of the matter. Unfortunately the US has gone and they have said a lot of things and we have protested. "We've written to the WTO that while all parties were asked to remain confidential in terms of the interim report, we have kept our side, but the US has not," he said.

He said that the WTO has since reiterated its request to both parties that the report remain confidential until it is published. He said that he expects to issue a full statement on the report and its impact on the local gaming industry once it is made public tomorrow.

Source: Antigua Sun, Antigua, 14 February 2007

Kirchner-WTO, Thanks but No Thanks

Argentinean President Nestor Kirchner rejected on Wednesday recommendations from international organizations like the World Trade Organization on the economic panorama in the South American country. "Some people say that this economic integration and justice process should be stopped. There are some statement, as those by the WTO, suggesting a change in the model, but we are going to improve it,". Kirchner said no to that organization, as he has done before.

The text by the World Trade Organization (WTO) recommends, among other aspects, to cool the Argentinean economy to restrain inflation, which it terms a main risk. Economy Minister Felisa Miceli said on Tuesday that "the WTO orders us to change economic policy and cool down the economy, but its does not mention how we have defended Argentinean production."

Source: Prensa Latina, Buenos Aires, 14 February 2007.

WTO challenges impetus for farm reform-USDA

The United States will defend contested farm subsidies, but it can't afford policies that make farmers a target for challenges in a world trade court, Washington's top agriculture official said on Tuesday. As debate heats up ahead of a farm policy overhaul later this year, U.S. Agriculture Secretary Mike Johanns told Reuters in an interview that the United States must balance farmers' needs at home and the demands of a globalized economy. That means government support programs, he said, must be tailored with an eye to World Trade Organization rules: "It's not a safety net to put a bull's eye on a farmer's back." U.S. farm subsidies, averaging \$20 billion a year in recent years, are facing increasing scrutiny -- and outright challenge -- from trading partners.

In a landmark victory for Brazil, the WTO's Dispute Settlement Body concluded in 2005 that U.S. cotton subsidies ran afoul of world trade rules. Ottawa launched a similar complaint last month against U.S. subsidies for corn and other crops. Some people believe those cases are the first salvos of a WTO blitzkrieg.

U.S. subsidies are also being debated as Washington redoubles efforts to clinch a new multilateral trade deal in the Doha round of trade talks. For years, developing nations have pushed the United States to reduce subsidies they believe depress world prices. U.S. negotiators say they can only curtail support so much until trading partners trim their own market duties sufficiently. To Johanns, those in the U.S. agriculture community who would prefer to ignore those threats "do that at the peril of our farmers."

FARM POLICY UP FOR RENEWAL

The Bush administration has long talked about the need for farm policy reforms, and Johanns hailed January's release of USDA's proposed 2007 farm bill as proof the administration was getting serious. Johanns' vision for the legislation, which sets farm policy for five years, would cut some supports and increase others. But critics say it does not go far enough.

USDA's plan would scale back farmers' access to marketing loans, a popular program that guarantees a minimum price for grain, cotton and rice even if prices are low. Cotton farmers, for example, could see income decline in marketing loans, but Johanns said reductions would be offset by an additional \$4.5 billion in direct payments over 10 years. Trading partners have also been watching closely to see how well the U.S. plan would stack up against WTO subsidy limits.

Another proposed U.S. reform would base so-called counter-cyclical payments on revenue nationwide, reflecting crop size and price, rather than just on crop prices. Johanns said the revamped counter-cyclical program would likely be placed in the

WTO's "blue box" for subsidies that are considered somewhat trade-distorting. The WTO classifies farm subsidies in three boxes: amber for most-trade distorting, blue for somewhat trade-distorting, and green for those are decoupled from price and production.

Winning a WTO challenge can mean countries get a green light to apply trade sanctions. But some countries, especially less affluent ones, may opt against a WTO case, according to a recent report by the Congressional Research Service. "The financial costs are high, and the broader geopolitical consequences may far outweigh any potential trade gains," CRS, a non-partisan government agency, found in its report. But congressional researchers did say substantial reform would be needed to ensure U.S. subsidies are not vulnerable to more challenges. "The clearest method for decreasing exposure to WTO legal challenges is (to) remove the linkage between payments and producer or consumer behaviour," it concluded.

Source: Reuters, Washington, 14 February 2007.

TRIPS Meeting:

Boost To IP Issues As Part Of Resumed Trade Talks, US Submits Enforcement Proposal
Members of a 13 February World Trade Organization (WTO) meeting on intellectual property rights, signalled that consultations on IP issues will be stepped up in the coming weeks as part of the overall revival in global trade talks, according to participants. Also at the meeting, the United States presented a paper on IP enforcement.

The meeting of the Council on Trade-Related Aspects of Intellectual Property Rights (TRIPS) was scheduled for two days, but finished after one. Chairs of various key IP consultations said they wanted to meet with individual delegations or small groups over the next two weeks to decide how to move forward, sources said. This process was discussed at an informal meeting before the start of the TRIPS Council, sources said.

The topics of these consultations will be geographical indications (GIs) - which are product names reflecting geographical origins - and the relationship between the TRIPS agreement and the Convention on Biological Diversity (CBD), sources said. There are three chairs dealing with four combinations of the issues. Some of these issues have been discussed for years and countries not only disagree on the topics themselves, they also differ on whether some of them should be negotiated at all within the council.

Yonov Frederick Agah of Nigeria was named new chair of the TRIPS Council. Ambassador Trevor Clarke of Barbados, the outgoing chair, told *Intellectual Property Watch* that there had been a lot of “talking around the subject” of GIs and CBD until now, but there are now indications that some countries are “keen to make some progress.”

Some of these consultations are part of the current round of trade talks, launched at Doha, Qatar in 2001 and suspended in July 2006 (*IPW*, WTO/TRIPS, 24 July 2006). On 7 February, WTO Director General Pascal Lamy announced that the governments “have resumed negotiations fully across the board.” But many participants of the TRIPS Council afterwards did not believe there would be any real IP movement until there is progress in talks on agriculture. In particular, the GI issue appears to be tied to agriculture, a source said.

Enforcement on the Agenda

Separately, at the formal TRIPS Council meeting, the main issues were the CBD and enforcement, sources said. The United States presented a communication (IP/C/W/488, dated 26 January) on “Enforcement of intellectual property rights (part III of the TRIPS agreement), Experiences of border enforcement.”

In the paper, the United States presents recent data on the growing scale of infringements of intellectual property rights found in the United States “as measured by seizures of infringing imported goods by US customs authorities,” and describes its efforts to combat this through “risk modelling methods” and “post-entry verification audits.” The paper was discussed under the agenda item, “enforcement of intellectual property rights.” The United States was not available for comment.

A Swiss official told *Intellectual Property Watch* that Switzerland requested more information about the US initiatives to see whether these could be used in Switzerland. The official said Switzerland expected the questions would be answered in another TRIPS Council, which would keep enforcement on the agenda.

In the TRIPS Council meeting in October 2006, the European Union also introduced a paper and had a Power Point presentation on its enforcement measures, but this met with opposition from some members. Many countries perceived this to be a way of getting enforcement measures into the council, where they said it does not belong (*IPW*, WTO/TRIPS, 27 October 2006). This did not happen to the US paper. One developing country source told *Intellectual Property Watch* that in terms of procedure, the US document was much more acceptable. But developing countries’ position on the enforcement of intellectual property rights had not changed, and they still do not believe this belongs in the TRIPS Council. The source said that on border control and IP, the World Intellectual Property Organization as well as the World Customs Organization are active.

The source said that developing countries would not accept any imposed new obligations in this area that would affect the current balance of rights and obligations in TRIPS, and that they had signed the treaty as a whole, not only part three (on enforcement). China said that enforcement could not be a permanent agenda item in the council, and it was supported in this view by Argentina, Brazil, Cuba, India and South Africa, a WTO official said.

CBD Revisited

On the relationship between TRIPS and CBD, Brazil said the issue should be dealt with adequately and expeditiously, and noted that members should agree that the CBD secretariat is an observer to the TRIPS Council, a source said. Another source said that a number of countries had questions for Peru (IP/C/W/484) on a presentation it had at the previous TRIPS Council, but as Peru was not present, this would be postponed. Norway, which has a proposal on this (IP/W/473), also replied to questions raised by Switzerland previously, another source said, which would be available in writing later.

A group of developing countries repeated that they would like the TRIPS agreement amended to make it mandatory to disclose the origin of genetic material and traditional knowledge in patent applications, have prior informed consent and benefit sharing of possible economic gain, as they proposed in a text (IP/C/W/474) last summer (*IPW*, WTO/TRIPS, 7 June 2006). But most developed countries disagree and argue they are

not ready to negotiate on a text on this, the informed source said. The Norwegian proposal says infringements should be dealt with outside the patent system, sources said.

The United States, Korea, Canada, Australia and New Zealand said they oppose an amendment TRIPS to fight bio piracy, the European Union argues the issue belongs in the World Intellectual Property Organization, and Canada and New Zealand said they are still discussing it domestically, a WTO official said.

The Consultations

In the morning informal session, Clarke was one of three chairs ready to meet with delegations. Clarke oversaw discussion on TRIPS Article 24.2, which deals with standard council review of the GI TRIPS section, an informed source said. Countries disagreed on whether this review should be based on the replies to a WTO secretariat questionnaire or on the individual TRIPS articles, the source said.

Ambassador Manzoor Ahmad of Pakistan said he would hold consultations on a multilateral GI register for wines and spirits, a topic that is officially part of the Doha negotiations [TRIPS Article 23.4, Doha Declaration paragraph 18], and which he chairs under special sessions of the TRIPS Council. While the European Union, Switzerland and Turkey are among countries wanting such a register and are ready for text-based negotiations, Australia, the United States, Canada and Chile are among those opposing this. Countries disagree on what legal status such a register should have and whether it should be voluntary or mandatory, the source said.

Australia said that a number of questions and concerns that had been raised regarding the EU's earlier proposals on GIs, such as the commercial objectives underpinning the proposals, the relationship between extension and the register and the commercial impact of the proposals on exporters, had not been answered, and thus they could not agree to move to negotiations, a developed country official said.

The next chair is WTO Deputy Director General Rufus Yerxa (acting on behalf of the director general), who has also invited consultations on extending higher level protection for GIs beyond wines and spirits, which are currently protected. This is part of the "outstanding implementation issues" in paragraph 12(b) of the Doha Ministerial Declaration. Members continue to disagree on whether there is a mandate to discuss this, the informed source said. This also includes discussions on the relationship between TRIPS and CBD, also chaired by Yerxa.

The two issues of GIs and CBD were not linked at the meeting, but one developed country official said that the EU is "in the middle" when it comes to the CBD issues and sympathizes with developing countries. A developing country official said that in terms of process the two issues are linked as Yerxa is chairing consultations on both.

Separately, Norway became the fifth WTO member to accept the TRIPS amendment on public health made in December 2005 (*IPW*, WTO/TRIPS, 6 December 2005), meaning

that the amendment has taken effect and replaced a 2003 waiver in these countries. So far 3.33 percent of members have done so while 67 percent have to accept it by the end of 2007 for the amendment to formally change TRIPS, WTO said.

Source: Tove Gerhardsen, Intellectual Property- Watch, Geneva, 15 February 2007

Trade : Staggering Trade Deficit Reinforces Failure of Status-Quo Trade Policy

"The alarming \$763.6 billion 2006 trade deficit reinforces the message the voters sent in the midterm election: Don't stay the course on our failed trade policy. To get good trade agreements, Congress must retire the Fast Track process that enabled damaging pacts like the North American Trade Agreement (NAFTA), the Central America Free Trade Agreement (CAFTA) and the World Trade Organization (WTO) and replace it with a new mechanism for trade negotiations that puts the American people and Congress back in the driver's seat and allows us to set a new course toward a trade policy that benefits the majority

Before the Nixon administration hatched Fast Track as a way to grab Congress' exclusive constitutional power to set trade policy, the United States had balanced trade and even trade surpluses every year – with 1971 and 1972 as the only recent exceptions. Since Congress passed Fast Track in 1974, we have had only one year – 1975 – of trade surpluses.

Fast Track-enabled agreements like NAFTA and the agreement that created the WTO have only made things worse. Before these pacts were signed, the United States ran a \$100 billion trade deficit in today's dollars. Following implementation of NAFTA, U.S. bilateral deficits with Mexico and Canada skyrocketed, while our nation's overall trade deficit has grown nearly 800 percent and now accounts for a record high of nearly six percent of our national income.

In addition to posing a danger to U.S. and global economic stability, these macroeconomic trends have a disastrous human impact. The average worker's hourly wage has risen only a nickel since 1973 – the year before Congress finally conceded to Nixon's Fast Track power grab. Meanwhile, income inequality is at levels not seen since the Robber Baron era, with the richest 10 percent of U.S. citizens taking nearly half the economic pie. And as the trade deficit has skyrocketed, one in six U.S. manufacturing workers have been displaced, representing a devastating loss of good jobs.

The 2006 midterm elections showed that members of Congress bear the political liability for this failed trade policy. The only question that remains is whether they will reclaim their constitutional authority over trade policy by permanently burying Fast Track and replacing it with a new model that guarantees they can shape globalization to benefit all Americans."

Source: Public Citizen, Feb. 13, 2007 -- Statement of Lori Wallach, Director, Public Citizen's Global Trade Watch Division:

US cancel Liberia's debt

The United States boosted the recovery of Liberia by announcing on Tuesday that it was erasing the war-ravaged West African nation's bilateral debt.

Speaking at the start of a two-day conference of Liberia's international donors, Secretary of State Condoleezza Rice noted the United States holds \$391mn in outstanding bilateral loans to Liberia. "We will cancel that debt, all of it," she said.

Liberia labors under \$3.7bn in debt run up by its former warlord leaders. It's new elected president, Ellen Johnson Sirleaf, on an official visit to Washington, appealed to donors on Monday to show generosity to her shattered nation. The debt burden comes to 3 000 percent of Liberia's export earnings, which is "clearly non-sustainable," she said, calling in particular for relief from the World Bank, International Monetary Fund and African Development Bank.

Diamond-rich Liberia went through a savage 14-year civil war that killed an estimated 270 000 people and devastated its infrastructure until warlord-turned-president Charles Taylor went into exile in 2003. Campaigners say Liberia owes about \$1.5bn in repayment arrears to the IMF and World Bank alone. The country cannot qualify for formal debt relief from the global lenders until it pays off those arrears. "For us it means until the debt is settled, we cannot access significant sources of funding," Sirleaf said at a press conference ahead of the World Bank-organized conference.

Sirleaf, who took office last year as Africa's first elected female president, was to take her message to the White House on Wednesday in a meeting with President George W. Bush. The Harvard-educated former World Bank economist already enjoys star status in Washington, having been one of the few foreign dignitaries granted the honour of an address before the US Congress, in March 2006. "The other message to our partners is we need to shorten that road between commitment and cash," Sirleaf said, complaining of delays to the delivery of promised aid from donors.

In her first year in office, Sirleaf has set up a South African-style Truth and Reconciliation Commission charged with probing atrocities committed during the 1989-2003 civil war. She has overseen the return of electricity to parts of the capital, Monrovia, and waged a war on official corruption that has drawn praise from donors.

Two weeks ago, Chinese President Hu Jintao revealed during a visit to Liberia that Beijing would cancel its own bilateral debt of \$15mn. Liberia switched diplomatic ties from Taiwan to Beijing three years ago. But one of the world's poorest countries continues to be weighed down by a debt mountain that totals 800 percent of its meagre economic output. Foreign donors have already tied any aid to the West African country to stringent conditions under an assistance plan aimed at curbing the haemorrhaging of state funds. But Sirleaf said that ordinary Liberians do not care about the arcane details of donor conferences. "All they know is they want a job to be able to feed their family, they want to be able to send their children to school, they want to be able to take their products

to market," she said. "So our message to the partners is yes, we understand all these requirements, we know they have to be met, but can we find a way to short-circuit it?"

World Bank president Paul Wolfowitz said Monday he understood "the president's impatience on this issue." "We need to do this in a framework of not just the World Bank doing it on its own, but acting in a framework with the IMF and the African Development Bank," he said. "And it's going to require some fresh money from the donors."

Source: AFP South African 15 February 2007

US advises India to enforce liberal norms

The United States has advised India to further liberalise its retail, banking, financial services and telecom sectors, strictly enforce protection of patents and data, and do away with the caps on foreign ownership to encourage foreign and internal investments to sustain the country's spectacular economic growth.

Commerce and industry minister Kamal Nath said the Reserve Bank would consider the US demand for relaxation of branch opening norms for foreign banks in India. "The RBI has a roadmap and the decision has to be taken after a consensus is reached," Nath told reporters after jointly addressing a FICCI meeting with US Commerce Secretary Carlos M Gutierrez in New Delhi on Tuesday. Nath said India has also sought a liberal regime that would allow domestic banks to set up branches in the US. "We discussed ways to enhance trade and investment. There were specific issues that we talked about, including Indian banks opening more branches in the US," he added.

Addressing members of industry at the meeting organised by FICCI, Gutierrez said the "challenging regulatory" climate in New Delhi continues to hamper commercial opportunities. "While there are many success stories, there are also stories of failed partnerships and business ventures." For India to continue its phenomenal growth, it must open all areas of its economy and encourage investment — both foreign and internal, he said.

Gutierrez noted that while progress has been made on intellectual property rights, "India continues to be a major global source of counterfeit medicines. Enforcement is the key. Without protecting patents and data, India will not attract the R&D and innovation necessary for strong growth in sectors such as pharmaceuticals." The US official said India was alone in the challenges that it faces. "In the US we too are working to keep opening international markets, and ensure access to our markets and choices for our consumers," he said. "In a growing international market, it is easy for some to suggest that protectionism would create jobs. It won't. The only way to create and protect jobs is to promote private investment and trade, encourage innovation, expand job training and compete," Gutierrez said.

He added that a crucial area that India and the US were working on was the advancement of the Doha round of trade negotiations. India's leadership, he said, would be crucial to achieve an agreement, which will expand international markets, help alleviate poverty and boost global development.

Source: Hindustan Times, New Delhi, 13 February 2007