

CUTS-CITEE in Action



CUTS Centre for International
Trade, Economics & Environment
CUTS-CITEE



NEW PROJECTS

WTO Doha Round & South Asia: Linking Civil Society with Trade Negotiations – Phase-II (SAFIT II)

In January 2005, CUTS-CITEE initiated the first phase of the collaborative project 'WTO Doha Round & South Asia – Linking Civil Society with Trade Negotiations' in partnership with four South Asian civil society organisations (CSOs) from Bangladesh, Nepal, Pakistan and Sri Lanka on the five core issues of the 'July Framework Agreement'.

The Doha Round of negotiations was expected to come to an end by December 2005, when the sixth WTO Ministerial Conference was held at Hong Kong, China. However, given the realpolitik of negotiations, the Doha Development Agenda (DDA) launched in 2001 could not be concluded in Hong Kong but the Members just manage to achieve a modest outcome. Although there is an impasse in the negotiation process, this recently concluded Ministerial did throw some more pertinent issues for future research and advocacy. Based on the Hong Kong Ministerial Declaration, five cross cutting core issues have been selected for further research work to be carried out by the five research partners in the five South Asian countries in the Phase-II of the project. The project is commonly known as *South Asian Forum for International Trade* and is being implemented with continued support from Oxfam Novib, The Netherlands.

The core issues identified are:

- Service;
- Non tariff barriers;
- Preference erosion and aid for trade;

- Agriculture: special products and special safeguard measures; and
- Duty and quota free market access for LDCs.

The Project will analyse the possible changes that could take place in the negotiating position of a country in the light of Hong Kong Ministerial Declaration which would help to further consolidate the positions of the South Asian countries.

Trade Facilitation Needs Assessment in South Asia

CUTS –International is engaged as the institutional partner to carry out the field based extensive research project "Trade Facilitation Needs Assessment in South Asia" It is based on the Article 8 negotiations of SAFTA. The research project is funded by UNOPS. The project work is for three months starting from April 2006 and will continue till June 2006. The field survey of the project would be carried out in Nepal, Bangladesh, India (West Bengal) and Bhutan. The issues that would be covered in the research project are:

- Transportation;
- Border Measures;
- Port Efficiency; and
- Standards related problem.

Experts from India, Bangladesh and Nepal would be engaged for reviewing the draft paper.

NEW INITIATIVES

Southern Civil Society Alliance

The uniqueness of this new initiative by CUTS-CITEE is to develop a Southern Civil Society Alliance to advocate for confidence building measures for strengthening a united voice of the South on WTO issues. Since the project is targeting the G-20, G-90 and G-33, the added value that it will bring is to bridge the gap between the positions of developing and least-developed countries (LDCs) on specific WTO issues. There are possibilities that on issues, which are to be considered in this project, there will be significant differences of opinions among many countries in the G-20, G-33 and G-90 groups, and such differences are expected to be exploited by rich countries, leading to an unbalanced outcome of the Doha Round. Thus, by reaching consensus position on specific issues through the involvement of Civil Society Organisations, the project will counter such possibilities.

TRIPs and CBD

Many developing countries are signatory to both the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and the Convention on Biological Diversity (CBD). As a corollary, these multilateral agreements will influence the way these countries manage their bio-resources to an extent. However, there is great contention

between both these agreements.

It is, therefore, important for countries to better understand and comprehend the relationship between these two agreements and to devise negotiating strategies to minimise losses and maximise benefits in terms of both sustainability and trade. This study intends to do this by analysing the interface between the CBD and the TRIPs agreement.

Mainstreaming Trade into National Development Strategy: RAN (Research, Advocacy, Networking) in Bangladesh, India and Pakistan

A concept has been developed on the lines of Grassroots Reachout & Networking in India on Trade & Economics (GRANITE) project of CUTS-CITEE India to replicate the work in South Asia. The identified countries in this project are: India, Pakistan and Bangladesh.

The overall goal of the project is to establish upward and downward linkages between the grassroots and the policy-makers (both at the sub-national and national level) so as to integrate people's views and concerns on issues of globalisation and the WTO into the policy-making process. The intention is to create a space for the civil society to objectively intervene in the process of mainstreaming of international trade into national development strategy.

Special & Differential Treatment

The Doha mandate of the WTO Members with regard to Special & Differential Treatment (S&DT) is to review the S&DT provisions 'with a view to strengthening them and making them more precise, effective and operational'. Negotiations have progressed slowly, however, so in a bid to break the deadlock and move the talks forward,

CUTS-CITEE has launched an initiative focusing on two issues: how to improve the S&DT provisions' effectiveness and how to make them binding. More specifically, the project focuses on evaluating the effectiveness of S&DT tools and formulating how non-binding S&DT provisions can be made binding in light of the 88 proposals submitted by Members during the negotiations. The project is thus highly practical in its application, heeding to the advice of a former Central American trade negotiator "that developing countries should be prepared to defend in a technical manner the merits of clearly articulated and specific objectives when negotiating S&DT provisions".

TRADE LAW BRIEFS

These briefs analyse particular WTO disputes in depth and consider their impact on livelihoods.

US Steel Safeguard Dispute: Forged Protection brought to Light



Safeguard measures applied by the US on imports of certain steel products were inconsistent with the obligations of Agreement on Safeguards, General Agreement on Tariffs and Trade (GATT) 1994 and Article XVI of World Trade Organisation (WTO) Agreements. A case against these tariffs was brought by the European Union (EU), which charged that the US was illegally protecting its domestic steel industry. The tariffs in steel market mainly hit steel makers in the EU, Japan, Korea, Norway, Switzerland, New Zealand and Brazil. The Appellate Body (AB) upheld the Panel report and confirmed that the US had failed to meet the basic prerequisite conditions required before any safeguard action could be implemented regarding unforeseen developments, increased imports and exclusion of imports from certain sources.

EC Sugar Dispute: One Last Stand for a Retiring Regime



After World War II, Europe advocated an intense campaign to secure food security. Accordingly, the European Commission (EC) formed the sugar regime in 1968, which consisted principally of granting direct and indirect subsidies to European sugar producers. Since then, the regime has stood the test of time enabling the EC to become the largest exporter of the good. However, in recent times, Brazil, Thailand and Australia have become significantly more efficient at producing and exporting raw sugar than the EC. These

countries have complained that the EC regime enabled the EC sugar producers to export their sugar to world markets at a price below the cost of production. This has, in turn, led to a reduction of the world sugar price causing damage to these countries' earnings and competitiveness in world sugar markets. The complaining parties were supported by a ruling at the WTO, which proclaimed that an effective reform of the regime was required after all these years.

Scoping Study for the Project on Towards Asian Economic Community by 2020

CUTS has conceived a comprehensive research and advocacy project to explore the possibility of forming "Asian Economic Community by the year 2020". For the purpose of doing the scoping work, CUTS will collaborate with the Singapore Institute of International Affairs (SIIA). The scoping work will test the ground through a quick literature review, interviewing some key advocacy partners and stakeholders in some Asian countries. The proposed duration of the scoping work will be three months (July-September 2006). In all ten countries have been identified for fieldwork. Five countries (Bangladesh, India, Kyrgyzstan, Sri Lanka and UAE) will be covered by CUTS and rest five countries (China, Malaysia, Singapore, Thailand and Vietnam) will be covered by SIIA. Stakeholder's perception survey will be conducted in these countries by meeting with two government officials (one from the trade ministry and the other from the foreign ministry), two Research institutions/academics, one Business bodies (an apex chamber of commerce) and one NGO (a research-oriented civil society organisation). SDC is approached to fund the project.

Brazil-US Upland Cotton Dispute: What Does it Augur for Agricultural Subsidies?

Brazil won a landmark case at the World Trade Organisation (WTO) that spells the beginning of the end of rich countries' subsidy payments to their farmers. Brazil's case is the first to challenge the rich world's farm subsidies. The case has set a valuable precedent for the developing countries to rise against the wealthy nation's domestic agricultural subsidies, the US subsidies on cotton exports depressed world prices thereby limiting the earnings of cotton farmers and adversely impacting their livelihoods in Brazil and other developing countries.



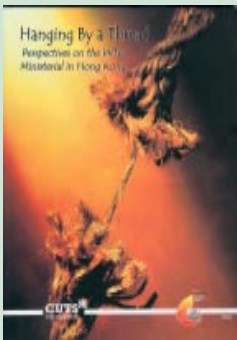
US - Frozen Warm-water Shrimp: Anti-dumping – Gone to the Extreme!

The US decision to uphold an anti-dumping measure against Indian and Thai frozen warm-water shrimp came as a bolt from the blue for the two exporting countries that witnessed the devastating wrath of tsunami on December 26, 2004. At the time, these developing countries looked to both aid and trade to revive livelihoods and their economies.

Their shrimp exporting industries were in desperate need of re-investment, essentially through export revenues. But this was disregarded by the US who ordered an anti-dumping (AD) duty to be placed on shrimp imports from India and Thailand, for causing injury to US producers via dumping, 25 days after the tsunami. Ten months later, the US reviewed their measure again but found that removal of the measure would still cause injury to their domestic producers, despite the tsunami, and so continued the AD measure.



'Hanging By a Thread: Perspectives on the WTO Ministerial in Hong Kong'



CUTS-CITEE has published a book entitled, *'Hanging By a Thread: Perspectives on the WTO Ministerial in Hong Kong'*. It is a compilation of the various views expressed prior to, during and after the sixth Hong Kong Ministerial by renowned experts and commentators on the WTO from around the world. The book can be a valuable treasure for all those who are concerned

with WTO issues, especially researchers and policymakers. For more information: <http://www.cuts-citee.org/hk-book.htm>

Book under project "Devising a Comprehensive IBSA (India-Brazil-South Africa) Strategy on WTO Agriculture Negotiations"

CUTS-CITEE would soon release a book under its project titled "Devising a Comprehensive IBSA (India-Brazil-South Africa) Strategy on WTO Agriculture Negotiations".

The book includes working papers covering stakeholders' perspectives on specific issues from IBSA countries. Other than these three countries, papers from Australia, China, EU and USA will be a part of the book. The idea is to place a broader picture on the views and concerns of some key countries on agriculture negotiations. All these seven commissioned papers are being synthesised with an overall aim of providing directions to break the logjam in agriculture negotiations. It would help in arriving at a comprehensive IBSA strategy on WTO agriculture negotiations and its implications on global economic governance reform. The synthesis paper will also have a section on possible future (the evolution) of IBSA.

Representation

• Evian Group Brainstorming

Bipul Chatterjee participated at an Evian Group meeting on "Can the Doha drift be stopped?" held at Lausanne on 11 February. Some major points emerged are:

- ♦ Trade must be simple and fair as a key generator of global growth and development.
- ♦ For a fairer world, we need free trade.
- ♦ Development requires proactive action by the developing countries.

• Ahmedabad Management Association-Lecture on Post Hong Kong, March 4, 2006

Pranav Kumar of CUTS-CITEE was invited by Ahmedabad Management Association to deliver a lecture on WTO Hong Kong Ministerial outcomes. He spoke on "Hong Kong Ministerial Declaration and Future of the Doha Round" on 4th of March 2006, which was attended by people from industries, government and management practitioners.

• Trade Facilitation Research Team Meeting, March 15, 2006

Pranav Kumar of CUTS-CITEE participated in UNDP/ ESCAP ARTNeT Trade Facilitation Research Team Meeting on 15 March 2006 at Bangkok, Thailand. He presented an overview of their plans to conduct (for UNDP) an assessment of the needs of South Asia in trade facilitation. The study would look at behind the border issues, aiming to prioritize the needs for enhancing trade facilitation and related infrastructure in one of the poorest region of South Asia.

• IPPG Workshop—February 05 to 09, 2006

Bipul Chatterjee and Purnima Purohit from CUTS-CITEE participated in the workshop under the programme 'Role of Institutions for Pro-Poor Growth (IPPG)' in Slough, UK. It was organised by the Development Studies Institute at the London School of Economics and Political Science. The programme IPPG was initiated in September 2005 with exploratory

studies in Bangladesh, Bolivia, Mali and Tanzania. CUTS International being one of the members of the consortium, had undertaken the study in Bangladesh. The principal aim of the workshop was to report back on the four initial exploratory country studies and the literature reviews that have been conducted. The purpose of the same is to produce a research plan for the next phases of the programme including the identification of specific research (able) questions to produce a plan for capacity building work and for influencing activity.

• India-ASEAN FTA Negotiations: Wrap up Meeting – March 13, 2006

Dr N C Pahariya, honorary fellow, CUTS-CITEE participated in the India-ASEAN FTA Negotiations: Wrap up Meeting, held in New Delhi on 13 March 2006, jointly organised by the Department of Commerce, Government of India, United Nations Conference on Trade and Development India Project and PHD Chamber of Commerce and Industry. The theme of the meeting was to discuss and finalise the list of the sensitive products, which was prepared by the UNCTAD after series of consultations with stakeholders throughout India and also with the help of Global Trade Analysis Project (GTAP) model analysis. Dr. N.C. Pahariya, Hon. Fellow CUTS-International was invited to speak on the oilseeds particularly rapeseed-mustard, on which he has just concluded a project for CUTS-International.

• UNDP-UNESCAP Trade facilitation Research Meeting, March 15, 2006

Pranav Kumar from CUTS-CITEE attended the UNDP – UNESCAP Trade Facilitation Research Meeting in Bangkok on March 15, 2006. It was a stakeholders consultation meeting on finalising the research methodology to find out the different factors -starting from customs valuation to transit facilities and others that impact the international trade in goods among the different countries.

Events & Representation

Second Training Seminar, Kolkata, GRANITE

The Second Training Seminar under the GRANITE project was organised at Kolkata on January 27-28, 2006. The two-day seminar served a multi-fold objective inclusive of imparting skills to articulate and analyse sectoral issues (agriculture and textiles) and also focused on evaluation of the activities under the GRANITE project in its first year of implementation (from January 2005 to December 2005), in eight selected states i.e. Andhra Pradesh, Karnataka, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

The members of National Coordination Unit (NCU) of CUTS-CITEE and nodal persons and programme coordinators from all project-partnering organisations from eight states attended the seminar.



GRANITE Training Seminar at Kolkata
on January 27-28, 2006

In the last issue of CUTS-CITEE in action, the events section gave a brief write-up of the TDP meeting organised in Geneva on 24 November 2005 and inadvertently omitted to give due acknowledgement to the UN Non-Governmental Liaison Service for their invaluable support as co-organisers of the symposium. We regret this oversight.

Fieldwork Country Missions Meeting, Geneva, WTO TRTA Strategic Review

CUTS-CITEE, in association with the WTO, organised a small meeting on February 02, 2006 in Geneva under the WTO Trade Related Technical Assistance (TRTA) Strategic Review to consult trade missions from the nine countries finalised for field research under the project and seek their assistance in conducting the fieldwork. Field work methodology, was discussed in the meeting, which was attended by the project partners; representatives of trade missions of the fieldwork countries and members of the project's Steering Committee.

National Consultation on Regional Economic Cooperation in South Asia

CUTS-CITEE, in association with the Indian Merchants Chamber (IMC), Mumbai and Friedrich Ebert Stiftung (FES) organised the National Consultation on Regional Economic Cooperation in South Asia (RECSA) in Mumbai on March 24, 2006. The objective of the consultation was to secure stakeholders' viewpoints on ways to enhance the role of the South Asian countries for greater economic cooperation among them.

MEDIA CORNER

'Hong Kong conference just five percent success' *January 03, 2006, HT Jaipur Live* Jaipur

G.K. Pillai, Negotiator from India in WTO and Additional Secretary in the Department of Commerce in the Union government, delivering a special lecture at the HCM-RIPA on 'Implications of WTO Hong Kong Ministerial Conference: What it means for States in India' said that Hong Kong conference of the WTO was just five per cent success. But this gain is important in the sense that the developing nations and particularly India had nothing to loose for a period of 10 years. Now, the State governments must do the study of agriculture sectors and form policies based on their nature that actually fit in the WTO scenario.

BK Zutshi remarked that the negotiations were moving in the right direction that was favourable to India. Our stake in the WTO must not be defensive, he argued and added that as India was competitive, it should be offensive.

More on: <http://www.cuts-international.org/cutsinmediajan06.htm#cuts15jun05>

Future Events

SAFIT Phase II - Inception Workshop

Inception workshop of Phase II of the Project, 'WTO Doha Round & South Asia: Linking Civil Society with Trade Negotiations' will be hosted by CUTS-CITEE on April 21-22, 2006 in Jaipur. In short, the project has been named as South Asia Forum for international Trade (SAFIT). The purpose of the workshop is to deliberate the scope and methodology of the study as well as to agree on the work programme. It will focus a close group meeting of 12-15 people comprising of the researchers and experts.

Strategic Review WTO's Trade Related Technical Assistance Activities-Mid Term Review meeting

The Mid-term Review meeting of the Strategic Review of WTO-TRTA will be organised by CUTS-CITEE, in association with the WTO on May 02, 2006 in Geneva. This meeting will be attended by the Review Team and members of the project's Steering Committee. The Review Team will make a presentation on the findings from the fieldwork under the project. Besides, the final structure of the review report will be finalised at the meeting.