

members with relatively high levels of amber box support (namely Japan, Switzerland, Norway and Iceland) are willing to make additional reductions.

WTO Members calculated their AMS (amber box) levels during the Uruguay Round on the basis of the amount of trade- and production-distorting subsidies they allocated to their farm sectors during the 1986-88 base period. Developed countries were required to cut their AMS levels by 20 percent during the Uruguay Round's 1995-2000 implementation period. However, in most cases Members' ceiling AMS levels were sufficiently high that this did not force real reductions in the amounts they were actually spending.

The G-10 proposes that Members cap product-specific AMS at the average of actual spending levels notified for the product in question between 1995-2000, excluding the highest and lowest annual spending levels from the calculation. Countries with very low or no product-specific support during this period would have limits fixed as a to-be-negotiated percentage of the value of production of each commodity.

With regard to special and differential treatment, the G-10 proposes that developing countries be allowed to make lower cuts (when applicable) to overall and amber box support, over longer periods of time.

On the 'blue box' (partially decoupled payments under production-limiting programmes), the proposal says that existing criteria spelled out in the July 2004 Framework are adequate. The G-10 proposes that the issues related to any additional blue box criteria require further technical work immediately to develop appropriate disciplines. It also calls for "substantial reductions" to 'de minimis' support -- the maximum level of exempted trade-distorting subsidisation -- which is currently at 5 percent of the value of total farm production in developed countries.

Finally, the G-10 rules out any new disciplines that would cap 'green box' support (domestic support exempt from reduction commitments), or change its character.

Notably, the G-10 proposal calls on WTO members to cut their OTDS levels -- amber box, blue box, and de minimis spending together -- by a percentage amount greater than the cuts foreseen for amber box support alone. This aims to prevent countries from engaging in 'box-shifting,' i.e., reclassifying subsidies in different boxes so as to avoid having to cut them. The Hong Kong Declaration requires Members to make the applicable reduction in OTDS even if the sum of the reductions in amber box, de minimis and blue box payments "would otherwise be less than that overall reduction." The US and EU proposals on domestic

support, on the other hand, provide for OTDS to be cut by lower percentage amounts than AMS.

Hong Kong timeframe reaffirmed in Davos

At a 27-28 January 'mini-ministerial' meeting on the sidelines of the World Economic Forum held in Davos, Switzerland, trade ministers from some 25-odd WTO Member governments reaffirmed the series of deadlines for the negotiations set out in the Hong Kong Ministerial Declaration, including the 30 April deadline for full modalities on agriculture.

ICTSD reporting; "G-10 alliance proposes reductions in farm subsidies of 45-75 percent", WTO REPORTER, 26 January 2006; "WTO ag talks make little progress in Geneva, with focus on procedures", WTO REPORTER, 27 January 2006.

OTHER NEWS

WHO ADDRESSES TRADE, HEALTH, IP, AND INNOVATION

Issues related to trade, research and development, and intellectual property rights featured on the agenda during the 23-27 January meeting of the Executive Board (EB) of the World Health Organization (WHO) in Geneva. All three were forwarded to the World Health Assembly, the organisation's principal decision-making body, which is scheduled to meet there from 22-27 May.

The EB, whose rotating membership comprises persons technically qualified in the field of health designated by the 32 WHO member governments elected to three-year terms, determines the agenda of the World Health Assembly. Although only 32 countries at a time are represented on the EB, non-members of the EB are allowed to participate and intervene during the meeting. Similarly, NGOs that have been accredited to the WHO are also allowed to make statements.

Proposal for Resolution on International Trade and Health Approved

The EB swiftly approved a resolution on 'International Trade and Health' (EB117.R5), following up on a draft tabled at last year's EB meeting by Benin, Bhutan, Bolivia, Brazil, Canada, China, Iraq, Jamaica, Kenya, Nepal, Sudan, Thailand, Tonga and Viet Nam last year (see BRIDGES Weekly, 1 June 2005, <http://www.ictsd.org/weekly/05-06-01/inbrief.htm#2>).

The resolution emphasises the need for more information on the implications of international trade and related agreements for public health, as well as greater policy coherence between trade and health policy. To facilitate this process, the resolution urges governments to promote dialogues on the interlinkages between trade and health, and to adopt policies that address the issues identified.

According to a WHO official, this draft resolution is an important step for creating greater policy coherence between trade and health policy, as it provides public health officials with support for engaging further with trade policy-making processes than has generally been the case.

The resolution will now be tabled for consideration at the upcoming WHA.

CIPIH Report Delayed

In February 2004, the Director-General of the WHO created a Commission on Intellectual Property Rights, Innovation and Public Health (CIPIH) in response to members' concerns. Its mandate was to "collect data and proposals from the different actors involved and produce an analysis of intellectual property rights, innovation, and public health." It was to pay particular emphasis to funding mechanisms and incentives for developing new medicines for diseases that primarily affect developing countries.

The CIPIH's members, chaired by former Swiss President Ruth Dreifuss, were supposed to come to an agreement on the text of the report in time for this year's EB meeting. However, during the gathering, Dreifuss announced that the report's release would be delayed. The WHO secretariat explained that the delay was due to an additional meeting in mid-January "to refine [the report's] recommendations. The CIPIH was able to finalise the text at the additional meeting, which took place on 16-17 January. The redrafted document has now been circulated to the commission members, and is expected to be finalised and translated into six languages by the end of March or beginning of April, in time to be presented to the WHA in May. Once adopted by the independent CIPIH, the report will not be subject to further changes by the WHA. A sub-group of the EB, however, will review it and provide an additional report to the WHA.

In a parallel development, the very integrity of the much-awaited report was called into question when Intellectual Property Watch, a Geneva-based independent news service, alleged that the report had been leaked in autumn 2005 to Eric Noehrenberg of the International Federation of Pharmaceutical Manufacturers and Associations in Geneva, who had

subsequently made comments on it in electronic format. Noehrenberg, however, denies having seen the text or commented on it.

A new framework for essential health R&D

In the final hours of the gathering, the EB agreed to send a draft resolution for a 'Global Framework on Essential Health Research and Development' (EB117/Conf. Paper. 3), originally proposed by Kenya and Brazil, to the WHA for its consideration. The resolution urges member states to make global health and medicines a priority in research and development, particularly with regard to the needs of patients in poor countries.

Although the resolution was approved by the EB, approximately half of its text remains in brackets, i.e., not finalised, and will be considered by the WHO's 192 members at the WHA. Nevertheless, health activists hail the development as a success.

The text calls on the Director-General "...to establish a working group of interested member states to consider proposals to [establish a global framework for supporting] needs-driven research..." and urges them "...[to encourage that bilateral trade agreements take into account the flexibilities contained in the WTO TRIPS Agreement and recognized by the Doha Ministerial Declaration on the TRIPS Agreement and Public Health]." The draft resolution contains bracketed text providing for the working group to make a first report at the 2007 WHA, with a final report at the WHA of the following year. The report is charged with proposing "[alternative simplified systems for the protection of intellectual property, with a view to enhance accessibility to health innovations and building capacity for product development uptake and delivery in developed and developing countries...]."

While the resolution recognizes "[...the promise of new, open models for the development of medical science, enhanced participation in, and access to, scientific advances, and increased knowledge...]" it also recognises "...that intellectual property rights are one of several important tools to promote innovation, creativity, and the transfer of technology."

Several countries expressed support for the initiative, including Bolivia, Lesotho, Bhutan, Sudan, Guinea Bissau, and Thailand, as did many civil society organisations and other concerned individuals. Notably, Sir John Sulston, a Nobel laureate in medicine, read out a public statement by more than 200 scientists who supported the proposal and expressed their concern about the current mechanisms to improve public health globally "...at a time of huge progress in basic science

and more money being spent on biomedical research and development than ever."

ICTSD reporting; "Intellectual property rights, innovation and public health," REPORT BY THE WHO SECRETARIAT (EB117/9), 22 December 2005; "WHO IP Commission Seeks To Overcome Leak Of Report To Industry," INTELLECTUAL PROPERTY WATCH, 23 January 2006; "R&D resolution, with brackets, to be transmitted to WHA," SOUTH-NORTH DEVELOPMENT MONITOR, 29 January 2006; "WHO to decide on medical R&D," FINANCIAL TIMES, 30 January 2006; "WHO Board Wrestles With IP And Public Health Report, R&D Proposal," INTELLECTUAL PROPERTY WATCH, 27 January 2006.

AGREEMENT REACHED ON NEW TROPICAL TIMBER TRADE PACT

Representatives from over 180 governments and international organisations reached consensus on a successor pact to the 1994 International Tropical Timber Agreement (ITTA) on 27 January, following two weeks of intensive negotiations in Geneva. The new commodities agreement aims to promote the expansion and diversification of international trade in legally harvested tropical timber from sustainably managed forests, as well as to encourage the sustainable management of such forests. Like its predecessor, the new treaty was negotiated under the auspices of the UN Conference on Trade and Development (UNCTAD). Once ratified, it will replace the 1994 pact, which will expire at the end of 2006.

Delegates expressed relief that both consuming and producing members of the 1994 pact were able to reach agreement based upon the four rounds of talks that have been held since 2003. They said that both sides were able to overcome their differences thanks to a spirit of good faith as well as concessions made in the last days of the talks on the scope of and funding for the new agreement.

Commodities agreement and/or MEA?

On the question of the scope of the new pact, references to ecological services, non-timber forest products (NTFPs), and certification and voluntary market-based mechanisms proved particularly contentious.

The preamble of the final agreement recognises "the importance of the multiple economic, environmental and social benefits provided by forests, including timber and non-timber forest products and environmental services." References to certification and market-based mechanisms were removed due to concerns largely

from timber-producing countries that this could infringe on national sovereignty and also possibly affect their obligations under other trade agreements such as the WTO. However, the agreement does encourage information sharing for voluntary mechanisms such as certification, despite comments from India, Malaysia and Brazil that this assistance must not prejudice ITTA members' rights under trade agreements.

The new agreement also aims to contribute to sustainable development and poverty alleviation; improve information sharing on timber trade; promote increased processing of sustainably-harvested tropical timber in the countries where it is grown; improve the marketing and distribution of tropical timber; encourage members to develop national policies aimed at the sustainable use and conservation of forests and their genetic resources; strengthen capacity for forest law enforcement and governance and to address illegal logging and related trade; promote understanding of NTFPs; and recognise the role of forest-dependent indigenous and local communities.

Financing as the key question

Some of the most controversial issues in the talks centred upon financing for the new accord and what proportions of the necessary funding should come from producers -- primarily developing countries -- and consumers.

A significant proportion of the impact of the ITTA is felt through project funding. Such grants -- authorised by the International Tropical Timber Council, the treaty's governing body, and administered by its secretariat, the International Tropical Timber Organization (ITTO) -- have been falling steadily since the early 1990s. During the negotiations, demands from developing-country timber producers for increased funding clashed with a range of different offers from developed countries. In the last hours of 27 January, however, the EU and producer countries were able to resolve their differences over the proposed funding structure.

IGOs applaud the deal, NGOs noticeably absent

"The agreement establishes a framework for cooperation between exporters and importers," said Manuel Sobral, executive director of the International Tropical Timber Organisation. Lakshmi Puri, the head of UNCTAD's Division on Trade in Goods, Services, and Commodities, reaffirmed the importance of the pact as the only internationally-negotiated agreement on forests. However, environmental groups have been noticeably absent from talks, with many of them choosing to turn their backs on the ITTA and the UN Forum on Forests in favour of the Convention on Biological Diversity and the EU-sponsored Forest Law