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### WTO MINISTERIAL SET

The date for the next WTO ministerial meeting, to be held in Geneva, Switzerland was approved last week. The General Council announced that the trade meeting will be held May 18-20, 1998. The ministerial will be combined with a 50th anniversary celebration of the multilateral trading system and will follow the next G8 Summit in Birmingham.

No agenda has yet been set. One trade official commented that the Geneva ministerial would try to address developing countries' concern that they were excluded from the planning process for the Singapore ministerial.

"Conference ministerielle de l'OMC en mai 1998 a Geneve," LE FIGARO, July 1, 1997; "WTO General Council Sets May 1998 Date For Geneva Ministerial," INSIDE U.S. TRADE, July 4, 1997.

### UNCTAD/WTO HEADS SPEAK ON GLOBALIZATION

An even wider chasm between rich and poor looms ahead should global economic development proceed via an unhindered free market, warned Rubens Ricupero, Secretary General of the United Nations Conference on Trade and Development (UNCTAD). Ricupero last week accused the world's major trading powers of forcing developing nations to open up their economies—while still protecting their own markets against goods from those same countries.

Speaking to the U.N. Economic and Social Council, Ricupero said "[I]t would be a great error to assume that, in consequence, market forces must be given untrammelled free rein ... If globalization is to deserve its name, it has to include, not to exclude, to integrate and not to marginalize." Ricupero was giving voice to developing countries' concern that global trade is a means of global governance, in which the major players hold all the power. Developing nations, he said, "Fear a continuous pressure to expand the frontiers of the multi-lateral trading system."

Also speaking to the Economic and Social Council that day, WTO Secretary General Renato Ruggiero agreed that more must be done to assist poor nations, but maintained that liberalizing their economies is the best way developing countries can help themselves. Ruggiero admitted that globalization was no panacea for the widening disparity of incomes between rich and poor. The WTO head stated that globalization was, however, "The most powerful engine for growth the world has yet seen."

"Senior U.N. official warns against free market," REUTERS, July 2, 1997.

## **MAJOR TRADING POWERS, INDIA REACH IMPASSE**

Trade negotiations between India and its major trading partners collapsed last week after failing to agree on a schedule for India's lifting of import controls. India had been challenged by major trading powers to propose a schedule for ending balance-of-payment (BOP) import curbs and accelerate its integration into the global economy. Last month India proposed a nine-year term for the phasing out of import restrictions, a time frame unacceptable to the U.S., Australia, EU, and New Zealand-which prefer a two to three year timetable.

The WTO BOP Committee met last week to work through the issue, but a stalemate occurred after India refused to shorten its tariff phase-out period to less than seven years. India contends that since opening up its economy in 1992, its trade deficit has deepened, as imports have doubled and exports have not kept pace. The U.S. and EU, are pushing for an end to India's import regime, saying they are hurt by Indian restrictions on industrial and consumer goods. The EU, Australia, and New Zealand were particularly annoyed with India's proposal that import controls on food grains and wheat be phased out in the last of the seven years. India, however, must answer to a strong agrarian lobby at home, and cannot afford to allow tariff-free imports of subsidized wheat from the EU, Australia and New Zealand.

An IMF report released in January seemingly contradicts India's contention of BOP weakness, reporting that India's BOP are healthy and that the country has foreign exchange reserves of about \$23 billion. India's trading partners cite this report as evidence that India could withstand the influx of cheap foreign imports. Brazil, Cuba and the Association of Southeast Asian Nations (ASEAN) support India on this issue, saying richer countries should be more understanding towards social problems caused by market reform in poorer nations. It is expected that the EU and U.S. will bring a complaint against India to the WTO Dispute Settlement Body.

"India, big powers blocked over BOP import curbs", REUTERS, July 1, 1997; "Indian imports", FINANCIAL TIMES, July 1, 1997; "India: trade talks collapse", FINANCIAL TIMES, July 2, 1997.

## **EU: WTO PANEL RULING IGNORES STATES' RIGHT TO PROTECT CITIZENS**

The European Union announced last week that it would appeal a WTO ruling against its ban on hormone-treated beef. In a case brought by the U.S. and Canada, a WTO dispute settlement panel found the EU to be in violation of its international obligations by establishing a ban on beef raised with growth hormones without a scientific risk assessment. The EU said in its appeal announcement that the dispute panel did not take into account evidence supporting the EU case.

"In the Commission's view, the panel has failed to properly take into account the large body of scientific evidence brought forward by the EU in support of its legislation", the EU put forward in a statement July 1. The EU also maintains that the panel's ruling limits its right to determine the level of protection

necessary for its consumers. "Under WTO rules, the right of governments to decide what level of protection they consider appropriate for their citizens is fully recognized," the EU said. "However, the panel's interpretation of key provisions of the Agreement would appear to restrict such right."

If the EU is not successful in its appeal, it must either lift the ban or face reimbursing the U.S. and Canada for lost trade revenue. Trade officials hinted that the EU would rather pay fines than expose consumers to beef products it contends are dangerous. The U.S. estimates that potential beef exports to the EU are worth \$250 million a year. Even so, the U.S. is adamant that it does not favor compensation as resolution, wanting the EU to open its beef market instead, arguing that the growth-promoting hormones used are not harmful to humans. The U.S. welcomed the panel's ruling in June as an important step toward dismantling non-scientific trade barriers.

"European Commission Wants to Appeal Final WTO Panel Ruling Against EU Ban on Imports of Hormone-Treated Meat," PRESS RELEASE (European Union); "Le boeuf americain gagne une bataille," AVEC AFP, July 2, 1997; "Beef trade: Brussels to appeal over hormones," FINANCIAL TIMES, July 2, 1997.

### **HONG KONG OPENS DOOR FOR CHINA TO WTO**

Hong Kong will act as a trade and customs area apart from the central government, giving Hong Kong the right to participate in multilateral and bilateral trade activities. Hong Kong will keep its membership in the World Trade Organization and maintain and develop relationships independently of Mainland China.

The U.S. will be keeping a keen eye on Hong Kong as China's rule there gets underway. The Hong Kong business community is less afraid of China's rule and its 4,000 troops than it is of the U.S. Congress-who, they fear, will use economic sanctions should China institute unfavorable political changes or curb civil rights. Chinese officials hold that there is no cause for the U.S., or any trading partner, to be concerned. After all, it is in China's best interest to maintain the trade status quo as it looks to join Hong Kong in the WTO, and more important, keep the re-export of Chinese goods flowing through Hong Kong.

In other U.S.-China news, House members on June 24 voted 173-259 against a measure revoking China's most-favored-nation (MFN) trade status, extending China's MFN status until July 1998. MFN opponents, meanwhile, pledged to continue pushing legislation designed to keep China in check. The China Human Rights and Democracy Act of 1997, sponsored by John Porter (R-IL) and David Dreier (R-CA) outlines ten separate provisions of a "sense of the Congress" code of conduct for U.S. businesses participating in "industrial cooperation projects" in China. The code requires firms to "suspend the use of any goods, wares, articles or merchandise" which it "has reason to believe" were produced with the use of forced labor. The bill also says firms should seek to ensure that gender, ethnicity, political or religious views do not affect employment in U.S. corporate projects in China, according to the bill.

"La Chine entre a l'OMC par la petite porte," LE FIGARO, July 1, 1997; "Porter-Dreier bill outlines code of conduct for U.S. firms in China," INSIDE U.S. TRADE, July 4, 1997; "As Britain steps aside in Hong Kong, U.S. steps in as chief western voice," WALL STREET JOURNAL, July 2, 1997; "Hong Kong business elite urge Washington: don't panic," INTERNATIONAL HERALD TRIBUNE, June 6, 1997. "Exit Britain, enter America," WALL STREET JOURNAL, June 26, 1997.

### **WTO: FREE TRADE WEBMASTER**

U.S. President Bill Clinton last week proposed the creation of an internet free-trade zone. The proposal, to be pursued at the WTO through a previously planned expansion of the Information Technology Agreement, would eliminate tariffs on internet-related equipment and ensure non-tariff treatment for products and services offered through the internet. President Clinton offered a twelve-month time frame for implementation, coinciding with the planned revisions of the Information Technology Agreement.

Regarding the issue of intellectual property rights, the U.S. will work to achieve ratification of two copyright treaties negotiated in the World Intellectual Property Organization (WIPO). The treaties, though, do not cover the issue of online service provider liability for copyright violations.

"U.S. eyes internet free-trade zone through WTO", KYODO NEWS INTERNATIONAL, July 1, 1997; "Clinton calls for WTO push on tariff-free internet commerce", INSIDE U.S. TRADE, July 4, 1997.

## **EVENTS/RESOURCES**

World Development Report 1997: The State in a Changing World-The World Bank released this annual report last week, this year focusing on government. US\$25.95. Available in the six UN languages. To order contact The World Bank, Box 7247-8619, Philadelphia, PA 19170-8619 USA. Ph:+01/703/661/1580; Fax: +01/703/661/1501; Email: < books@worldbank.org >.

Programme for the Further Implementation of Agenda 21: The advance unedited text of the Earth Summit II document is available on the internet at <gopher://gopher.un.org:70/00/ga/docs/S-19/plenary/ES5.TXT>.

Unlocking Trade Opportunities -- Case Studies of Export Success from Developing Countries --: by the International Institute for Environment and Development (IIED). Contact: Nick Robins and Sarah Roberts, IIED, Ph:44 171 388 2117; Fax: 44 171 388 2826; E-mail: [nick.robins@iied.org](mailto:nick.robins@iied.org), [sarah.roberts@iied.org](mailto:sarah.roberts@iied.org); Erik Brandsma, UN Department for Policy Coordination and Sustainable Development, New York, Ph: 1 212 963 0013; Fax: 1 212 963 4260, E-mail: [brandsma@un.org](mailto:brandsma@un.org).

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