

## Table of Contents

- Bangladesh Appeals to EU On Shrimp; U.S. Compromises on Tuna
- U.S. and EU Talk Bananas
- U.S. Senate Pre-empts On-going Negotiations on Climate Change
- China Accession Makes Slow Progress
- CAP Reform and the Environment
- Caribbean Basin Denied NAFTA Parity
- Agricultural Trade and Hygiene Standards
- Events/Resources

### **BANGLADESH APPEALS TO EU ON SHRIMP; U.S. COMPROMISES ON TUNA**

Bangladesh last week urged the European Commission to delay its impending ban on Bangladeshi shrimp until the end of September rather than August 15, so that shrimp producers could fulfill orders. The EU had informed Bangladesh that its shrimp would not be accepted for import into the EU after August 15 for health reasons.

Bangladesh reportedly has nearly \$45 million in shrimp stocks ready to ship against previously placed orders which will not reach the EU before the August 15 deadline. Shrimp exports to the EU account for nearly 60% of Bangladesh's total shrimp exports. One EU official commented that "We have been asking Bangladesh to improve its quality of shrimp processing since 1993 but they paid little heed."

In other news, a compromise agreement was reached last week in the U.S. Senate permitting the importation of previously embargoed yellow fin tuna caught in compliance with an internationally agreed dolphin conservation programme, designed to implement the so-called Declaration of Panama of 1995 - an international agreement between the United States, Mexico and 10 other nations to reduce dolphin kills by tuna boats in the eastern Pacific Ocean.

Under the compromise agreement, a study will be completed on whether encircling tuna with purse seine nets has a negative effect on dolphin stocks. If no significant adverse impacts on dolphin are found during a three-year study, use of the "dolphin safe" label will be allowed for tuna products caught using purse seine nets. Preliminary findings are due by March 1999, with final findings expected between July 2001 and December 2002.

Congress is expected to ratify the deal.

"Call to relax EU import ban. Dhaka appeal on shrimp," FINANCIAL TIMES, August 1, 1997; "Ban on tuna about to be deep-sixed," JOURNAL OF COMMERCE, July 29, 1997; "Senate votes to lift U.S. tuna embargo," REUTERS, July 30, 1997; "Senate votes to lift tuna embargo," FINANCIAL TIMES, July 31, 1997; "Gobierno, satisfecho por fin del embargo atunero," LA PRENSA, July 31, 1997.

## **U.S. AND EU TALK BANANAS**

In an effort to settle the EU-US dispute over bananas, the Clinton Administration last week asked the EU to give direct payments to some Caribbean banana producers to offset any trade losses they will suffer when and if the EU is forced by a WTO Appellate Body to abandon trade preferences it currently extends to Caribbean bananas. Informed sources report that aid payments would be based on need. In addition, the U.S. has proposed a more favorable tariff rate for Caribbean bananas over bananas from Latin America.

The U.S. has not offered a formal proposal, although Deputy Assistant U.S. Trade Representative for Europe Ralph Ives informally floated the idea in a meeting with EU officials in Geneva. The two sides were meeting after the WTO appellate body hearing on the banana dispute. The U.S. has proposed that the payments - which the U.S. is calling "deficiency payments," go to the least competitive producers, specifically banana producers in the Windward Islands, most likely St. Vincent and the Grenadines, Dominica, St. Lucia, and Grenada.

The U.S. is reportedly looking to help the EU create a "WTO consistent" regime, including supporting the extension of tariff preferences to Caribbean bananas. The U.S. would seek an increase in the tariff-rate quota for Latin American bananas, although U.S. officials would tolerate an increase in tariffs for EU Latin American banana imports.

The EU is adamant that it will not begin exploring a possible settlement until the appellate body has issued its ruling, which is due no later than September 11.

"U.S. informally floats ideas for banana settlement with EU," INSIDE U.S. TRADE, August 1, 1997.

## **U.S. SENATE PRE-EMPTS ON-GOING NEGOTIATIONS ON CLIMATE CHANGE**

The U.S. Senate last week passed a non-binding resolution warning the Clinton Administration not to sign on to a global warming treaty that could harm the U.S. economy. The resolution also called for the U.S. to reject the Berlin Mandate, which requires the U.S. and other industrialized nations to make binding commitments to reduce heat-trapping pollution - based on the assumption that developed countries are responsible for nearly all existing pollution causing global warming. Developing nations, under the Berlin Mandate, would not have to make binding commitments to reduce pollution.

Senator Chuck Hagel (R-NE), one of the resolutions sponsors, said "This resolution rejects the United Nations' current negotiating strategy of binding the United States and other developed nations to legally-binding reductions without requiring any new or binding commitments from 130 nations such as China, Mexico and South Korea."

"Senate warns on global warming pact," FINANCIAL TIMES, July 26-27, 1997.

## **CHINA ACCESSION MAKES SLOW PROGRESS**

China's trading partners last week expressed concern that China's offer on goods and services market access falls short of expectations. China's chief negotiator Mr. Long Yongtu said in a statement that "It is not realistic to expect any negotiations to make parallel progress in all areas at the same time, let alone [the wide ranging and complicated negotiations] on China's accession to the WTO." The consensus out of last week's working party meeting on China's accession was that while some progress has been made, substantial progress still needs to be made in all areas of China's accession package.

Since the last round of negotiations, China conducted bilateral market access consultations with 16 WTO members. The talks yielded some concessions, including an agreement that import quotas on cars and minivans would be eliminated in no more than eight years: Still too long a period in most trading partners' opinion, but better than the 15 year phase-out period China first proposed. At last week's meeting in Geneva, Mr. Long announced that China would not reintroduce export subsidies for agricultural products. Mr. Long pointed out that as a poor country, China did not have to make this concession. "However," Mr. Long said, "After fully taking into account the development trend of international trade in agricultural products, especially the repeated calls made by the Cairns Group many members of which are developing countries, the Chinese government has made this difficult decision." China will reserve its right to institute "green box policies" in its agricultural agreement.

The EU, U.S. and Japan complained that without a comprehensive written offer on the table from China, it was impossible to assess the real value of China's concessions. Trade officials expressed doubt that China would have a negotiated package in time for the U.S.-China summit next October. Both sides hope that the summit would indicate U.S. approval of China's accession bid, with a target entry date of May 1998 to coincide with the 50th anniversary celebration of the multilateral trading system.

"Statement of H.E. Vice Minister Long Yongtu at the fifth meeting of the working party on China's accession to the WTO," August 1, 1997; "Meeting of the working party on the accession of China [Summing up by the chairman], August 1, 1997; "Slow progress for China on WTO entry," FINANCIAL TIMES, August 1, 1997.

## **CAP REFORM AND THE ENVIRONMENT**

The World Wide Fund for Nature urged EU member states to support proposed changes to the EU Common Agricultural Policy (CAP). The EU's Agenda 2000, of which CAP reform is a central part, will be debated in December at the European Council meeting in Luxembourg, with legislative proposals introduced shortly thereafter. The WWF applauded the scope of CAP reforms, which will include initiatives promoting the production of higher quality food, encourage sustainable rural development and provide for the protection of the environment.

The WWF called on the UK government, which takes over the EU presidency in January, to push for healthy allocations of budgetary resources to agri-environmental initiatives and to define EU policy on sustainable rural development. The WWF also urged the UK to work for making all farm subsidy payments conditional on producers' respect for nature and the environment.

"Environment at heart of CAP reform," FINANCIAL TIMES, July 26-27, 1997.

## **CARIBBEAN BASIN DENIED NAFTA PARITY**

The U.S. Congress last week passed its budget package, without including a "NAFTA-parity" provision for Caribbean countries. The House version of the budget agreement had included "NAFTA-parity" provisions to the Caribbean Basin, but was dropped from the final package despite Clinton Administration support for some form of preferential treatment to be extended to the Caribbean. Opponents to "NAFTA-parity" in the Congress want the Caribbean Basin countries to open up their markets with reciprocal benefits for U.S. exports. Supporters of the initiative argue that the U.S. textile and apparel industries would benefit from lower-cost suppliers close to home.

Caribbean Basin nations have been pushing for "NAFTA-parity" since NAFTA negotiations were concluded, asking for the same preferential treatment on textile and apparel imports that Mexico enjoys under NAFTA. Since NAFTA's implementation, Caribbean Basin countries complain that their textile and apparel industries have been supplanted by cheaper Mexican textile and apparel exports to the U.S. "NAFTA-parity" may still be considered later this year as a free-standing bill or possibly part of the "fast-track" legislation to be considered this fall.

At least one newspaper reported that the U.S. underwear company Fruit of the Loom may have been working hardest of all to defeat the "NAFTA parity" initiative. Sources say the company fears that it will be at a competitive disadvantage to other U.S. textile makers who have existing operations in the Caribbean Basin. Fruit of the Loom claims that it opposes "NAFTA-parity" because the company wants to protect American jobs: However, reports indicate that Fruit of the Loom intends to move the majority of its production offshore by the end of the year.

"NAFTA parity for Caribbean absent from budget tax package," USIS GENEVA, July 30, 1997; "Fruit of the Lobbyist," WALL STREET JOURNAL, July 30, 1997.

## **AGRICULTURAL TRADE AND HYGIENE STANDARDS**

European Union farm Commissioner Franz Fischler announced last week that the EU will complain to the WTO over the U.S. ban on EU poultry products estimated by the EU to \$ 1 million worth of imports of EU poultry products. The EU and U.S. reached a deal on April 30 on their "veterinary equivalence" dispute covering some \$ 3 billion trade annually in red meat, dairy, fish and other products, but failed to agree on the poultry issue. The U.S. imposed the ban on EU poultry products - mostly chicken pate and foie gras - in April in retaliation over the EU's refusal to allow U.S. poultry imports into the EU market - about \$ 50 million loss for the U.S. -. The EU claims that the U.S. poultry industry practice of decontaminating carcasses with chlorinated water is not an adequate health safeguard. Little progress has been made in talks between the two trading partners on the issue.

At the same time, the EU continues to press Australia for access to the Australian market for EU agricultural products. Commissioner Fischler last week charged Australia with maintaining a "protectionist sanitary policy," that makes it "virtually impossible" for EU agricultural goods to enter the Australian market. Denmark has tried and failed for six years to win approval from Australia for its pork exports. Australian officials said they are currently reviewing their sanitary procedures.

In related news, at the meeting of the WTO's Dispute Settlement Body (DSB) last week, Brazil issued a complaint against the EU import regulations for certain poultry products, which, for Brazil, violate GATT

agreements. The EU blocked Brazil's request for a panel, saying that bilateral negotiations could yet produce a solution.

"EU launches WTO challenge to U.S. ban on EU poultry," AGRA EUROPE, July 25, 1997; "U.S. v Indonesia, Brazil v EU on WTO trade agenda," REUTERS, July 25, 1997.

## **EVENTS/RESOURCES**

Update on Preparations for the High-level Meeting on Least-Developed Countries -- The note includes information on the 25-26 September symposium with NGO's. It is available at [www.wto.org](http://www.wto.org). Contact Peter Pedersen, WTO. Ph. (41-22) 739 58 48; Fax (41-22) 739 57 77; E-mail: < [peter.pedersen@wto.org](mailto:peter.pedersen@wto.org) >.

Participatory Monitoring and Evaluation: Tools, Experience and Lessons An International Workshop to be held at the International Institute of Rural Reconstruction (IIRR) Campus, Silang, Cavite, Philippines, on November 24-29, 1997, and organized by the Institute of Development Studies (IDS), International Institute of Environment and Development (IIED), IIRR, UPWARD, World Neighbours. The workshop will be driven by input of participants based on their respective experience. Four themes will be covered: 1) deepening the understanding of the trends, gaps and issues in the practice of participatory monitoring and evaluation (theoretical, methodological, institutional and policy issues in PME); 2) synthesizing lessons from the range of experiences in the practice and use of tools in PME; 3) generating specific methodologies and institutional and policy arrangements and support to PME; 4) identifying action research priorities from which action plans may be developed. Contact Angie Ibus/ Mae Arevalo, IIRR. Ph. (63-46) 414-2417; Fax (63- 46) 414-2420; E-mail: < [iirr@phil.gn.apc.org](mailto:iirr@phil.gn.apc.org) >.

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