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EU LASHES OUT AT WTO OVER LOME

The European Parliament last week passed a resolution summoning the EU to "use all legal means available" to end alleged attempts by the WTO to squash the Lome Convention. The Convention is between the 15 EU-member countries and 70 African, Caribbean and Pacific (ACP) nations, and provides for such measures as the EU banana regime that allows preferential market access for banana exports from former ACP colonies (see related story, this issue).

A report put out by the European Parliament said that the Parliament is concerned with the way in which the WTO questioned the preferential trade arrangements provided for by the Lome Convention, using the banana issue as a case-in-point. The Parliamentary report also points out that developing countries were given only a marginal voice during preparations for the 1994 Marrakech agreement establishing the WTO, saying further that the EU "failed to exercise its responsibilities vis-a-vis those countries." The European Commission recently acknowledged as well that commitments to trade reciprocity made at Marrakech were incompatible with the Lome agreement.

At an international conference on the modernization of the Lome Convention held last week in Brussels, former French Prime Minister Michel Rocard noted that "We got the impression of a very large consensus on the need for a new convention." The conference marked the close of a year-long consultation process for the European Commission Green Paper on Lome. The current Lome Convention IV expires in 2000. When talks for a new Convention begin in September, trade preferences for ACP countries will be the focus of many discussions, as a number of EU states want preferences limited to the world's poorest countries. The European Commission is expected to present its proposal for Lome V in November.

"EU Parliament says WTO against Lome Convention," IPS, October 2, 1997; "Tough talks ahead on new EU-ACP trade, aid pact," REUTERS, September 30, 1997; "Kreis der Lome-Partner soll erhalten bleiben," HANDELSBLATT, October 1, 1997.

JAPAN ENDORSES CHINA'S WTO BID

Japan's Prime Minister Hashimoto last week said he supports the early accession of China to the WTO. The U.S. and EU remain lukewarm about China's chances for accession any time soon: "Progress has been made, there is no doubt about it, but I think we still have a long way to go," EU Trade Commissioner Sir Leon Brittan said last week. U.S. Treasury Secretary Robert Rubin, visiting China last week, said the U.S. remains quite eager for China's membership in the WTO, but only on "commercially viable terms, which means real opening of China's markets. In our judgment, that's what the WTO is all about."

Beginning October 1, China cut import tariffs on a large number of products from 23 to 17 per cent--hoping the move would enhance its WTO bid. The move is also aimed at boosting China's total annual trade to US\$400 billion by 2000, compared to US\$290 billion in 1996. The tariff cuts are part of President Jiang Zemin's plan to bring average import tariffs down to 15 per cent by 2000, affecting mainly consumer goods, high tech products and natural resources.

However, it is the matter of tariffs on agricultural goods that presents the greatest difficulties for China's WTO accession. China's poor agrarian population depends in large part on government protection from foreign competition. Chinese economists say that government protection is a social necessity. Said one economist, "Developed countries have more technology and fewer mouths to feed." The issue of food safety is also posing problems for trade negotiators: Chinese negotiators say the U.S. wants China to import more wheat, but Chinese officials maintain that a large portion of wheat from the U.S. is infected by TCK smut fungus, and can therefore not be allowed to enter the country.

"Beijing wins support for bid to join WTO," INTERNATIONAL HERALD TRIBUNE, September 29, 1997;
"Beijing, eyeing WTO bid, plans to cut tariffs," ASIAN WALL STREET JOURNAL, September 25, 1997.

WTO BANANAS:MORE RUMBLING FROM ALL SIDES

The Prime Minister of the Windward Islands nation of Dominica last week pleaded with U.N. Secretary General Kofi Annan to see first-hand the devastation facing Dominica's banana growers in the wake of a WTO ruling against the EU's preferential banana import regime favoring banana product from African, Caribbean and Pacific countries. Caribbean countries have been in limbo as the EU decides whether or not to dismantle parts of its regime found in conflict with WTO trade rules. The complaint was brought to the WTO by the United States, Ecuador, Mexico, Honduras and Guatemala.

Dominica's Prime Minister Edison James said the uncertainty faced by his country's banana growers could bring about instability and threaten peace in the region. "Peace in our region and peace in the world depend so much on the humanitarian dispensation of justice, and the action which has been taken against us in the WTO is not justice," Mr. James said.

Simon Canarte, director of Ecuador's Association of Banana Growers, said last week that "in spite of the fact that the result [of the WTO decision] could be seen as favorable to Ecuador, there are differing criteria within the country," as to what Ecuador should negotiate for in case of a settlement with the EU. Ecuador, the world's largest banana producer, was significantly affected by the EU import regime established by the Uruguay Round's Framework Agreement between the EU and a group of Latin American countries: Costa Rica, Venezuela, Nicaragua and Colombia. The framework accord could have

afforded Ecuador 32 percent of the regional banana quota with the EU, whereas outside the accord Ecuador would only secure 19 percent, according to an industry official in Ecuador.

Many producers and exporters are in favor of joining the regime in place with some modifications. Without the regime, Mr. Canarte said, "large exporters like Chiquita brands will corner the regional offer and have greater access to the European market." Another industry official said the "EU regime forced [Ecuador's banana industry] to seek other markets in Asia and Latin America, which helped us increase our export capacity." However, the same official said, "it would be contradictory for us to indicate willingness to accept the framework accord now if we have fought for years for its elimination."

"Dominica says Caribbean banana-growers face disaster," REUTERS, Oct. 2, 1997; "Ecuador: Debate on banana trade in wake of fight against EU," ONEWORLD NEWS SERVICE, September 28, 1997.

U.S. CHILD LABOR BILL SIGNED

President Clinton last week was expected to sign a bill which bans the U.S. from importing goods made by forced or indentured child laborers. It is estimated that the U.S. each year imports over US\$100 million in goods produced by forced or indentured child labor, mostly rugs and carpets, according to children's rights organizations. In south Asia alone, human rights organizations estimate that 15 million children are used as indentured laborers, working in gem mines, leather factories and brick-and-mudstick operations.

The bill contains no provisions for the money needed for enforcement via the U.S. Customs Service, nor is it clear how the U.S. will determine that forced or indentured child labor was used in the production of goods. The Customs Department will, however, be assisted by human rights organizations. Apparel and footwear made in factories that employ 13 and 14 year olds who are not indentured will not be banned.

"Tackling forced child labor," INTERNATIONAL HERALD TRIBUNE, October 2, 1997. "Clinton to sign child labor bill," FINANCIAL TIMES, October 3, 1997.

FOOD SAFETY:U.S. TIGHTENED FOOD IMPORT REGULATIONS AND WINDS OF PROTECTIONISM

President Clinton last week called for tighter controls on food imports, raising concerns among trading partners that new trade barriers would be erected. Mr. Clinton wants tougher guidelines for growing, processing, shipping and selling of foreign fruits and vegetables. The President's proposal increases the number of inspectors assigned to the field, to inspect water used for irrigation and scrutinize sanitation and worker health conditions. Public-health scientists say that there is an increase in the outbreak of disease linked to imported fresh fruit and vegetables.

In a 1994 report, the U.S. Center for Disease Control warned of food safety issues related to globalization. "As trade and economic developments like NAFTA take place, the globalization of food supplies is likely to have an increasing impact on foodborne illnesses." Food safety issues are being used as fodder in the argument against expanding NAFTA and other free trade agreements in the U.S., as opponents point to food-borne illnesses traced to imported food, including raspberries from Guatemala and cantaloupes from Mexico. The impact is not being felt only in the U.S.: consumers in Japan and South Korea have been sickened by food imports from the U.S. as well.

An official with the U.S. Food and Drug Administration said that the proposed system will be consistent with WTO rules, which allows countries to implement food safety measures which are scientifically based and are applied equally to domestic and foreign producers.

"Clinton urges tighter food import curbs," FINANCIAL TIMES, October 3, 1997; "Food-safety system is swamped by booming global imports," INTERNATIONAL HERALD TRIBUNE, September 30, 1997;

"Presidente de Brasil Critico Proteccionismo Estadounidense," EL MERCURIO (Chile), October 2, 1997.

INDIAN LIBERALIZATION: CHANGE CERTAIN, BENEFITS TO WOMEN UNCERTAIN

Certain change is in store for Indian businesses as the full weight of India's commitments under the World Trade Organization is realized. By 2005, when India's phase-in period for WTO commitments ends, Indian firms will no longer be able to compete in the global market with the aid of government subsidies or tariffs on imports to make them more competitive. "At least by 2001 onwards, the nature of competition is going to be totally different," according to A.V. Ganesan, who served as a negotiator for India during the Uruguay Round. Mr. Ganesan warned that non-tariff barriers to trade posed the greatest difficulty for businesses, referring specifically to Western nations' desires for linking trade to labor and environmental standards.

As India does pursue an increasingly liberalized economy, women workers may be paying the heaviest price. "The status of women's employment [since India began to open its markets and restructure its businesses to be more competitive] has moved toward being irregular and casual, and the few who had some measure of protection, are now facing the threat of losing their jobs," said one researcher. Casual workers generally do not receive the minimum wage or benefits. Only 11 percent of women workers in India have permanent jobs with written contracts: only six percent belong to organized labor, compared to 12 percent of workers overall in India.

"Minimize curbs on foreign investment," THE HINDU, October 1, 1997; "Indian firms urged to gear up for WTO regime," REUTERS, September 30, 1997; "Indian women labor for less under free market," IPS, October 1, 1997.

EVENTS/RESOURCES

UNCTAD: The 44th session of the Trade and Development Board will be held from 13-24 October 1997. The second session of the Commission on Trade in Goods and Services and Commodities will take place from 17-21 November 1997 in Geneva. For information, contact Carine Richard-Van Maele, Press Officer of UNCTAD; tel: (41-22) 917 5816/28; fax: (41- 22)907 0043; email: press@unctad.org.

PRIOR INFORMED CONSENT: The fourth session of the INC for the preparation of an international legally-binding instrument for the application of a prior informed consent procedure for certain hazardous chemicals in international trade (INC-4) will be held in Brussels from 20-24 October 1997. For more information, contact UNEP Chemicals (IRPTC); tel: (41-22) 979 9111; fax: (41-22) 797 3460; email: IRTPC@unep.ch.

GREEN GLOBE YEARBOOK OF INTERNATIONAL COOPERATION ON ENVIRONMENT AND DEVELOPMENT
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