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POOR NATIONS BENEFIT FROM HIGH-LEVEL MEETING

The world's 48 least developed countries (LDCs) last week were assured improved market access for their exports at a high-level meeting called by the World Trade Organization. The European Union, Japan, Canada, Hungary, Malaysia, Morocco and other developed and developing countries committed themselves to removing import duties and other trade barriers in order to bring the world's poorest countries more fully into the global trading fold. Some trade diplomats and analysts took a skeptical view of the commitments made by developed countries: while WTO director-general Renato Ruggiero called the trade commitments "a good step forward," others said that the packages put forward by the developed economies in most cases represented nothing new or concrete.

Echoing some of the concerns, secretary-general of the United Nations Conference on Trade and Development (UNCTAD) Rubens Ricupero said last week that "It will be interesting to see how far these offers will be bound and not subject to conditions." Still other ministers from the poorest nations wondered if indeed the developed and developing countries will follow through on their promises. More pointed concern came from a senior official with the U.N. Development Program (UNDP), who argued that the trade commitments miss the mark if they are not aimed at "sustainable human development."

The high-level meeting also launched an integrated approach toward fostering increased LDC participation in the global trading system. The WTO, UNCTAD, UNDP, the International Trade Center, the World Bank and the International Monetary Fund will carry out a plan geared toward diversifying LDC exports, expanding production capacity and alleviating supply constraints.

"L'OMC se penche sur le cas des pays les moins avances," LE FIGARO, October 28, 1997; "Poor nations win trade concessions," FINANCIAL TIMES, October 28, 1997; "Poorest nations win promises of trade benefits," REUTERS, October 27, 1997; "Concessions commerciales de l'Europe et des Etats-Unis aux pays pauvres," LES ECHOS, October 28, 1997.

EU-ACP MEET TO DISCUSS FUTURE OF LOME CONVENTION

The EU and its 71 African, Caribbean and Pacific (ACP) trading partners met in Togo last week to discuss the future role for preferential tariffs in EU- ACP trade relations. The current Lome IV trade convention

expires in 2000, and talks for Lome V are set to begin in September 1998. EU delegates made it clear that Lome V will be decidedly different from Lome IV with regard to trade preferences. "You have to understand that, in the long run, preferences are of no use," EU development commissioner Joao de Deus Pinheiro said to reporters in Togo last week. "So you have to find other solutions with a transition period that allows countries to adapt."

Despite concurrent negotiations at the World Trade Organization that saw the EU grant improved market access to LDCs, Lord Plumb, co-president of last week's four-day meeting, told delegates that "The new Convention must examine the means whereby the ACP states can take advantage of the possibilities provided by open markets." Togo's President Gnassingbe Eyadema noted that "The globalization and liberalization of the economy should not be a barrier to strengthening relations between [the EU] and [ACP]."

Meanwhile, as the EU decides how it will implement a WTO ruling against its banana import regime favoring banana imports from ACP countries, Caribbean nations such as the Windward Islands, Haiti, Grenada, Guadeloupe and Martinique are asking for technical aid to help cushion the blow of losing preferential access to the EU market for their product. Grenadian Prime Minister Keith Mitchell said last week "If we [Caribbean banana producers] are going to diversify our production, we need help. One thing we could do is branch out and produce banana chips, flour, essence and poultry food, but setting this up is expensive." The EU's preferential ACP banana import regime was successfully challenged last month in the WTO by Ecuador, Honduras, Guatemala and the U.S.

"EU-ACP legislators discuss future partnership," REUTERS, October 27, 1997; "EU seeks alternatives to Lome treaty preferences;" "Caribbean says banana wars not over," REUTERS, October 29, 1997.

IMF, INDONESIA REACH AGREEMENT ON AID PACKAGE

Indonesia and the IMF have agreed in principle to an aid package for Indonesia's struggling economy. A final deal is expected to be announced this week. Sources say the deal will be worth more than US\$20 billion, incorporating loans from the IMF, the Asian Development Bank and individual countries, led by Singapore which last week pledged US\$10 billion toward the effort.

In exchange, the IMF is asking for financial sector reforms including toughening capital and reserve requirements. The aid package also calls for a reduced role for the Bulog, or National Logistics Board, which controls the trading and distribution of a number of commodities. Over the weekend, Indonesia complied with IMF requirements to streamline its overcrowded financial sector by closing 16 of its smaller banks.

Singapore and Malaysia had announced aid packages last week independent of the IMF-packages that did not impose strict reform guidelines, giving analysts pause to think that any IMF package may be weakened and reform postponed. It appears however that Singapore will join the comprehensive package tied to IMF-negotiated reforms.

The IMF is expected not to require changes to the controversial national car program, leaving that matter to the WTO. The national car program is the subject of a complaint by the U.S., Japan and the EU, which argue that the national car initiative gives preferential treatment to one car company.

WTO director-general Renato Ruggiero was to travel to Kuala Lumpur this past weekend to meet with the so-called Group of 15 (G-15) Southeast Asian nations. Mr. Ruggiero will be promoting the WTO agreement on financial services: the mid-December deadline for submitting financial services liberalization offers is fast approaching, and the director-general wants to make sure Southeast Asian nations are a part of the global agreement. "Liberalization of financial services can be positive," he said last week.

"Indonesia and IMF reach preliminary accord on aid," WALL STREET JOURNAL, October 31, 1997; "D-G: Solve economic woes through trade," THE STAR (Kuala Lumpur), October 31, 1997; "Indonesia: IMF-backed reforms begin with closure of 16 banks," FINANCIAL TIMES, November 3, 1997.

CHINA-U.S. SUMMIT YIELDS TRADE AGREEMENT ON NUCLEAR TECHNOLOGY

China's President Jiang Zemin made his long-anticipated visit to the U.S. last week, during the course of which he and President Clinton reached agreement on two areas of trade which will have great benefit for U.S. exporters. The two leaders signed a pact to resume U.S. exports of nuclear-power equipment to China; China then exceeded U.S. expectations and announced that it will join the International Technology Agreement and eliminate import tariffs on computers, telephones and other information technology products. Both countries had agreed prior to meeting to leave China's accession to the WTO off the agenda, but analysts noted that China's promise on information technology can only help build momentum in otherwise frustrated U.S.-China talks on China's application. China is expected to join the infotech pact within six months.

U.S. exporters of nuclear-power equipment expect that the agreement will mean about US\$2.2-3.3 billion dollars a year in export business for them, while information technology represents approximately 13 percent of all U.S. exports to China. The pact and promise are welcome news to the U.S., which exported only US\$12 billion worth of goods to China in 1996.

What cost trade? That is the question human rights activists were asking last week as Presidents Clinton and Zemin met. "No benchmarks were set for human rights the way they were for trade," noted Sidney Jones, executive director of Human Rights Watch/Asia. President Clinton seemed to be talking out of both sides of his mouth by saying in one breath that China's government is "on the wrong side of history," with respect to its human rights policies; and in the next reversing U.S. policy banning U.S. exports of nuclear technology. The ban was imposed in 1989 after several thousand pro-democracy demonstrators were killed in the government's Tiananmen Square clampdown.

"[W]e have profound disagreements [over human rights]. But that does not mean that this visit should not have occurred or that we don't have a big interest in working together," President Clinton said.

"China, U.S. reach major trade pacts," JOURNAL OF COMMERCE October 30, 1997; "Despite contention on rights, it's business as usual," IPS, October 31, 1997.

TRADE NEGOTIATORS MEET TO DISCUSS FTAA

Negotiating officials for the Free Trade Area of the Americas (FTAA) met last week in Costa Rica to discuss negotiating guidelines for upcoming talks on a hemispheric free trade agreement. The Southern

Cone Common Market (Mercosur) said it would like a statement endorsing the principles of "balance, simultaneity and gradualism" in the FTAA founding document. The proposal was immediately criticized by the U.S. and Canada which said the principles could slow down negotiations and warned Mercosur not to try to "micromanage" the negotiations in advance, according to informed sources.

Specifically, Mercosur told negotiators last week that FTAA negotiations must balance the interests of all participants, and ensure that all topics proceed relatively simultaneously. Informed sources said Mercosur was unwilling to start tariff-cutting negotiations until countries had agreed to a number of steps. Representing the Mercosur countries of Brazil, Argentina, Uruguay and Paraguay, Uruguayan trade vice-minister Carlos Perez Castillo said that whether or not the principles were adopted as part of the FTAA ground rules, they would guide Mercosur's participation in the talks.

Sources say that despite these relatively pointed exchanges, the meeting was generally positive. FTAA talks are set to begin next April in Santiago, Chile.

"Mercosur at odds with U.S., Canada over principles for FTAA talks," INSIDE U.S. TRADE, October 31, 1997.

EU-VIETNAM THREAD NEEDLE ON TEXTILE AGREEMENT

The EU last week agreed in principle to increase textile import quotas for Vietnam by an average 30 percent. In what has been called a "generous but reasonable" offer, the EU increased textile quotas for Vietnam in exchange for improved market access for EU goods. Textiles account for 70 percent of Vietnam's exports to the EU-the agreement increases the value of Vietnam's quota from about US\$400 million to US\$560 million.

Vietnam had wanted a much larger increase in its textile quotas: the country is still behind other Southeast Asian nations in its quota level, and certainly well behind China, the EU's largest supplier of textiles. Vietnam asked for quotas equal to other Southeast Asian countries, but the EU would not allow it. "The general mood [in the EU] is not too generous because of the situation of the textile industry in Europe and unemployment, which is very heavy in this sector," according to the EU's ambassador to Hanoi.

In exchange for the increased quota, Vietnam promised to cut import duties on EU textile imports and agreed to end its practice of discriminating against EU joint venture textile manufacturers based in Vietnam. Vietnam will also start using a computerized license tracking system that will better ensure accurate data on export origins.

"Vietnam in EU pact on textiles," FINANCIAL TIMES, October 30, 1997; "Hanoi presses EU on textiles," FINANCIAL TIMES, October 27, 1997.

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UNCTAD TRADE AND DEVELOPMENT BOARD COMMISSION ON TRADE IN GOODS AND SERVICES, AND COMMODITIES. Expert Meeting on Positive Measures to Promote Sustainable Development, Particularly in Meeting the Objectives of Multilateral Environmental Agreements Geneva, 3-5 November 1997. For

Information, contact United Nations Conference on Trade and Development, Palais des Nations, 1211 Geneva 10; tel: (41-22) 907 5707/6217; fax: 907 0194; e-mail kunming.conf@unctad.org

FOURTH EUROPEAN ROUNDTABLE ON CLEANER PRODUCTION. The Fourth European Roundtable on Cleaner Production (ERCP 97) will take place in Oslo, Norway from 1-3 November 1997. This meeting intends to contribute to the critical evaluation and dissemination of cleaner production options and programmes and to highlight the mechanisms aimed at accomplishing the shift from supply driven to demand driven cleaner production. For information contact: Jostein Myrberg, National Institute of Technology Akersveien; 24 CP.O. Box 2608, St. Hanshaugen, N-0131 Oslo; tel: (47-22) 86 51 07; fax: (47-22) 11 12 03; e-mail: myrj@teknologisk.no. Also try the Conference web site at <http://www.teknologisk.no/ercp97>.

CD-ROM: COMPLETE RESULTS OF THE URUGUAY ROUND. This unique CD-ROM contains all the legal texts and countries' market-opening commitments that were the result of the 1986-94 Uruguay Round of trade talks. Each disk is in all three of the WTO working languages: English, French and Spanish. It also includes the capacity to organize information for specific countries or to make comparison across several countries. The material covers 30,000 pages of legal text and tables of commitments. It covers trade in goods, services, trade-related aspects of intellectual property rights, dispute settlement, and the complete schedules of individual countries' market access commitments for goods and for services. ISBN 92-870-0145-6. Price: Single user SFr1000. LAN licence SFr2,000.- Can be ordered from the WTO, Publications Services, Centre William Rappard, rue de Lausanne 154, CH-1211 Geneva, Switzerland; tel: (41-22) 739 5208/5308; fax: 739 5792; e-mail: publications@wto.org.

THE NORTH-SOUTH AGENDA (Paper Twenty Seven). "Trading Places: The Caribbean Faces Europe and the Americas in the Twenty-First Century" by Anthony T. Bryan. Available from the North-South Center, P.O. Box 248205, Coral Gables, Florida 33124-3027; tel: (305) 284-6868; fax: (305) 284-6370.

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