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### **CAIRNS GROUP CALLS FOR SCRAPPING OF AGRICULTURAL AGREEMENT**

Trade officials from the 15-nation Cairns Group have called for a complete re-writing of the current agricultural trade rules of the WTO, set to expire on December 31, 2000. Setting the tone for the next round of agricultural negotiations scheduled to begin in 1999, the group of agriculture-exporting nations met in Geneva last week and set their minimum standard at a high level. Australian trade official Ric Wells stated that the group aims "to put agriculture on the same footing as trade in other goods" and that "strictly speaking that would require the scrapping of the entire Agriculture Agreement."

Australia has also called for a new WTO agriculture treaty to end export subsidies. The Cairns Group -- which includes Brazil, Argentina, Indonesia, Malaysia and Canada, -- plans to finalize a strategy at their next meeting in Sydney in April 1998.

"Agricultural Exporters Set Out to Slash Global Farm Subsidies," BLOOMBERG, December 1, 1997.

### **EU PATENT POLICIES QUESTIONED**

Biodiversity advocates from Africa, Latin America and Asia gathered in Bangkok last week to discuss ways to oppose Europe's move to legalize the patenting of life. Before Members of the European Parliament adopted the draft bill of the European Union Biotech Patents Directive last June, The EU was officially opposed to the patenting of plants, animals and human parts. Its opposition prevented the U.S. from including a provision in the WTO Trade-Related Intellectual Property Rights (TRIPs) Agreement that allowed the patenting of manipulated genes.

Conservation groups -- led by the Thai Network on Community Rights and Biodiversity and the Genetic Resources Action International of Spain -- organized the meeting, which discussed the impact of the EU moves on developing countries. The meeting also mapped out a strategy to reverse Europe's decision and to challenge attempts to use the upcoming re-negotiations of the TRIPs rules -- planned for next year -- to further promote the legalization of the patenting of life.

In related news, US Secretary of Agriculture Dan Glickman has strongly condemned EU plans to require labeling of foods containing or made from genetically modified corn and soybeans. He stated that the

requirement would be considered a non-tariff barrier to trade and that it would be challenged as such by the US in the WTO if necessary. According to Glickman, "they have much greater fear in the EU of technology, but we think it is safe. We expect to show them they are incorrect."

"EU Plans Face Opposition," BANGKOK POST, November 28, 1997; "US Opposes EC Labeling Proposal," REUTERS, December 4, 1997; "Le Dossier des Vegetaux Genetiquement Modifies Embarrasse la Commission Europeene," LE MONDE, December 1, 1997.

#### **FINANCIAL SERVICES NEGOTIATIONS DOWN TO WIRE**

WTO Director-General Renato Ruggiero urged key developing countries on Wednesday to offer greater deregulation of their financial service sectors and foreign investment regulations in hopes that this can help finalize a new pact to open the global financial services industry. "Enormous efforts have been made and are still being made in formulating the substance of commitments to be offered, and of course the substance is the essential thing," he stated. But with the deadline for an agreement barely a week away, Ruggiero urged officials, "timing is now becoming almost an issue of substance in its own right."

Thus far, only 53 of the 97 countries involved in these negotiations have made offers; major players such as Malaysia, Thailand, and Brazil are still negotiating. The U.S., constrained by rigid domestic financial regulations, is giving little leeway on its own offer. Brazil's Finance Minister, Pedro Malan, said that his country had no intention of lifting taxes on foreign investment, stating that "We do not intend to give up operations that have worked for four years." He would not comment on whether his government intended to make a proposal to the WTO negotiations -- which would make it easier for foreign banks and insurers to operate in the country -- before the December 12th deadline.

"Brazil Doesn't Plan to Lift Investment Restrictions," BLOOMBERG, December 2, 1997; "WTO Chief Warns Time Short for Financial Pact," REUTERS, December 3, 1997.

#### **PAKISTAN SINKING, INDIA SWIMMING IN EU-SOUTH ASIAN SEAFOOD TRADE**

The EU is considering banning seafood imports from Pakistan due to mounting concerns about quality and health standards. EU inspectors are in Karachi this week inspecting the fish harbour and processing facilities to determine whether to impose a ban or not. Pakistan officials have worked over the last week to clean up facilities and to remove street vendors and beggars from the market area in preparation for the inspection.

Though fish and seafood make up only a modest part of Pakistan's \$US 8.7bn total annual exports, tighter EU restrictions would come as a blow to an industry where seafood exports have remained static over the past five years. "We export 31 percent of our total exports to Europe so if they do not certify Pakistan as a country eligible to export, we will be in real trouble," said Hanif Khan, Pakistan's largest exporter of pasteurized crab meat.

While Pakistan is under threat of a ban, the EU is considering lifting the current ban on seafood from India at their December 15th meeting of their Standing Veterinary Committee. EU health inspectors visited processing plants last month in Bombay, Kochi, Bangalore and Pamaru where they found hygienic conditions "more than acceptable" and have expressed confidence in India's own inspection

authority, the Export Inspection Council. A lifting of the ban would allow the ten firms so far approved by the EU inspectors to resume exports to the EU.

"EU Ban on Seafood Exports May be Lifted by Month End," TIMES OF INDIA, December 3, 1997; "EU Presses for Clean-up in Karachi," FINANCIAL TIMES, December 2, 1997.

### **EASTERN AND CENTRAL EUROPEAN TRADE AFFECTED BY RUSSIA'S ECONOMIC WOES**

Recent economic malaise in Russia may pose a threat to the growing levels of trade in Eastern and Central Europe. Although trade links between Eastern and Central European countries and Russia suffered a severe setback following the dismantling of the Soviet Union, these ties have been re-forged in recent years and trade in the region is now on a steady upswing. Hungary's exports to neighbouring Eastern countries jumped 52 percent last year, compared with only 2 percent with the West. Although Western Europe will remain the major supplier and market for most East and Central European countries, growth in sales to Russia has contributed to the trade success experienced by a number of these countries. Unlike the Soviet days, however, where central planning controlled trade flows, now competition and foreign investment guide the flow of imports and exports.

One problem that could threaten this turn-around is the instability in Russia's financial markets, where foreign investors have recently withdrawn billions of dollars, sending the stock market tumbling and raising fears of an Asian-style collapse of the ruble. To head off this crisis, Russian officials have appealed to the International Monetary Fund and to private bankers for aid. But help may be far off, as the IMF this fall already postponed a scheduled US\$700 million loan due to Russia's inability to meet the multinational lending institution's conditions.

"Trouble in Russia," INTERNATIONAL HERALD TRIBUNE, December 5, 1997; WALL STREET JOURNAL, December 2, 1997.

### **EU POSTPONES BAN ON U.S. FURS**

A new U.S. offer on phasing out leg-hold traps used to trap fur-bearing animals within six years has prompted the European Union to delay for one week a decision whether or not to impose a ban on U.S. furs. Ambassadors from the 15 EU countries said a "qualified majority" of EU countries agreed that the latest U.S. offer should be considered by the EU's Committee on International Trade in Endangered Species, then referred to EU foreign ministers for a decision early this week.

Said Nigel Gardner, spokesman for EU Trade Commissioner Sir Leon Brittan, "We are very pleased. The U.S. has come a long way towards what we were looking for. This deal will mean that the leghold trap will not be able to be used in any of the countries which have signed up to it."

Siding with animal welfare supporters, the EU had threatened to ban U.S. exports of fur caught using the traps unless the U.S. made an offer "at least equivalent" to a deal struck in July with Canada and Russia. That agreement calls for the banning of leg-hold traps within five years. An earlier U.S. offer for an eight-year phase-out was rejected two weeks ago as it was felt not to be sufficiently equivalent to the Russian and Canadian offers. U.S. fur exports of leg-hold-trapped fur amount to approximately US\$20 million per year.

"EU postpones ban on U.S. furs, considers U.S. offer," BLOOMBERG NEWS, December 1, 1997; "New offer by U.S. on leg-hold traps," FINANCIAL TIMES, December 1, 1997.

#### **EVENTS/RESOURCES**

UNESCO/GOVERNMENT OF GREECE: International Conference on Environment and Public Awareness for Sustainability. 8-12 December, 1997, Thessaloniki, Greece. For more information, contact Registration at 154, Egnatius Str., 546 36 Thessaloniki, tel: 30 31 291 111.

WTO. Meeting of Committee on Financial Services. For more information, contact Masamichi Kono, tel: (41-22) 739 55 90; fax: 739 57 71.

WTO/WORLD BANK WEBSITE FOCUSING ON DEVELOPING COUNTRIES: <http://www.itd.org/> The Trade and Development centre was created to provide information to the community of Internet users who have a specific need for information on trade as it relates to social and economic development. The site is a joint initiative of the WTO and the Economic Development Institute of the World Bank.

THE GRADUATE INSTITUTE OF INTERNATIONAL STUDIES IN GENEVA: International Organizations and Social Aspects of Trade Liberalization Newsletter. The Institute has announced a new program and newsletter on social aspects of trade. The first newsletter contained an article on the WTO and Trade/Labour Linkages by WTO legal specialist Professor John Jackson. For sample copies and more information contact Project Director Virginia A Leary at tel: (41-22) 731 17 30 or by fax at 41-22-738-3582, or by writing to the PSIO, BOX 36, 1211 Geneva 21, Switzerland.

SUSTAINING THE ASIA PACIFIC MIRACLE. A new book from the Institute for International Economics by Andre Dua and Daniel Esty looks at the need for closer links between environmental protection and economic integration. This book is especially interesting in light of recent ecological and financial difficulties facing the region. This book can be ordered from IIE, at 12 Dupont Circle, Suite 620, Washington DC 20036, tel: (1-202) 328-9000, or fax: (1-202) 328-5432.

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