

WTO General Council Hears Country Positions on Post-2000 Negotiations

The Special Session of the WTO General Council from 24 to 25 September provided a first occasion for countries to state their positions and priorities with regard to the upcoming round of multilateral trade negotiations. In part, the agenda of those negotiations is set by the WTO agreements themselves: both the Agreement on Agriculture and the General Agreement on Trade in Services call for further trade liberalisation negotiations to start by end of 1999 and 2000, respectively. The Agreement on Trade-related Intellectual Property Rights also specifies that provisions relating to the patentability of plant varieties and life forms, as well as damage resulting from 'non-violation' intellectual property agreements must be reviewed before the end of 1999. Several other reviews of existing agreements and their implementation are also scheduled around the turn of the century. The main question is whether WTO Members will agree to go beyond this 'built-in agenda' and launch a comprehensive round of trade liberalisation negotiations comparable to the Uruguay Round.

The initial statements aired in September indicate that there is a long way to go before agreement is found on the scope of the new negotiations. India made the most detailed case for limiting the scope of the negotiations to the built-in agenda and a thorough review of the implementation of the WTO Agreements, particularly provisions concerning 'special and differential treatment' for developing countries. Like Egypt, Sri Lanka and other developing countries, it singled out the implementation of the Agreement on Textiles and Clothing, anti-dumping and countervailing measures, technical barriers to trade, services liberalisation, food security issues in agricultural liberalisation and the Dispute Settlement Understanding as areas where special treatment clauses had not been honoured. Egypt stated that it would 'not accept negotiations or consideration of any extra-trade related issue such as labour standards.' India and Egypt also highlighted movement of natural persons as a priority in the future work programme. Echoing concerns of African and other developing countries, both emphasised that the implementation burden of the Uruguay Round Agreements was already high for developing countries, and that trade liberalisation should not contribute to further marginalisation of developing and least developed countries.

The European Union was the most vocal advocate of a full-blown Millennium Round: 'As in the Uruguay Round, we envisage future negotiations as a single undertaking, with a single timeframe as the best means to achieve results of interest to all Members. In our view, we should seek to conclude within a relatively short period of time – say, for example, within three years.' Other countries expressing support for a comprehensive round that would cover further reductions of industrial tariffs, and possibly investment and competition policy, included the Czech Republic (speaking on behalf of a number of East

and Central European countries), Korea, Australia, New Zealand, Turkey, Switzerland, Hong Kong, Jamaica, Brazil and Japan. The United States and Canada said that while they were still consulting with domestic constituencies on the scope of the new negotiations, they were opposed to long talks. 'We should explore whether there is a way to tear down barriers without waiting for every issue in every sector to be resolved before any issue in any sector is resolved,' the American Ambassador said. Canada suggested that consideration be given to 'packaging groups of issues together for concluding negotiations at different times' to allow an 'early harvest' of sectoral deals to be made and implemented before the conclusion of broader negotiations. Australia – which stressed the importance of achieving 'very significant' industrial tariff reductions – said negotiators 'should be open to early harvests within the framework of a single undertaking.'

Environment and transparency

India and the EU were the only ones to touch upon trade and environment. Together with Canada, both also mentioned transparency in their interventions. 'Until the developed countries have proved the genuineness of their intentions by engaging themselves in commitments in the area of international environmental conventions, no weight could be given, in our view, to their professed interest in safeguarding the environment through action limited to the trade and environment interface,' the Indian statement said in part. The statement continued: 'As regards new issues to be raised by Members, such as the proposals for initiating a new round of reduction of industrial tariffs, a High Level initiative in the sphere of Trade and Environment, an initiative to introduce greater transparency in the WTO functioning, *inter alia*, through greater involvement of "stakeholders", or the proposal for launching of a comprehensive round of trade talks, it is our perception that these initiatives are premature [...]. Let us first address implementation problems and the built-in agenda.'

The European Union, on the contrary, defended the proposed high-level trade and environment meeting as a 'useful, freestanding exercise aimed at moving the trade and environment policy debate forward at political level'. It denied wishing to 'devise new means to restrain trade through the environmental backdoor', but stressed the advantage of clarifying such issues as the relationship between WTO rules and multilateral environmental agreements or product labelling. The EU also highlighted the role of civil society as a 'systemic issue' for the WTO, together with coherence in international economic policy-making, the relationship between trade and sustainable development and the need for co-operation between the WTO and the ILO on relevant trade and labour issues.

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Committee on Technical Barriers to Trade

Regulations on genetically modified organisms (GMOs), sustainable forestry and speedier access to documents were some of the central items on the agenda of the Committee on Technical Barriers to Trade at its last meeting on 18 September. The United States and Canada expressed concern over the European Union's regulation 1139/98 regarding labelling of products containing genetically modified soya or maize (see also Bridges Vol.2 No.4, page 9). The EU requires foodstuffs and food ingredients containing traces of modified DNA or protein to be labelled as 'produced with genetically modified soya/maize'. The US and Canada argued that such labels were unnecessary technical barriers to trade since no scientific reason existed to differentiate between foodstuffs produced with genetically modified crops.

The US also questioned the feasibility of developing reliable and commercially practical tests for detecting DNA or protein resulting from genetic modification. The absence of such tests, the US argued, 'could lead to a de facto requirement to segregate GMO and non-GMO products shipped to the EU'. Brazil and Argentina shared the concerns expressed by the US and Canada, while Japan and Switzerland indicated support for the EU's position. Discussions on GMO labelling will continue at the November TBT meeting.

At the bilateral level, the US has raised GMO labelling with Japanese authorities, who are currently considering the introduction of mandatory labels for foodstuffs containing genetically engineered elements. Such products would be labelled either as 'GMO' or as 'non-segregated', meaning that the product includes both conventional and genetically modified elements. Japanese officials stress that the proposed measure aims only to provide consumers with information, and is not based on safety concerns. The proposal would require mandatory labelling for products that differ substantially from conventional products in matters related to nutrition, health effects or ethics. The main point under discussion is whether to require labelling for GMO foods 'substantially equivalent to conventional foods'.

Meanwhile, the UK retailer Tesco has announced that it will introduce labelling on all own-brand products containing soya oils or lecithin where it cannot be sure that those come from non-modified sources. To the dismay of environmental and consumer groups, the EU regulation leaves oils and additives (such as lecithin) outside the scope of the labelling obligation because they do not contain traceable DNA. This makes it impossible to scientifically prove whether they originate in genetically modified crops. Tesco will attempt to determine the origin of soya oil and lecithin in its own-brands through requesting information from its supply chain. Based on previous experience in gathering similar information, Tesco expects about 60 percent of its own-brand products that contain soya oils or lecithin to turn out to contain GMO crops.

The Committee on TBTs also discussed a notification regarding Dutch labelling requirements for wooden products (G/TBT/Notif.98.448). The notification, submitted on 2 September, concerns a draft bill that would require, as of 1 January 2000, wooden products to bear a mark indicating whether or not the product originated from an area subject to a management plan. This management plan would have to be approved by the Dutch Council for Accreditation. According to the notification, the bill aims to protect forests, and is 'closely aligned to what has been agreed in this area in the international framework, including the International Tropical Timber Agreement (1994), which has as its goal that international trade in sustainably produced timber be in place by 2000.' The notified bill amends an earlier act, which

would have required, with effect from 1 January 1999, an approved management plan for the area where wood imports originated and, with effect from 1 January 2000, an obligatory certificate that the wood came from a sustainable managed source.

Canada noted that in the draft bill the Netherlands was making a unilateral interpretation about what products could be considered to originate in sustainably managed forests, and that the measure would discriminate against countries such as Canada that maintain primary-growth forests. Although no other countries voiced specific concerns, wood exports from developing countries with primary-growth forests such as Brazil might be affected by the Dutch measure.

The issue of document de-restriction was raised by the US, specifically in terms of using advances in information technology to facilitate the accessibility of TBT documents. India and Brazil, *inter alia*, urged that the matter be discussed along with other de-restriction issues at the 14 October General Council meeting.

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Committee on Sanitary and Phytosanitary Measures

The formal meeting of the SPS Committee was held from 15-16 September, but the substance of its discussions took place in informal sessions during the week the Committee met. Those discussions covered possible guidelines regarding the appropriate level of sanitary or phytosanitary protection against risks to human, animal and plant life or health pursuant to Article 5.5 of the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement); review of the implementation of the SPS Agreement; and the relationship of the SPS Agreement's provisions with Protocol on Biosafety currently being negotiated (see related story on page 9).

Significant progress was made on the review of the SPS Agreement's implementation which, according to the Agreement itself, must be completed by the end of 1998. The WTO secretariat will submit its draft report on the review to the Committee's November session, and the report is likely to be adopted in March 1999.

In the formal meeting, Committee members almost exclusively discussed bilateral issues, such as measures taken to tackle BSE (mad cow disease). A number of countries also brought forward complaints about the EU's modifications to its regulations on aflatoxin, a cancer-causing fungus found in a number of commodities.

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Forthcoming General Council Sessions

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|---------------|---|
| 14 October | General Council, agenda contains document de-restriction and possibly other transparency issues |
| 26-27 October | First of four Inter-Sessional Meetings leading up to the late February Special Session on the post-2000 negotiations. On the agenda are issues and proposals relating to the negotiations already mandated at Marrakesh, and future work already provided for under other existing agreements and decisions taken at Marrakesh. |

Renegotiating Lomé: Would ACP-EU Free Trade Agreements Be a Stimulus for Change?

By Henri-Bernard Solignac Lecomte

On 30 September, the European Union and the 71 ACP countries – which comprise the former African, Caribbean and Pacific colonies of EU members – started negotiating a successor arrangement for the fourth Lomé Convention. The Convention is a major trade and aid pact whose preferential trade arrangements are allowed under a waiver of WTO rules until the current treaty expires in the year 2000. However, the WTO's Appellate Body recently condemned as discriminatory the EU's banana regime, which favours ACP exports, and many analysts see more such challenges ahead. In the article below, Henri-Bernard Solignac Lecomte looks into options open to the Europeans. For the ACP position, see page 8.

The controversy over ACP-EU regional free trade agreements

In the face of the multiple challenges brought about by globalisation, developing countries need all the support they can get from multilateral and bilateral donors to sustain their efforts towards gradual opening and integration into the world economy. With its combination of aid and trade provisions, the Lomé relationship between the EU and the 71 ACP countries in Africa, the Caribbean and the Pacific is a comprehensive, potentially powerful, co-operation framework to achieve this. However, over the last two decades, the trade preferences granted by the EU to the ACP under successive Lomé agreements could not prevent their share in world trade from dropping by half. These preferences also appear increasingly at odds with the multilateral system and WTO rules. The EU's response has been to radically modernise its 'economic partnership' with the ACP.

Lomé-IV bis expires in February 2000 and negotiations for a successor started at the end of September 1998. While the ACPs' official position is only now emerging (see article on page 7), the Commission's mandate for the post-Lomé IV negotiations was adopted by the EU Council in June. On the trade side, Europe proposes a radical change: non-reciprocal trade preferences would be replaced by several regional free trade agreements (RFTAs) between the EU and different ACP regional groupings, to be combined with a special treatment for least developed countries (LDCs). ACP and European experts have pointed to alternative, more multilaterally-oriented ways of reforming Lomé, including a radical overhaul of the Generalised System of Preferences (GSP), or a generalisation of Lomé access on a most-favoured nation (MFN) basis in exchange for increased market access for the ACP, or a combination of the two.¹ Each option has very different technical and political implications, and none is easy to implement, but each has its advantages.

So far, the RTFA option has been at the heart of the debate, which brought together an unprecedented variety of stakeholders and analysts. They have expressed serious doubts over both the feasibility of such arrangements and their desirability for the ACPs' development.² Among their main concerns is the proposed RFTAs' potential to impede the diversification of ACPs' trade links with non-EU fast growing economies, and to make regional integration within the ACP more complicated. They may also expose local producers to unfair competition with subsidised European food exports, and reinforce

the old 'Lomé habits' that have prevented the ACP from playing a more active role under the multilateral system. Furthermore, they would be extremely difficult to implement and manage (both for the EU and the ACP). In the light of such serious reservations, what would be the value-added of RFTAs? And why is the EU pushing so strongly for them?

The stimulus argument

The main argument put forward by the supporters of RFTAs is that they would provide a 'stimulus for change' in the ACP, an encouragement for them to liberalise their own trade regimes further and gradually move towards the more demanding multilateral trade liberalisation. A stimulus is either a positive incentive, or a negative one, i.e. either a carrot or a stick.

Regional free trade agreements between the EU and ACP countries could expose local ACP producers to unfair competition with subsidised European food exports, and reinforce the old Lomé habits that have prevented the ACP from playing a more active role under the multilateral system.

As for carrots, the EU does not have many to hand out: the only scope for increasing ACP food exporters' market access is to reform the Common Agricultural Policy, and the mandate understandably does not make any offer in that direction. The recent controversy over the proposed EU-MERCOSUR free trade agreement gives an indication of how touchy this issue is inside the EU. As for money, the EC is already the largest single donor for ACPs, and it is very unlikely – as evidenced during the EU Council's debate over the mandate – that Member states will agree on a significant rise, if a rise at all.

Therefore, the stimulus has to be a stick: RFTAs would bind ACP countries to reform because the threat of sanctions/retaliations by the EU would deter their governments from breaking their commitments and re-installing barriers to imports from Europe. They would thus accelerate the opening of ACP economies and provide their reforming governments with a 'good excuse' vis-à-vis domestic vested interests and lobbies for implementing such unpopular measures. The literature on New Regionalism refers to this as the 'lock-in' or 'policy anchor' argument. Such 'policy anchors' can help economies open up, as the case of Mexico with NAFTA illustrates to a certain extent. However, there are reasons to doubt that, *in their proposed form*, the ACP-EU RFTAs would effectively provide such a stimulus. Let us take a closer look at their characteristics, as we know them today.

- First, more than half ACP countries (the 39 least developed countries, LDCs) will be entitled to retain current non-reciprocal preferences, precisely those preferences that Europe – rightly – says have not worked for them. Since there will be little incentive for LDCs to prefer a reciprocal agreement, many are likely to remain out of the proposed RFTAs.
- Second, as a response to fears expressed by the ACP, the EC has hinted that a safeguard clause would allow them to suspend trade liberalisation and re-introduce duties on imports from the EU.³ In the mandate itself, the formulation is less precise, and does not clearly indicate under what conditions this safeguard clause could be used.⁴ If it effectively releases ACP signatories from the obliga-

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Lomé Renegotiation, continued from page 3

tion of complying with their commitment to durably enforce trade reforms, the 'lock-in' argument becomes irrelevant. Conversely, if the use of this safeguard clause is very restricted, ACP negotiators may see it as merely a negotiating tactic of the Europeans.

- Finally, some argue, both in the ACP and in the EU, that WTO rules policing free trade agreements, i.e. Article XXIV, should be revised to allow softer, 'asymmetrical' ACP-EU RFTAs to be put in place. The EC has not gone so far as to officially call for WTO rules to be changed⁵ – a position that would be hard to reconcile with its repeated calls for WTO-compatibility – but officials say the Commission would nevertheless argue for a long transition period on the ACP side (e.g. 15 to 20 years), as well as the exclusion of many sensitive products (e.g. up to 20 percent of their imports from the EU).⁶

In other words, the RFTAs may embrace less than half the ACP countries, they may not be fully binding for the signatories, and they would exclude most of the sensitive products and the most painful of the remaining liberalisation could be delayed until 2020 or later. It is therefore legitimate to ask what stimulus for change they would provide. Eventually such 'soft' agreements may not help bring about the necessary changes in ACP trade regimes, at least not better than a unilateral approach to trade liberalisation would. The value-added of RFTAs therefore probably lies somewhere else: in the eyes of the EU, they are the only possible compromise between the many goals it wants to achieve.

How can the EU solve its equation?

The EU is obviously in a difficult position, under pressure from different interests – from within and outside – to come up with a formula that will satisfy all parties. Its proposals reflect a difficult attempt to reconcile European commercial interests, its own commitments under the multilateral trade system, the pledge under the Maastricht Treaty to facilitate the integration of developing countries in the global economy, and the urge to preserve the 'specificity' of the EU-ACP relationship. For this last reason, the GSP and MFN options mentioned above have been ruled out so far: they would entail a 'normalisation' of EU trade policies, which some fear would weaken Europe's foreign policy towards the ACP, and especially Africa. Conversely, the EU believes that RFTAs *can* meet all the above criteria at once. That is why, in spite of all the huge political, legal and technical obstacles, and the debatable impact on the development of ACP countries, they are the EU's single favourite solution.

That there should be a wide array of reasons, some political, for the EU to try and preserve the EU-ACP link must be acknowledged as part of the post-Lomé IV equation, but are the ambitious EU-ACP RFTAs a realistic strategy to solve it? The results of the regional impact studies conducted by the EC should soon usefully inform the debate. However, it should be kept in mind that Lomé resources are not unlimited, either in terms of capacity (both in the ACP and in the EC) or financial resources. Concerns have already been expressed in the past about the risk of over-stretching the scope and magnitude of its activities. Today, it can be argued that the priority for the EC should be to focus on what it can do best. It could, for instance, streamline and harmonise its trade regimes towards developing countries under the multilateral system, and use the comprehensive Lomé framework to work out innovative approaches to economic co-operation with the ACP, e.g. in private sector development.

As for trade, ACP-EU co-operation could cover new areas, other than traditional barriers to trade in goods, and not currently fully

covered by the WTO, such as services, export credit, harmonisation of customs rules, as well as technical barriers to trade, which, rather than tariffs, will be the main barriers to trade in the future. Such measures could promote a strengthened, more mature ACP-EU partnership, more than carrots or sticks.

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NOTES

¹ See a discussion of the EU proposal and possible alternatives in ECDPM, 1998, Negotiating Brief No. 1, Maastricht, and Solignac Lecomte, H.B., 1998, *Options for future ACP-EU Trade Relations*, ECDPM Working Paper No. 60, Maastricht.

² The recent report on Lomé by the International Development Committee of the UK House of Commons provides an extensive presentation and discussion of the pros and cons of the European proposal. See IDC, 1998, *The Renegotiation of the Lomé Convention*, Vol. I & II, House of Commons, London: HMSO.

³ Address to the ACP-EU Joint Assembly ad hoc group on Lomé, 30 June 1998, European Parliament, Brussels.

⁴ The mandate states: 'The Parties could also introduce a clause providing for a review to assess the ACP countries' progress towards liberalising imports from the Community, and, if necessary, to modulate the rate of progress towards the ultimate establishment of the Free Trade Area, in conformity with WTO rules'. EU Council. 1998. *Negotiating directives for the negotiation of a development partnership agreement with the ACP countries*, Information Note 10017/98, Version provisoire, 30 June, p. 21.

⁵ Individual officials of the EC have nevertheless hinted that a change in WTO rules may be desirable and feasible; see interview with Bernard Petit in *L'Express*, 23 April 1998, Port Louis, Mauritius.

⁶ Whether this can be obtained without a revision of Article XXIV remains to be seen. It must be noted, however, that there is no precedent for such an 'asymmetrical' arrangement, and the tendency within the WTO is to make rules for regional agreements stricter, not more flexible.

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Canada stressed the importance of taking into account the views of civil society when developing its detailed positions on issues, and tabled a proposal on transparency and document derestriction. Canada proposes that the WTO move quickly on derestricting draft agendas (airgrams); official minutes ('M' series); Secretariat working documents ('W' series); and Members' formal contributions ('W' series), unless the Member in question objects (the EU and the United States made similar proposals at the 15 July General Council meeting, see Bridges Vol.2 No.5, page 1). Canada also proposes that the WTO's regular budget be increased to cover enhanced outreach to civil society in the form of symposia and workshops. Document derestriction, and possibly other transparency issues, are on the agenda of the General Council's regular session on 14 October.

Talks on the scope and timetable of the post-2000 negotiations will continue in monthly special sessions of the General Council, as well as informal meetings of Heads of Delegations. The negotiations agenda will be finalised during the third WTO Ministerial Meeting, scheduled for 30 November to 3 December 1999 in the United States.

Dispute Settlement Corner

No End in Sight in EU/G-5 Banana War

The European Union continues to be under fire over its revised banana regime. The EU Council of Ministers in late June adopted changes to the European banana import tariff quotas and licensing arrangements in response to the WTO's September 1997 ruling that the EU banana regime was discriminatory. The regime guaranteed quotas and preferential tariffs for bananas exported from the EU's Lomé Convention partners in Africa, the Caribbean and the Pacific. Many of these countries, particularly the small Caribbean island states, are not in a position to compete with Latin American bananas in a free market. The regime was successfully challenged at the WTO by the United States, Ecuador, Guatemala, Honduras and Mexico (collectively known as G-5) who also won a condemnation of the EU's import licensing system. As soon as the EU's draft implementation plan was made public last January, the G-5 in the dispute announced that they considered it an insufficient response to the Appellate Body's findings (see Bridges Vol.2 No.5, page 6).

The complainants are requesting the Dispute Settlement Body (DSB) to reconvene the original panel on the case to examine the consistency of the new regime with WTO provisions and the Appellate Body ruling. Such a compliance procedure is possible under Article 21.5 of the Dispute Settlement Understanding, but at the DSB's 22 September meeting the EU insisted that the complainants follow the standard WTO dispute settlement procedure, which requires a sixty day consultation period before a panel request is made. A country may oppose a panel request once, but if the request is repeated at a subsequent DSB meeting, a dispute settlement panel is automatically established. The compliance panel will then have 90 days to deliver its verdict on whether the proposed measures are consistent with the Appellate Body's findings and recommendations. The complainants oppose new consultations, calling them 'delaying tactics' and 'procedural roadblocks' inconsistent with 'the spirit of prompt compliance' of Article 21.

However, 'without prejudice to [their] rights under Article 21.5', the complainants, as well as 14 third parties, on 17 September met with the EU in an effort to solve the scope of the compliance procedure. The EU insists that only the new tariff rate quotas can be reviewed for WTO consistency (i.e. 857,700 tonnes for traditional ACP imports with no tariffs, 2.2 million tonnes for Latin American suppliers with a 75 ECUs/tonne tariff, and an 'autonomous quota' of 353 tonnes accessible to ACPs at a zero tariff for others at 75 ECUs/tonne). The allocation of shares within the tariff quotas is still under negotiation between the EU and banana producers. According to the EU's Status Report to the DSB's 22 September session, the regulation adopted last July 'is for the time being a partial implementation of the DSB recommendations [and] will be followed in the coming months by another regulation concerning the detailed rules for the management of the import regime'. Since the details of the licensing arrangement are not yet determined, the EU argued during the consultation that they would fall outside the scope of the review. The complainants are equally adamant that the compliance procedure cover all aspects of the EU's implementation plan. The EU has until 1 January 1999 to bring its banana regime into full compliance with WTO rules.

The parties did not reach agreement on the scope of the review at the consultation meeting. At the 22 September Dispute Settlement Body meeting, the United States and the other complainants maintained that the licensing regime and quota arrangements be

reviewed together, while the EU continued to affirm that the licensing system could not be reviewed yet. Commentators noted that if major Latin American producers managed to broker sufficiently good deals on country-specific quotas with the EU, they might drop their insistence on the licensing arrangement review. Then latter is of major importance to the United States, because the world's largest multinational banana distribution companies, with large plantations in Central America, are based there. The US does not export bananas grown on its own territory.

In related news, political leaders of Caribbean islands plan to visit Washington in an effort to dissuade the US from asking for further changes to the EU's banana regime. Calling the US insistence 'incomprehensible', Prime Minister Kenny Anthony of Saint Lucia said that the islands would 'continue to fight vigorously to ensure that the EU's legal obligations are respected, and that there will continue to be a profitable market in Europe for quality Caribbean bananas.'

Shrimp-Turtle Update

The Appellate Body examining the United States' appeal of the shrimp-turtle panel ruling has announced that its report will not be circulated to WTO Members until 12 October 1998. The dispute settlement panel found on 6 April that the US import ban on shrimp from certain countries ran counter to GATT obligations, and could not be justified under the exceptions provided by Article XX. The ban, in effect since May 1996, concerns non-aquaculture shrimp caught without turtle excluder devices which keep endangered sea turtles from drowning in the nets dragged by mechanised shrimp trawling vessels. The case was brought to the WTO by India, Malaysia, Pakistan and Thailand, which objected to the extra-territorial and unilateral nature of the trade measure. Sixteen countries and the European Union joined the case as third parties. (For a summary of the panel's findings, see Bridges Vol.2 no.3, page 11. For details of the US appeal, see Bridges Vol.2 no.5, page 6.)

Europe and Japan Challenge Burma Sanctions

The US turned down a panel request by the EU and Japan at the 22 September DSB meeting on the WTO consistency of the Massachusetts 'Burma Law', which adds ten percent to any state contract bid submitted by companies that trade with or invest in Burma, now officially called Myanmar. In addition, the offers may not be accepted if any company not dealing with Burma makes a lower offer. Massachusetts adopted the law in 1996 in protest to human rights violations in Burma. The European Union initiated WTO dispute settlement procedures on the matter in 1997, but suspended them while bilateral consultations were being held with the United States. However, after the Massachusetts legislature adjourned for the rest of the year at the end of July, the EU reactivated the WTO case claiming that the law constitutes a violation of the WTO Agreement on Government Procurement. EU officials also said that the challenge was aimed at what they saw as a growing tendency of states and local communities to adopt sanctions against other countries' trade policies. Both the EU and Japan claim that individual US states and other communities are automatically bound by WTO provisions. In the United States, the National Foreign Trade Council is opposing the Massachusetts law as unconstitutional at a federal district court. A number of human rights, environmental and labour groups have formed an Ad-hoc Coalition for the Defence of the Burma Law, claiming that '[without] state sanction policies, Nelson Mandela might still be in jail.'

FTAA Negotiations Start

Negotiating groups are meeting throughout September to late October in Miami for the first round of talks that are to lead to the establishment of the Free Trade Area of the Americas by 2005.

Committee on Civil Society

Of particular interest will be the first meeting of the Committee of Government Representatives on the Participation of Civil Society (CGR). The Committee was set up to 'review inputs' of a broad range of civil society organisations and 'present the range of views for [the] consideration [of the FTAA Trade Negotiations Committee]'. However, the Trade Negotiations Committee – the vice ministerial body responsible for the oversight of the negotiations – could not agree at its June session on the exact scope of the CGR, or the breadth of the consultations the CGR and individual countries should undertake (see Bridges Vol.2 No.4, page 10).

Since then, at least the United States has solicited the views of domestic constituencies on the Committee's role. Business associations stressed that the Committee should not replace the Americas Business Forum, held in conjunction with high-level hemispheric trade meetings. They also emphasised that the CGR should accept views only on issues 'directly related' to trade. Trade union and public interest groups, on the contrary, said that business should not have privileged access to the negotiation process, and that the CGR should solicit comments on 'the full range of topics that will be affected by a hemispheric trade agreement', including labour, environmental and consumer concerns. The CGR's meeting is scheduled for 19-20 October, after the all other negotiation groups have held their first meetings.

US expected to push intellectual property protection

Among other controversial topics of the first negotiation sessions figure agriculture, particularly with regard to export subsidies, as well as investment and intellectual property rights. The US has stated its intention to endow the FTAA treaty with strong investment provisions modelled on NAFTA, but such moves are likely to meet with considerable reluctance from Latin American governments, as well as strong civil society opposition in Canada and the US (see related story on page 8).

The US Administration is also reportedly keen on concluding an intellectual property rights agreement which goes beyond TRIPs. The Pharmaceutical Researchers and Manufacturers of America (PhRMA) has called for broadening the range of products that can be patented to include biotechnology products, limiting the extent to which governments can force compulsory licensing, and strengthening enforcement of IPR rules. According to press reports, US pharmaceutical companies will urge the government to negotiate 'pipeline protection measures' for pharmaceuticals along the lines of NAFTA provisions. Pipeline protection covers products that have been patented in one country but not yet marketed in another country that is still developing a patent system. Achieving 'WTO plus' IPR protection in the FTAA agreement will be an uphill battle, however, as many Latin American governments feel that many TRIPs obligations are to their disadvantage.

Official documents related to the FTAA process can be found at the FTAA homepage at <http://alca-ftaa.org/>

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EU Outlines Transatlantic Economic Partnership Plan

The European Commission on 16 September approved a negotiating agenda for the Transatlantic Economic Partnership (TEP) between the EU and the United States. As expected, the plan is a scaled-down version of a more far-reaching proposal put forward by EU Trade Commissioner Sir Leon Brittan early this year under the name of New Transatlantic Marketplace. Unlike its predecessor, the TEP does not include such goals as the creation of a free trade area in financial services, or the removal of industrial tariffs by the year 2010. Instead, it concentrates on the removal technical barriers to trade and closer regulatory collaboration.

The two trading blocks currently have substantially different standards regarding labelling and authorising genetically modified organisms, as well as food safety. The latter gave rise to the first WTO dispute concerning sanitary and phytosanitary measures: following a complaint by the US, the Appellate Body ruled that the EU's import ban on 'hormone beef' was not justified by a convincing risk assessment. The EU action plan suggests that the two sides develop a common methodology for risk assessments and negotiate mutual recognition agreements in food safety and biotechnology, as well as government procurement and intellectual property protection.

Co-operation at Multilateral Level, Environment and Social Issues

In addition, the plan calls for 'regular dialogue in order to ensure closer EU-US co-operation in the run-up to the 1999 Ministerial Conference in the WTO, with a view to in particular facilitating the process of comprehensive preparations'. It suggests that the two sides 'where possible take common approaches to the DSU review, in particular as regards improvement of WTO transparency and the functioning of panels'.

On trade and environment, the Commission proposes co-operation focusing on 'how to incorporate environmental concerns into WTO work with the aim of giving full weight to environmental considerations throughout the WTO agreements. Furthermore, we will work towards developing a set of trade and environmental approaches to guide our joint action in relevant fora. In the run-up to the planned High Level Meeting (scheduled between February and May), we need to seek EU/US agreement on how to approach and prioritise environment-specific issues for these discussions (which would cover, inter-alia: Multilateral Environment Agreements, Product and Production Methods).' The action plan notes that while labour issues are not, at present, part of the WTO Work Programme, the EU and the US should promote 'full and timely implementation of agreed follow-up work of the new ILO Declaration on core labour standards', as well as support increased collaboration between the WTO and the ILO Secretariats.

The European Council of Ministers still needs to approve the Commission's plan. The US is currently developing its own negotiation agenda for the Transatlantic Economic Partnership, which both sides hope will be agreed upon at the next EU-US summit in December.

A number of non-governmental organisations on both sides of the Atlantic are setting up a Transatlantic Environmental Dialogue, which they hope will feed into the TEP negotiations. The European focal point is Jon Hontelez, European Environmental Bureau; tel: (32-2) 289-1090, fax: 289-1099, e-mail: eeb@gn.apc.org. In the US, contact: John Audley, National Wildlife Federation, tel: (1-202) 797-6603, fax: 797-5486, e-mail: audley@nwf.org.

ACP Position on Lomé Revision Emerges

On 30 September, the European Union and the 71 African, Caribbean and Pacific countries (ACP) that are parties to the Lomé Convention will start formal negotiations on major changes in a series of trade and aid treaties that have provided the framework for development co-operation and trade relations between Europe and its former colonies since 1975. Key elements of the ACP negotiating position are now emerging, although the mandate has not yet been officially adopted or made public. (The European negotiation mandate, which stresses WTO compatibility and envisages the creation of free areas between the EU and regional groupings of ACP countries, was adopted in late June. See related article on page 3.)

Essentially, the ACP's position is that the central focus of a post-Lomé arrangement should be development rather than WTO compatibility or new economic and political conditionalities. It is likely to seek alternatives to the free trade areas proposed by the EU, at least for some countries or groups of countries, as well as new criteria that positively differentiate in favour of vulnerable ACP states.

The Lomé Convention differs from other trade arrangements in many important ways. First, unlike regional trade agreements, it involves a major industrialised country trade bloc on the one hand and 71 individual developing countries on the other.¹ The latter are spread through Africa, the Caribbean and the Pacific, and have widely varying levels of economic and social development. Second, the treaty involves development co-operation as well as trade components, with some of the aid earmarked for health, education, training and rural development.

While free trade areas are understood by the WTO to mean a group of two or more customs territories in which duties and other restrictive regulations of commerce are eliminated on 'substantially all the trade between the constituent territories', the Lomé Convention provides 'asymmetrical' or non-reciprocal market access to ACP goods in the form of reduced tariffs and special protocols on commodities such as bananas, beef, rum and sugar. As the Convention does not provide similar market access to all WTO Members, it has been exempted from the GATT's most-favoured-nation obligation under a special waiver, valid until the present Convention expires in 2000. If free trade areas do eventually replace the Lomé Convention, the 'asymmetrical' pact will make way to reciprocally applied tariffs on 'substantially all trade' between the EU and ACP countries.

¹ Angola, Antigua and Barbuda, Bahamas, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cap Vert, Cameroun, Central African Republic, Comores, Congo, Congo Democratic Republic, Côte d'Ivoire, Djibouti, Dominica, Dominican Republic, Equatorial Guinea, Eritrea, Ethiopia, Fiji, Gabon, the Gambia, Ghana, Grenada, Guinea, Guinée-Bissau, Guyana, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Papua New Guinea, Rwanda, São Tomé e Príncipe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Sudan, Suriname, Swaziland, Tanzania, Tchad, Togo, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Western Samoa, Zambia and Zimbabwe.

In addition, ACP countries want to retain the sugar, beef, rum and banana protocols, which offer them special protection. If the free trade areas are eventually chosen as the successor arrangement to Lomé IV, ACP countries will seek at least a ten-year transition period during which the current system of non-reciprocal preferences is maintained. The EU's mandate is to seek a five-year transition period before the full establishment of reciprocal free trade areas. ACP countries also want the EU to lay greater emphasis on services as an essential element in integrating them into the global economy.

Flexible Arrangements, Extended Deadlines Possible

According to observers, there are some signs of potential EU flexibility with regard to the trade aspects of its mandate. At a recent meeting, senior officials from Brussels held open the possibility that some nations or groupings could make alternative arrangements, adding that the EU might be prepared to consider transition periods up to the year 2015 for those ACP countries that choose to enter free trade area arrangements.

The EU may also be able to address some ACP worries about full reciprocity – and about being swamped with EU goods – by including in the free trade arrangements considerably less than the 90 percent of all trade usually covered by WTO-compatible regional trade agreements. In addition, the EU might consider allowing some 'asymmetry' in the relationship in order to take account of poorer or structurally weak nations within any regional grouping, as well as consider new arrangements for commodities currently covered by the commodity protocols (see box).

The EU has proposed to associate 'the full range of civil society' in the Lomé Convention successor negotiations and implementation, but officials in charge of the Convention's implementation in several ACP countries recently expressed serious misgivings over the role of civil society organisations in the Lomé process. They raised questions of civil society organisations' accountability, which many said represented the interests of only some sectors of the population. Some feared that the EU might by-pass ACP governments and deal directly with non-governmental actors. Several ACP representatives recommended that the role of civil society be restricted to that of implementors of the future agreement(s).

African countries in particular are also concerned about the effect of the forthcoming common currency of the EU – the euro – on those countries that use the CFA franc. The currency, pegged to the French franc for decades, is set to become the CFA euro after France, along with other EU countries, adopts the euro.

The ACP Council is expected to finalise the negotiating mandate at its session from 28-29 September. ACP and EU sources have unofficially said that the first formal EU/ACP meeting on September 30 will probably be followed by a period during which both parties will clarify the scope of the negotiations. Detailed discussions are not likely start before late 1998.

In related news, the EU has finalised 85 percent of a free trade agreement with South Africa, which could provide a model for the EU-ACP free trade areas. The Commission has also endorsed the EU's proposed new Generalised System of Preferences (GSP) offering favourable terms of trade to developing countries. The new system extends preferences to Central and Latin America and incorporates new incentives to encourage adherence to labour and environmental standards (see Bridges Vol.2 No.4, page 9).

Three NAFTA Challenges Raise Fundamental Concerns about Investor-State, Expropriation Provisions

Three recent environment and health related cases filed under NAFTA's investment chapter have raised serious concern over the extent that NAFTA's investment rules are being used to challenge a foreign country's health or environmental legislation. NAFTA investment provisions allow companies to seek compensation from foreign governments for damage resulting from measures 'tantamount to nationalisation or expropriation of [...] an investment'.

All three cases involve companies seeking compensation under the treaty's investment expropriation provisions (see box for details). While other violations of the treaty are also alleged, the company's central claim in each instance has been that actions, justified on health and environmental grounds by the government concerned, have led to a deprivation of the company's benefits, thus constituting a 'a measure tantamount to an expropriation.' Many environmental and consumer groups have expressed outrage at these attempts, and the outcome of the Ethyl case even surprised some trade lawyers: on 28 July, Lawrence Herman, who was briefly consulted on the Ethyl case in May 1995, wrote in Canada's Financial Post that the main reason he thought at the time that 'a trade case would be problematic was because the investor-state arbitration provisions of NAFTA seemed confined to cases where governments took assets away by direct action and refused to compensate the investor.' 'Having closely watched the evolution of these provisions in the trade agreement negotiations, and having once been involved as a government lawyer in settling several international expropriation claims, I thought there had to be this essential element of "taking",' Mr Herman continued. He concluded that, even though the case was settled out of court, it established a 'far-reaching precedent', illustrating that 'governments are at peril if they adopt measures having the "effect" of expropriating foreign-owned assets directly or indirectly.'

The expropriation and investor-state arbitration provisions are at the heart of environmental groups' opposition to the Multilateral Agreement on Investment (MAI), which is – at least in its present form – largely modelled after NAFTA. Negotiations for the MAI, started in the Organisation for Economic Co-operation and Development (OECD) in 1995, will resume on 20 October 1998, after a six-month hiatus to a great extent brought on by civil society opposition around the world. While in industrialised countries the anti-MAI movement is mainly led by environmental groups, in developing countries principal concerns centre around the potential power the MAI would give to multilateral companies to infringe on national sovereignty and development priorities. Some OECD countries have indicated that they would prefer the MAI talks to move from the OECD to the WTO in the context of the post-2000 round of trade negotiations (see Bridges Vol. 2 No. 3, page 20).

Contact: OECD DAF, e-mail: daf.contact@oecd.org, Internet: <http://www.oecd.org/daf/cmismai/mainindex.htm#top>

Canadian Government Also Sued by Environmentalists

Three Canadian environmental organisations in July filed a submission to the NAFTA Commission for Environmental Co-operation alleging that the Canadian government had failed to enforce the Fisheries Act against mining companies that deposit toxic substances into fish-bearing rivers. According to the complainants, the government's inaction is a violation of Canada's obligation under NAFTA to enforce its own environmental laws. The Commission for Environmental Co-operation is currently seeking public comment for revised guidelines to bring complaints about environmental enforcement under NAFTA provisions.

Ethyl Corporation vs Canada

On 20 July, the Canadian government settled out of court a long-running NAFTA dispute with Ethyl Corporation by paying the US company US\$13 million and canceling an inter-provincial trade and import ban of the gasoline additive MMT (methylcyclopentadienyl manganese tricarbonyl). The government had justified the ban on health and environmental grounds, but said after its repeal that there was not enough scientific evidence to support it. Ethyl Corporation is the only North American manufacturer of MMT. In its NAFTA challenge, the company claimed that there was no scientific evidence of MMT being hazardous either to the environment or to human health. Alleging that the ban would force the company to close its Canadian manufacturing plant and thus amounted to an expropriation without compensation of Ethyl's Canadian assets, the MMT manufacturer sought US\$250 million from the Canadian government.

S.D. Myers Inc. vs Canada

The Ethyl case was barely settled, when Ohio-based S.D. Myers Inc. notified the Canadian government that it was seeking US\$10 million in compensation for a Canadian export ban on PCBs (polychlorinated biphenyls), in effect from 1995-97. According to Myers, which specialises in processing hazardous waste, the PCB export ban particularly targeted the company, which had just received an authorisation from the US Environmental Protection Agency to import PCBs into the country for the purpose of disposal. Myers claims that 'the result of these measures was to prohibit S.D. Myers from conducting business in Canada. Throughout this time, Canadian-based investments that disposed of PCB wastes in Canada were permitted to conduct business in Canada. The inability of the investor to have continued access to the Canadian PCB disposal market resulted in damage to the investor arising directly from Canada's NAFTA-inconsistent measures.' Myers alleges violations of NAFTA's National Treatment, Minimum Standard of Treatment, Performance Requirements and Expropriation provisions. The Canadian government has indicated that the case is 'without merit' and that it will defend its interests 'vigorously'.

Metalclad Corporation vs Mexico

In May 1997, a US-based waste disposal company called Metalclad filed a complaint against the Mexican federal government, alleging that action taken by the state of San Luis Potosi violated a number of NAFTA provisions. It is seeking US\$90 million in damages incurred when San Luis Potosi declared the site of a waste disposal plant recently acquired by Metalclad part of an ecological zone and denied the company the right to reopen the facility. The state took the action after an environmental impact assessment revealed that the waste disposal plant was located on top of an important groundwater supply, already seriously polluted by the facility's operations under its previous owners. Metalclad claims that although it had 'all of the legally required permits and authorisations' to develop the site, it has now suspended construction 'as a result of the failure of the Mexican government to provide protection against an unlawful blockage of the Company's property by local citizens and enforcement of the Company's right to build and operate.' Construction is suspended until the resolution of the NAFTA investment expropriation claim.

Biosafety Protocol: Incompatibility Between Biodiversity Protection and WTO Rules?

The task of agreeing on the text of a Biosafety Protocol to the Convention on Biological Diversity (CBD) is proving difficult (see also Bridges, Vol.2 No.2, page 13). The fifth of six negotiating meetings on the draft Protocol (BSWG-5) took place in Montreal from 17-28 August and left so many crucial issues unresolved that it will be a tough job to complete the text by the February 1999 deadline.

Among the most contentious points remain compensation and liability, as well as the relationship between the Biosafety Protocol and WTO rules. Negotiators remain divided over fundamental issues, such as the definition of living modified organisms (LMOs, a term coined by the Biodiversity Convention to refer to genetically-engineered, transgenic plants, animals and micro-organisms such as viruses and bacteria, often called genetically modified organisms, or GMOs). The definition is of critical importance, as the entire Protocol will be aimed at controlling transboundary movements of LMOs. What the Advance Informed Agreement (AIA) procedure will cover and how it will operate, have also yet to be defined.

Despite the difficulties to be overcome at the remaining negotiating meeting, delegations from both industrialised and developing countries seem committed to adopting the protocol next February, even if the text adopted leaves certain issues – such as monitoring, compliance, and liability – to be resolved at a later date.

Contentious Issues at BSWG-5

While progress was made in consolidating the text of the draft protocol and some headway was made on final clauses and procedural issues, key outstanding issues remain. Since the articles of the draft protocol are so inter-linked, lack of agreement in one area makes it impossible to resolve differences on the text of other articles. Issues that pervade discussion of almost all articles are whether socio-economic considerations should be taken into account, and the definition of LMOs. Indeed, there is still no definition of LMOs to be controlled under the protocol, and positions are polarised over whether the protocol's scope would include 'products thereof'. Several developed countries stressed that the protocol should not cover products of LMOs, while many developing countries think it should.

The biosafety protocol will contain an AIA procedure akin to the prior informed consent procedure in international movements of hazardous wastes, pesticides and chemicals, but it is still uncertain how the biosafety protocol's AIA procedure will operate and what it will cover. Will it only apply to the first movement of a particular genetically modified organism or to every movement? And will it apply to transit of LMOs? Will the procedure apply to all LMOs, and if not, to which ones? The US wants AIA to apply only in two cases – if a LMO is imported for field testing, or if it is domestically banned or severely restricted in the country of export – while many developing countries support a much wider AIA procedure. At BSWG-5 delegates also debated whether decisions regarding AIA should be based on risk assessment, on scientific principles, on the precautionary

principle, on social, economic and cultural criteria, or on other grounds. No final decision was taken by BSWG-5.

Liability and compensation remained highly contentious articles and talks nearly broke down with the refusal of the European Union to discuss the issue. The EU proposes deferring all discussion of the issue, including whether liability and compensation provisions are needed at all, until after the protocol has come into force. Most developing countries, as well as environmental groups, supported inclusion of strong liability provisions in the protocol, which they would also like to include an emergency compensation fund.

Main provisions of the draft Protocol

- * Introductory Clauses (Preamble, Objectives, Use of Terms)
- * Scope of the Protocol
- * Advanced Informed Agreement (AIA) Procedure
- * Risk Assessment and Management
- * Unintentional Transboundary Movements and Emergency Measures
- * Handling, Transport, Packaging and Labelling
- * Information Sharing, Capacity Building, Public Awareness/Participation
- * Socio-economic Considerations
- * Illegal Traffic
- * Liability and Compensation
- * Financial Mechanism and Resources
- * Institutional Provisions (Secretariat, Subsidiary Bodies, Entry Into Force, etc)
- * Annexes: Information Required in Notification for AIA Risk Assessment

From Protecting Biodiversity to Protecting Trade

The outstanding contentions can be better understood when set in the context of the evolution of the objectives of the Protocol. NGOs, and developing countries such as Malaysia, who pushed for negotiations on a Biosafety Protocol to be launched, are of the view that, building as it does on the CBD, the protocol should promote the CBD's objectives of conservation and sustainable use of biodiversity and fair and equitable sharing of its benefits. But the mandate given to the working group by the CBD's Conference of the Parties in 1995 was to develop a protocol on the safe transfer, handling and use of LMOs, *specifically focusing on their transboundary movements*. Thus the AIA procedure is central to the draft. New Zealand's proposed title

for the biosafety protocol is 'Protocol for the Safe Transboundary Movement of Living Modified Organisms'.

The provisions for minimal domestic standards on the safe manufacture, transfer and use of LMOs are weak, so weak that at BSWG-5 the article on Minimum National Standards was deleted and the relevant text downgraded to a paragraph in Article 1bis (General Obligations). Many OECD countries have domestic legislation for safe use of LMOs, while most developing countries are still lacking binding regulations in this field and as a consequence, there is a fear that companies from the North may prefer to undertake releases of LMOs in countries which have no regulations in place.

At this point in negotiations, non-governmental groups such as Greenpeace, Third World Network and WWF, as well as India, Indonesia, Colombia and many African countries are pushing for a strongly-worded Protocol based on the precautionary principle, with clear provisions for liability for adverse environmental and socio-economic effects that might arise from release of LMOs. Countries with strong or nascent biotechnology industries are afraid of the trade consequences a strong Protocol might have, and are pushing for a looser agreement than those at the receiving end of biotechnology trade. Val Giddings, President of the Washington-based Biotechnology Industry Organisation said at the outset of BSWG-5 that an AIA process could 'massively disrupt international commerce'. Commercial interest in the Protocol is evidenced by the high number

Continued on page 10

Biosafety Protocol, continued from page 9

of biotechnology industry delegates: Monsanto Corporation, which already has patents on several genetically modified crops, sent six delegates to BSWG-5, as many as the whole of the EU, and more than all but a dozen country delegations. Some developing countries could only send one delegate for part of the session.

A Run-in With Trade Rules?

A number of provisions of the draft biosafety protocol relate to international movements of LMOs. Amongst these are the AIA procedure, as well as current Article 17 of the protocol, which would set handling, transport and labelling requirements, and Article 23 which would prohibit movements of LMOs from Parties to non-Parties, or limit such movements from Parties to only those non-Parties which comply with the same obligations as Parties to the protocol.

Although agreement still needs to be reached on the above articles, the really touchy question – and possibly the most sensitive to be raised at BSWG-5 – is the relationship between the protocol and WTO rules. The issue has been brought slightly more to the forefront since last June's session of the WTO Committee on Sanitary and Phytosanitary Products (SPS), when a number of WTO members including Argentina, Australia, Canada, Mexico and the US pointed out that the emerging protocol could create new barriers to agricultural trade and undermine countries' rights and obligations under the SPS Agreement. This is particularly the case as the protocol may give the importer the right to prevent or limit international movement of LMOs. The possibility that the protocol might allow socio-economic considerations to be taken into account when restricting movements of LMOs – which many developing countries want – goes against the SPS agreement which only allows regulations to be applied 'to the extent necessary to protect human, animal or plant life or health.'

Fears about possible conflicts between WTO and biosafety protocol rules have been expressed both by those who give priority to trade rules and those who put environmental protection first. Amongst the latter are those who contend that the US position is diminished in the biosafety negotiations because it is not a Party to the CBD. While the biotechnology industry is supporting US ratification of the CBD, this is not likely to happen in time for the US to impact on the negotiations. In the WTO however, the US has more clout. Other states fear that developing countries are seeking to subvert WTO rules by regulating trade in a biosafety agreement. More moderate voices are saying that while biological diversity should be protected from LMOs, it is necessary to do so in the least trade-restrictive way possible. These voices are expressing concern that trade measures alone will not suffice to protect biological diversity.

In practice, it is possible that conflicts that exist between WTO rules and draft biosafety protocol provisions arise from lack of knowledge of international trade rules by international environmental negotiators. A member of the WTO secretariat attended BSWG-5. BSWG Chair Veit Koester was supposed to attend an informal meeting of the SPS Committee on the biosafety protocol, which was held on September 17. However, when this was announced during BSWG-5, a number of delegates expressed displeasure that the WTO should be 'dictating' conditions to the BSWG. Veit Koester thus declined to go to the WTO, leaving a member of the CBD secretariat to attend the September SPS meeting in his place.

The primary aim of the meeting was to promote better co-ordination between government officials dealing with international environmental conventions and those dealing with WTO affairs. It

is expected that it will enable delegates to come back to the Biosafety Protocol negotiations with a more considered position on trade issues.

The sixth session of the BSWG is tentatively scheduled for 14-19 February 1999 in Cartagena, Colombia. A meeting of the bureau of the BSWG is scheduled for October 1998, to clear up issues in advance of the final negotiating meeting.

For more details on BSWG-5, see <http://www.iisd.ca/linkages/biodiv/BSWG-5.html> or the site of the CBD secretariat.

Contact: CBD Secretariat, tel: (1-514) 288-2220, fax: 288-6588, e-mail: chm@biodiv.org, Internet: <http://www.biodiv.org>

Trade Concerns May Make US Ratify the Basel Convention

The US administration has committed itself to submit draft legislation, early in 1999, to implement the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes. This legislation is necessary for the US to be able to ratify the Convention. Interestingly, the trade provisions in the Basel Convention may have helped provide impetus for this decision: press reports in early September quoted the Clinton administration as saying that 'ratification of the Basel Convention would ... help to provide our domestic waste recycling and reclamation industry with the same access to the international market in Basel-regulated wastes that our competitors have. As a non-Party, we are effectively barred from trading in Basel-covered wastes with much of the world.'

The US signed the Basel Convention when it was adopted, in 1989, and the Senate provided its consent to ratification in 1992. However, the adoption of the necessary domestic legislation was stalled when Basel Convention parties adopted the so-called 'ban amendment' in 1995. Once it enters into force, this amendment will ban exports of hazardous wastes, whether for disposal or recycling, from OECD and EU countries and Liechtenstein (known as 'Annex VII' countries) to any other countries.¹ After the adoption of the ban amendment, industry in particular was concerned that the wastes subject to the ban were not defined, and that the ban could affect trade in such products as secondary recyclable materials like scrap metal and scrap paper. It was feared that impacts on the legitimate trade in such materials would have negative environmental and economic effects.

However, since that time, the fourth Conference of the Parties, meeting in Malaysia in February this year (see Bridges Vol.2 No.2, page 13), clarified which wastes are subject to the Convention and which are not, by adoption of lists contained in two new annexes. Materials on list A, also known as Annex VIII, would be subject to the ban on exports from OECD to non-OECD nations. Wastes on list B, also known as Annex IX, could be shipped from Annex VII countries to non-Annex VII countries unless the material contains constituents at a level that causes them to exhibit certain hazardous characteristics such as flammability or toxicity. The clarity brought by these two new annexes has reassured recycling industry groups worldwide. These lists make clear that secondary recyclable materials such as scrap metal are not covered by the Basel Convention, thus ensuring that the Convention will not impact on trade flows in these products.

¹More than sixty ratifications (out of 121 Basel Convention Parties) will be necessary for the ban amendment to enter into force. However, the European Union prohibited all hazardous waste exports to non-OECD countries as of January 1998, at which date all bilateral agreements for hazardous waste recycling or recovery also expired between Union members and non-OECD countries.

Emissions Trading: to Cap or Not to Cap?

The European Union and the United States are once more headed for confrontation about the means of reaching the greenhouse gas reduction targets set by the Kyoto Protocol. The United States is expected to resist imposing a cap on how much of the reductions can be realised through buying emissions rights from countries that emit less than allowed by their Kyoto Protocol targets. Contrary to a recommendation of its Environment Committee, the European Parliament on 17 September maintained its position in favour of capping emission rights, stressing that the spirit of the Protocol required industrialised countries to achieve the targets mostly through domestic measures. The United States agreed in 1997 in Kyoto to reduce its greenhouse gas emissions to seven percent below 1990 levels by 2012, while the EU agreed to an eight percent cut.

Whether or not to set a cap to international emissions trading is expected to be one of the most controversial topics at the fourth meeting of the Conference of the Parties to the UN Framework Convention on Climate Change (COP4), scheduled for 2-13 November in Buenos Aires. In addition, the emissions trading system as a whole is still ill-defined. Once developed, it will apply between industrialised countries, including countries in transition from centrally planned to market economies (Annex I countries). The Conference of the Parties will also look at the two other 'flexibility mechanisms' built into the Kyoto Protocol: joint implementation between Annex I countries, and joint implementation between industrialised and developing countries through the somewhat nebulous 'clean development mechanism' (see Bridges Vol.1 No.6, page 3).

Another controversy at COP4 is likely to centre on which countries should take on quantified and binding reduction targets. The Kyoto Protocol only deals with industrialised countries' greenhouse gas emissions but the US Congress, for one, has clearly stated that it will not consider ratification of the Protocol until at least the major greenhouse emitters among developing countries take on 'meaningful' reduction commitments. A smaller scale conflict is expected between Mexico and other OECD countries, because the former has announced that it will not take on the commitments that bind OECD countries under the Protocol.

No country has yet ratified the Protocol, and only 50 states, including the European Union, had signed it in August 1998, which set the eighth straight monthly all-time record for global near-surface temperatures since recording started more than a hundred years ago. The year 1997 was the warmest on record, and nine of the 11 hottest years this century have happened since 1987.

Contact: UN-FCCC Secretariat, tel: (49-228) 815-1000, fax: 815-1999, e-mail: secretariat@unfccc.de, Internet: <http://www.unfccc.de>

Rotterdam Treaty Formally Adopted

On 10-11 September, ministers and senior officials from approximately 100 countries met to sign the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention, see Bridges Vol. 2 No. 3, page 19). The Conference of Plenipotentiaries also agreed to continue to implement the voluntary PIC procedure until the Convention enters into force – this will happen 90 days after receipt of the 50th instrument of ratification.

UNCTAD to Host Forestry Trade Meeting Next February

The second session of the ad hoc, open-ended Intergovernmental Forum on Forests (IFF-2) took place from 24 August to 4 September, in Geneva. Discussions covered a range of issues, including trade, the transfer of environmentally sound technologies, the forest-related work of international and regional organisations, and proposals for action to support the management, conservation and sustainable development of forests. The IFF was set up by the UN General Assembly in 1997 to continue the policy dialogue on forests begun by the Intergovernmental Panel on Forests (IPF). The tense struggle around whether work toward a legally-binding instrument on forests should be launched underlies the work of the IFF. Many observers say the role of the body is still unclear, in part because of the issue of a possible new forestry instrument, and in part because so much of what the IFF deals with is also firmly within the mandate of other bodies such as the Convention on Biological Diversity, the Framework Convention on Climate Change, the Convention on International Trade in Endangered Species and the WTO.

Trade and environment proved a sensitive area at IFF-2: the final chairs' report on trade and environment is bracketed in its entirety, showing how little headway has been made since the last session of the IPF in 1997. The report addresses, inter alia: mutually supportive trade and environment policies, impacts of trade liberalisation, non-tariff trade barriers, certification and labelling, market access, and illegal trade in forest products. North-South divisions remained firmly in place on issues such as market access, trade barriers and environmental versus economic and social goals of trade. For instance, Indonesia on behalf of the G-77 called on the WTO to stop the proliferation of trade barriers and stressed the importance of market transparency and market access for timber products. IFF-2 did, however, address some new topics related to trade and environment, such as the need for long-term perspectives in sustainable forest management and admissions that wholesale reliance on trade liberalisation does not automatically benefit the environment or lead to sustainable management practices.

Brazil, supported by several other delegations, suggested that a seminar be held prior to the third session of the Intergovernmental Forum on Forests (IFF-3, scheduled for May 1999) to examine trade and environment matters in greater detail. With support from IFF and the International Tropical Timber Organisation, UNCTAD and the Government of Brazil will host this meeting in February 1999, in Geneva. The main issues to be considered are market access, illegal trade and certification and ecolabelling.

Another meeting that will feed into IFF-3 was the International Consultation on Forest Research and Information Systems in Forestry (ICRIS), held in Gmunden, Austria from 7- 10 September. Eighty participants representing government, inter-governmental organisations and research institutions attended the meeting and discussed inter alia, capacity building and the role of transnational and private investment in forestry research. However, they were unable to reach consensus on the proposals for action to be forwarded to IFF-3. The proposals are likely to be finalised by early October and then transmitted to IFF-3.

See also <http://www.iisd.ca/linkages/forestry/iff2.html> and <http://www.iisd.ca/linkages/sd/iufro.html>.

For information about the seminar on trade-related aspects of sustainable management of all types of forests, contact Maria Nazareth Farani Azevedo at the Brazilian Mission to the WTO, tel: (41-22) 929-0913, fax: (41-22) 788-2505 or David Elliott at UNCTAD, tel: 917-5760.

Codex Discusses Trade and Food Safety

Several issues of potential importance to the relationship between multilateral trade rules and food safety were on the agenda of the Codex Alimentarius Committee on General Principles when it met from 7-11 September in Paris. These included an examination of whether 'other legitimate factors' than those based on strict scientific findings supported banning bovine somatotropin (BST), a genetically engineered growth hormone administered to dairy cows to enhance milk production. The Joint FAO/WHO Expert Committee on Food Additives (JEFCA) in last February reaffirmed its 1993 conclusion that there were 'no food safety or health concerns related to BST residues in products such as milk and meat from treated animals'. However, Codex principles call for the Commission to 'have regard, where appropriate, to other legitimate factors relevant for the health protection of consumers and for the promotion of fair practices in food trade'. The EU argued that 'other legitimate factors' did exist that would require the Commission to specify acceptable daily intakes for administering the hormone and a maximum residue limit for BST in cows' milk and edible tissues. Such standards could then be used to justify the EU's prohibition of BST use and imports treated by BST.

The Committee did not reach a conclusion on the matter. However, a report tabled for its consideration rejected the EU's claims, arguing that 'other legitimate factors' to be taken into consideration in the Codex decision-making process had to be related to food safety objectives and did not include such concerns as consumer preference. It further argued that, in the context of food safety, the so-called 'precautionary principle' is related to health risk and is intended to address uncertainty or incomplete scientific evidence 'which cannot apply in the case of BST as the scientific basis clearly exists'. The report also stated that in considering effects of a food standard on a given country's economy, 'the fact that overproduction exists in a particular region could not by itself justify the prohibition of substances intended to improve production at the international level'. Finally, the report suggested that a BST prohibition would be more restrictive to trade than necessary, and would therefore run counter to the WTO's Agreement on Technical Barriers to Trade, which provides that 'technical regulations shall not be more trade-restrictive than necessary to fulfil their legitimate objective'.

The Committee on General Principles also postponed a decision on changing the procedures used by the Codex Alimentarius Commission in adopting food safety standards. Member governments are not legally-bound to adopt Codex standards, and the Commission's decisions have mostly been adopted by consensus or, failing that, by simple majority vote. However, under the WTO Agreement on Sanitary and Phytosanitary Measures, these standards are recognised as an acceptable basis for taking trade measures. They have thus acquired legal relevance and are coming under increased scrutiny. For instance, in the beef hormone case, the European Union argued that a Codex standard on maximum residue limits for a growth hormone in beef could be challenged as it was adopted by such a narrow margin: 33 votes for, 29 against and 7 abstentions – out of 162 countries. In order to enhance the international acceptability and recognition of the standards, the Commission is considering requiring a two-thirds majority when voting proves necessary. Such a majority is used in a number of other international standard setting bodies. The Committee will continue its review of procedural change at its next meeting in April.

Contact: Secretariat of the Joint FAO/WHO Food Standards Programme, FAO, tel: (39-6) 57051; fax: 5705-4593; e-mail: CODEX@FAO.Org, Internet: <http://www.fao.org/WAICENT/FAOINFO/ECONOMIC/ESN/codex/>

WTO Creates Division on Trade and Finance Other Changes Affect Environment, Development, Technical Co-operation and Information

A number of changes have recently been made within the WTO secretariat. Although the new appointments are already effective, physical reallocations were expected to be completed only by mid-October.

A new Trade and Finance Division has been created, to be headed by Richard Eglin, former Director of the Trade and Development Division. This new Division will deal with trade, finance and investment matters. It will take over Trade-Related Investment Measures and Investment from the TRIPs Division, Balance of Payments matters from the Trade Policy Review Division and IMF/World Bank Relations from the External Relations Division.

A Ministerial Sessions Division will be created, headed by Evan Rogerson (formerly with the Director General's office). This new Division will take up preparations for Third Ministerial and 'all related questions'. It will report directly to the Director General's Office, as will the External Relations Division and the Council Division.

There have also been a number of staffing changes within the Secretariat. These are as follows:

- Jan-Eirik Sørensen will take over the Trade and Environment Division from Gary Sampson;
- Peter Tulloch has moved from the Trade Policies Review Division to be Director of the Trade and Development Division;
- Jean-Maurice Leger is now head of the Technical Cooperation Division; and
- Clemens Boonekamp, formerly with the External Relations Division, now heads the Trade Policies Review Division.

Other staff reallocations will take place within the next few weeks. ICTSD will inform readers through BRIDGES Weekly Trade News Digest of reallocations as well as of changes of relevance to NGO activity vis-à-vis the Secretariat.

Further structural changes include the creation of an Informatics Division, to be headed by Ghassan Karam. Statistics will now also have a separate Division, headed by Roslyn Jackson.

Ad hoc Task Forces on Accessions (under Chulsu Kim) and on Turmoil in Financial Markets (under the Director General) have been confirmed, and a new one created on Technical Co-operation (headed by Anwarul Hoda). The Task Force on Technical Co-operation will focus on taking up outsourcing as a practice and on increasing co-operation with other international organisations. Like the other two, it will report to the Director General by December with a view to implementing recommendations before Renato Ruggiero leaves office.

The library is now placed under the Information and Media Relations Division (rather than Translation and Documentation), with the aim of improving the coverage and the service of the library. The former Publications Committee will be reactivated, the probable objective of this being to increase publications. The Secretariat has also announced other changes in the areas of Interpretation and Documentation.

Independently Audited International Standards of Social Accountability

By Edward Dommen

Transnational corporations are caught between two parallel trends: shareholder value and stakeholder concerns. On the one hand, their policy is more and more focused on increasing their shareholder returns, as well as the price of their shares. Meanwhile, public awareness of corporate behaviour is becoming more acute and expressing itself in specific demands.

Stakeholder concerns feed back into shareholder value through the actions of consumers, the general public and shareholders themselves. A significant proportion of consumers are concerned not only about the characteristics of the products they buy, but also about the conditions under which they are produced. These considerations influence their spending decisions and thus the sales revenue of corporations.

A corporation's public image affects its valuation on the stock market, as the British firm Body Shop learned a few years ago. When it was discovered not to be respecting its own principles, institutional investors started selling their shares. Individual investors followed suit, and the share price fell abruptly.

One organisation which follows these questions closely estimates that image may account for up to a third of the price of a share. Since this price is now among the corporation's prime concerns, it has a financial interest in looking after its image.

Environmental and social concerns are closely linked in the public mind. It is generally taken for granted that sustainable development covers both. In the international trade debate both issues have followed much the same route, sometimes together or sometimes with one opening the way for the other.

Groups of shareholders defending environmental, social or other ethical concerns have become an established feature of the corporate scene, in particular since the Nestlé boycott in relation to baby food and the campaign for disinvestment from South Africa at the time of apartheid. Starting from the United States, the movement has crossed the Atlantic to Europe. In the United States, 10 percent of funds under management (i.e. institutional investment) has a social agenda. In the United Kingdom the figure is one percent, and it is even lower elsewhere. Apart from whatever direct influence this type of group may have on a company as shareholders, it also has a broader impact on public opinion.

Meanwhile, with the worldwide decline of government authority over corporate behaviour as a result of deregulation and the diminished means of enforcement available to governments, more responsibility falls directly on the companies themselves. This is one reason why stakeholder movements are focusing more attention on them. Thus *Business Week*, commenting on the Council on Economic Priorities' social accounting standard SA8000, said:

'CEP Standards are similar to those of the International Labor Organization, which governments have failed to enforce for decades. But CEP has a better enforcement mechanism: a market of millions of consumers ...'¹

In any event, even companies which consider they have no responsibility to stakeholders other than shareholders cannot deny their existence. Stakeholders will make themselves felt. It can be

sensible for the firm to be responsive even if it does not consider itself responsible to them. One way corporations have responded has been to adopt codes of conduct. They have proliferated, whether as codes internal to single companies or under the auspices of associations of one kind or another, or even of intergovernmental organisations like UNEP or WHO. It is said that up to 85 percent of large companies in the United States have adopted some form of environmental or social code of conduct. In the beginning, adopting a voluntary code was a way of forestalling regulation by government; as the capacity of governments to act has retreated, the codes have become more important as a way for firms to announce their own definition of proper behaviour.

Continued on page 14

SA8000

SA8000 was announced to the public in June 1998, when the first certification was granted to the cosmetics firm Avon Products. SA8000 compares itself to ISO 9000 certification for quality control and ISO 14000 for environmental management. SA stands for 'social accountability'. It has been developed by the Council on Economic Priorities (CEP), an organisation largely based in the United States. CEP describes its mission as providing accurate and impartial analysis of corporate social performance and promoting excellence in corporate citizenship. It has hitherto been best known for its *Shopping for a Better World* guidebooks, its Campaign for Cleaner Corporations and its annual Corporate Conscience Awards.

SA8000 deals exclusively with labour relations, including the health and safety of workers. The standard is intended to apply regardless of geographic location. It therefore places particular emphasis on respect for a number of conventions and recommendations of the International Labour Organisation (ILO)²; the United Nations' Universal Declaration of Human Rights and its Convention on the Rights of the Child.

CEP has established an affiliate, the Council on Economic Priorities Accreditation Agency (CEPAA), to accredit firms assessing compliance with the SA8000 standard. The first firm accredited is the Geneva-based inspection enterprise *Société générale de surveillance*, through its SGS - International Certification Services (SGS-ICS).

ETI

Like SA8000, the Ethical Trading Initiative is concerned with labour relations only. It is a collaborative alliance of companies, trade unions and not-for-profit organisations with the government of the United Kingdom. It is working to develop good practice in monitoring, independent verification and processes of improvement to ensure the effective application of codes of conduct based on internationally agreed minimum labour standards. It was officially launched in January 1998 with the support of the British Departments of Trade and International Development. The results of the first ETI social audit are scheduled for March 1999. ETI is institutionally linked to SA8000: its manager is a member of the SA8000 International Advisory Panel.

The proliferation of codes gives rise to two types of drawback. On the one hand, they result in a jumble of norms, standards and gaps. Neither the corporations nor the public know how to assess one code relative to others. Second, the lack of independent verification is increasingly seen as a key factor undermining the credibility of codes. A response has therefore been to elaborate norms subject to independent audit. The first ISO14000 norms, which deal with standards of environmental management, were established two years ago, in 1996. Now, at least two efforts are underway to establish independently audited standards of social relations to be applied world-wide: SA8000 and the Ethical Trading Initiative (for details see box on page 7).¹ Both of them are intended to apply not only to participating firms themselves, but to their suppliers and subcontractors as well.

Assessment

Although both SA8000 and ETI are intended to be world-wide in their reach, they do not reflect a view of socially responsible corporate behaviour which would be shared by societies everywhere. SA8000 is basically of American inspiration, and ETI basically British. Indeed, the reliance on ILO conventions has a cultural bias. Since ILO conventions apply only to countries which sign them, those which do not intend to observe them have no interest in taking part in the negotiations to draw them up. To treat them as universal standards is therefore misleading.

That said, both CEP and ETI are very conscious of the universality issue and are making laudable efforts to ensure that they are responsive to concerns as they are felt elsewhere, particularly in developing countries. Nonetheless, the firms liable to seek certification in the immediate future are mainly American and British, and the stakeholders they are aiming to reassure are their investors and consumers primarily in the Anglosaxon world. On the other hand, there is a cultural difference between ETI and SA8000, reflecting a variance between American and European sensitivities: while ETI has the explicit support and participation of the British government, SA8000 is keen to keep its distance, due a concern that public authorities are open to influence which could bias the application of the standard.

These two initiatives are a promising step towards objective standards of social accountability: they should be encouraged to continue down the road towards norms which stakeholders in all parts of the world can recognize as reflecting their own concerns.

Edward Dommen is visiting professor in the school of social and international studies, University of Sunderland, and a member of the committee of CANES, Switzerland's main ethical shareholder association.

NOTES

¹ These include ILO Conventions 29 and 105 (forced & bonded labour), 87 (freedom of association), 98 (right to collective bargaining), 100 and 111 (equal remuneration for male and female workers for work of equal value; discrimination), 135 (workers' representatives), 138 & Recommendation 146 (minimum age), 155 & Recommendation 164 (occupational safety & health), 159 (vocational rehabilitation & employment/disabled persons), 177 (home work).

² For further information on SA8000, see also <http://www.cepaa.org>. The Web site of ETI is <http://www.ethicaltrade.org>.

Mercosur and Civil Society

Fundación Ecos, in collaboration with the Uruguayan environment ministry, organised a seminar on 10-12 September on international trade, the environment and sustainable development in Mercosur, the Common Market of the Southern Cone between Argentina, Brazil, Paraguay and Uruguay. The meeting, held in Montevideo, had a particular focus on the role of civil society, the integration of environmental requirements in production processes and biodiversity conservation. Participants included both government and NGO representatives from Mercosur and other countries.

A panel dealing with the integration of environmental externalities in production processes noted that 'the polluter pays' principle was still little applied in Mercosur countries. The panel recommended that Mercosur members make wider use of the ISO 14000 standards of environmental management.

Regarding biodiversity conservation, participants singled out the creation of a tri-national park in the area of Misiones and the Iguazú Falls, spread over the territories of Argentina, Brazil and Paraguay.

Participants acknowledged that there was considerable resistance to public participation in trade negotiations and that many consider environmental conditionalities as a cover for protectionist trade measures. However, Mercosur governments are currently considering a draft environmental side protocol to the Treaty of Asunción, mainly aimed at the harmonisation of member countries' environmental legislation. Panelists expressed concern over the lack of public information about the project, and stressed the importance of public awareness, access to environmental information and civil society participation in harmonising Mercosur countries' environmental norms. They expressed particular interest in the development of minimum harmonised procedures for environmental impact assessments of plans, actions, programmes or projects that could harm the environment or affect the quality life of citizens, especially in areas with ecosystems shared between several countries.

Among the final recommendations of the meeting were:

- The creation of a Mercosur environmental network that would include both governmental and non-governmental actors;
- Reinforcing the concept of sustainable development at the government level, and making it better known by the public;
- The establishment of a follow-up mechanism through civil society workshops on the environmental protocol;
- A request to governments to offer more information on Mercosur via the Internet;
- Support for the trilateral initiative on the conservation and sustainable use of the Atlantic coast forest, which extends from Brazil through Uruguay to Argentina;
- Creating a commission comprising governmental foreign trade officials and NGO representatives, and using existing mechanisms to improve communication between governments and civil society; and
- Making biodiversity conservation a priority in Mercosur legislation, and establishing a scientific database for the purpose.

This short summary is based on a more detailed report in Spanish by Maria Lechner, Executive Director of Fundación Ecos.

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Latin American Perspectives on Trade and Environment

The first Latin America-wide civil society seminar on trade and environment was held in Santiago, Chile, from 2-4 September 1998 – back-to-back with a regional WTO workshop on trade and environment. The meeting, co-organised by ICTSD and Corporación Participa, provided an occasion for a constructive dialogue among the region's trade and environment officials, academics and NGOs.

All government representatives attending the WTO seminar, as well as other high-level government officials and 45 civil society representatives participated in the event. Many noted the effectiveness of this formula in bringing civil society inputs to the trade policy-making process and helping build consensus around a regional agenda on trade and environment. The initiative was particularly welcome as it provided:

- a unique platform to discuss trade and environment issues with a focus on specific regional interests;
- an efficient way to update participants on several ongoing trade negotiations in the region and the level to which environmental concerns are being addressed; and
- a way of bridging the trade and environment communities within and among the 18 Spanish-speaking (plus Brazil) countries of the region.

Participants addressed current issues relating to trade and environment in Latin America, including a survey of Latin American economies, the role of environmental regulations in the region's foreign trade and keynote addresses by experienced Chilean experts (Ambassador Heraldo Muñoz and Mr Alejandro Jara) on the WTO and the role of environmental regulation in the multilateral trading system. Discussants from the WTO secretariat, NGOs and governments made presentations, which were followed by a round table addressing issues of particular relevance to the region. These included market access, loss in competitiveness, use of trade measures for environmental objectives, green protectionism and emerging issues (foreign investment, health-related measures, genetically modified organisms and services).

Two panels focused on the relationship between environmental regulations and the commitment to sustainable development on the one hand, and trade competitiveness and the economic growth imperative on the other in the context of the region's five trade blocs: Central America, the Andean Community, Mercosur, NAFTA and the FTAA process. Another panel looked at 'real world' experiences with trade and environment issues with presentations of case studies (on the sugar, flower, energy, mining and forestry sectors). It was followed by a panel on global issues and/or trends (such as genetically modified organisms, climate change, conflict resolution, endangered species and an Asian perspective on trade and environment), which transcend the regional context.

The meeting closed with an open and frank discussion on civil society's contribution to the WTO and to trade policy-making in Latin America and new opportunities for the future, including elements for a regional agenda on trade and environment (see also related article on Mercosur and Civil Society on page 14).

ICTSD, together with the Africa Resources Trust and ZERO, will host a similar meeting in Harare from 9-11 December 1998, in conjunction with the WTO regional trade and environment seminar for English-speaking Africa, scheduled for 7-9 December.

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Internet: <http://www.wto.org>

All WTO phone and fax numbers start with (41-22) 739.

October 8-9	WTO Working Group on Transparency in Government Procurement Contact: Vesile Kulaçoglu, tel: 5187, fax: 5790
October 12-23 Geneva	UNCTAD Trade and Development Board Contact: UNCTAD Office of the Secretary of the Board, tel: (41-22) 907-5007, fax: 907-0056
October 14	WTO General Council Contact: Paulo Barthel-Rosa, tel: 5095, fax: 5761
October 14-15	WTO Council for Trade in Services Contact: A.-Hamid Mamdouh, tel: 5435, fax: 5771
October 16	WTO Committee on Rules of Origin Contact: Eki Kim, tel: 5584, fax: 5770
October 19-20 Miami	First Meeting of the FTAA Committee of Government Representatives on Civil Society Contact: FTAA-ALCA Secretariat, 400 SE 2nd Avenue, Miami, FL33131-2140, USA, e-mail: webmaster@ALCA-FTAA.ORG
October 19-22	WTO Trade Policy Review Body (Burkina Faso, Mali and Togo) Contact: Peter Tulloch, tel: 5089, fax: 5765
October 20-21 Paris	Meeting of the OECD Negotiating Committee for a Multilateral Agreement on Investment Contact: OECD Communications Division, e-mail: contact@oecd.org
October 21	WTO Dispute Settlement Body Contact: Paulo Barthel-Rosa, tel: 5095, fax: 5761
October 26-28	WTO Committee on Trade and Environment Contact: Sabrina Shaw, tel: 5482, fax: 5620
October 27 & 29	WTO Sub-Comm. on Least-Developed Countries Contact: Annet Blank, tel: 5349, fax: 5774
October 29-30 London	Royal Institute for International Affairs Conference on Trade, Investment and Environment Contact: May Gray, The Conference Unit, RIIA, tel: (44-171) 957-5700/54, fax: 321-2045/957-5710
October 19-22	WTO Trade Policy Review Body (Jamaica) Contact: Peter Tulloch, tel: 5089, fax: 5765
November 2	WTO Committee on Trade and Development Contact: Richard Eglin, tel: 5148, fax: 5774
November 3-9 Yokohama	25th Session of the International Tropical Timber Council Contact: ITTO, tel: (81) 45 223 1111; fax: (81) 45 2231110; email: Itto@mail.itto-unet.ocn.ne.jp

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INTERNET RESOURCES

<http://www.itd.org/issues/casestud.htm> This part of the Trade & Development Centre website, jointly maintained by the World Bank and the WTO, examines the experience of developing countries – and in particular least developed countries – in the multilateral trading system. Country studies are available on India and Uganda. Also contains an overview of Africa and the trading system.

<http://www.foreignpolicy-infocus.org/briefs/> Website of Foreign Policy in Focus, a joint project of the Interhemispheric Resource Center and the Institute for Policy Studies. Recently posted policy briefs include 'Investment Liberalization Agenda' by David Ranney of the University of Illinois, 'Capital Flows and the Environment' by Hillary French of the Worldwatch Institute and 'Democratizing the Trade Debate' by Lance Compa of Cornell University.

<http://www.sgc.gc.ca> Website of the Solicitor General of Canada. Recently posted the Highlights of an Organized Crime Impact Study by Samuel Porteous, which finds that the health and environmental impacts of organised crime in illegal trade in ozone-depleting substances, hazardous waste and endangered species are second only that of the drug trade.