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DEVELOPING COUNTRIES HAIL WTO SHRIMP RULING AGAINST UNILATERALISM

Developing countries last week hailed the WTO ruling against a U.S. ban on shrimp imports as proof positive that the WTO can help globalization Davids keep Goliath in check. The WTO ruled last week that a U.S. ban on imported wild shrimp caught without the use of so-called turtle-excluder devices (TEDs) violates international trade rules in that it attempts to impose U.S. environmental rules on other countries. India, Thailand, Malaysia and Pakistan brought the complaint to the WTO last year.

Thailand's ambassador to the WTO last week said, "[The victory shows that] no country can assert its will against another...This will enhance multilateralism." In India, observers pointed to the WTO ruling as a strong reason for India to stay the course with the global trade body: India enjoys only 0.7 percent of world trade, making all the more significant its victory in the case against the U.S. (with 12% share of world trade). Diplomats from developing countries in Latin America currently subject to unilateral "certification procedures" and other forms of pressure from the US on the use of TEDs also made comments welcoming the result of the panel process.

Some environmental groups have been particularly critical of the WTO decision since the still-confidential panel conclusion was leaked. "There is no legal, economic or scientific justification for the WTO ruling," said a World Wildlife Fund official last week.

Some environmentalists have claimed that shrimp trawling is the largest killer of sea turtles and, therefore, see the U.S. ban on shrimp imports as a means to widely adopt what they believe is an effective remedy: the use of TEDs. However, as reported last month to a WTO conference on trade and environment by Indian environmentalist Dr. Vandana Shiva, other people interested in turtle conservation consider that the U.S. ban does little to protect the endangered sea turtles: either the average shrimp fisher in sensitive areas for turtles in developing countries utilize methods that do not endanger turtles or industrial and other land-based pollution sources of those waters are more significantly responsible for turtle fatalities.

The U.S. has condemned the ruling and has vowed to appeal. U.S. Trade Representative Charlene Barshefsky said in a statement that "The United States is committed to the protection of the environment and, in particular, protection of endangered species." The U.S. may go as far as to not implement the WTO ruling should it lose an appeal, which could result in sanctions being imposed by

the four countries that brought the complaint. However, because the dollar value of revenue lost to these countries is small to the U.S.--around US\$10 million--sanctions might have little impact.

"US ban on shrimp a trade barrier," BANGKOK POST, April 8, 1998; "WTO ruling victory for multilateralism," ECONOMIC TIMES (India), April 9, 1998; "Thailand hails WTO move on turtles," AGENCE FRANCE-PRESSE, April 8, 1998; "Environmental groups outraged by WTO ruling on turtles," AGENCE FRANCE-PRESSE, April 7, 1998; "Trade organization rules against U.S. effort to protect sea turtles," N.Y. TIMES NEWS SERVICE, April 6, 1998; "US may buck tide, take on the WTO," JOURNAL OF COMMERCE, April 10, 1998. ICTSD Internal Files.

EUROPEAN PARLIAMENT FOCUSES ON LOME REFORM

The European Parliament earlier this month offered a mixed opinion on European Commission ideas for reforming the Lome Convention to bring the agreement into line with WTO rules. The Lome Convention governs trade and aid between the EU and 70 African, Caribbean and Pacific (ACP) nations. The WTO has ruled that the favorable trade terms the EU affords ACP countries are not in line with international trade rules, but allowed the current Lome Convention to operate under a temporary waiver. Negotiations for a new accord, Lome V, are set to begin in September.

One reform option proposed by the Commission called for a shift to reciprocal, inter-regional free-trade areas phased in over five years beginning in 2000. Parliament deputies said in April 1 discussions that reciprocal free-trade areas could impose heavy administrative burdens on poor developing economies, and feared that the poorest economies would not be able to compete effectively within their own regions.

The Parliament also wondered whether the EU and ACP, which combined represent 71 of 132 WTO members, could not use this leverage to achieve agreement at the WTO to extend some exemptions for the current EU-ACP framework. French Deputy Michel Rocard noted that "the rules of the WTO were drawn up in almost complete disregard for the needs of developing countries, particularly the poorest."

There was consensus among EU states that the EU must maintain at least the current level of access for ACP countries to the EU market, yet seek to be WTO compatible. The United Kingdom, which currently holds the rotating presidency of the EU, will run reform proposals by ACP countries at an ACP-EU Joint Parliamentary Assembly later this month and again at an ACP-EU ministerial in May.

"Parliament weighs Lome Convention substitutes compatible with WTO rules," INTERNATIONAL TRADE REPORTER, April 8, 1998.

CAIRNS GROUP OUTLINES TRADE AGENDA

As a result of the 18th Cairns Group Ministerial Meeting held in Sydney, Australia, on 1-3 April, Australia's Deputy Minister and Minister for Trade, Tim Fisher, said that the group of agricultural exporting nations (Australia, Argentina, Brazil, Canada, Colombia, Chile, Fiji, Indonesia, Malaysia, New Zealand, the Philippines, South Africa, Thailand and Uruguay) will push for the elimination of distortions in world agricultural trade at the second WTO Ministerial Conference to be held in Geneva on 18-20 May. The Cairns Group agreed to a "Vision Statement" according to which agricultural subsidies and market access restrictions in developed countries are deemed harmful to developing countries by imposing unfair burdens on competition and by disrupting the free flow of food to net food-importing

countries. Moreover, the statement points out that subsidies and access restrictions can harm the environment by stimulating unsustainable farm practices.

The Cairns Group aims to ensure that the next WTO agricultural negotiations to be held in 1999 achieve fundamental reform in order to put trade in agricultural goods on the same basis as trade in other goods. This entails the elimination of all trade-distorting agricultural subsidies, which in OECD countries totalled US\$280 billion in 1997. Mr. Fisher, confident he will gain the support of other influential WTO Members, said that "[I]n addition, I was assured today by US Secretary of Agriculture Dan Glickman that the US is 100 percent committed to the elimination of all export subsidies in this next round."

Mr. Fisher warned that countries should not try to justify trade-distorting subsidies under the guise of so-called 'multi-functionality.' Last month, EU agricultural commissioner Franz Fischler told the Organization for Economic Cooperation and Development (OECD) that the 'multi-functionality' of farmers beyond producing food justifies continued internal supports. In response, Mr. Fisher noted that "[T]he recent OECD Agricultural Ministers Meeting demonstrated that many rich countries intend to resist further agricultural reform on the basis of non-trade concerns, under the rhetoric of 'multi-functionality.'"

"Communique", 18th Cairns Group Ministerial Meeting Sydney, Australia, April 3, 1998; "Cairns Group demands ban on export subsidies in new trade round," INSIDE US TRADE, April 10, 1998.

INDONESIA, IMF AGREE ON REFORM PLAN

The Indonesian government last week reached agreement with the International Monetary Fund (IMF) on a five-point reform plan to which IMF and other bilateral loan funds are tied. IMF loans to Indonesia, desperately needed to stabilize the Indonesian economy, were suspended in March after Jakarta would not comply with previous reform commitments made as part of a US\$43 billion economic rescue plan.

The revised program includes provisions for fund disbursements to occur more frequently, with the shorter interval periods intended to afford better IMF monitoring of Indonesia's progress on reform implementation. Indonesia agreed to implement a five-point reform program which includes a stringent monetary policy to curb the rapid growth in money supply during the last few months; restructuring of the banking sector and corporate debt; a transitional fiscal policy which would permit subsidies in food and energy and a few other essential goods to continue, and reform in structural matters such as Suharto family ownership of businesses.

In addition to the release of IMF funds, the IMF-Indonesia agreement will trigger the release of bilateral loans to Indonesia from its trading partners including Japan, Singapore and Australia. The Export-Import Bank of Japan last week said it would disburse US\$1 billion in funds to Indonesia upon formalization of the IMF agreement, to be used for import financing. This will bring much needed relief to Indonesian importers who cannot secure credit from foreign exporters wary of Indonesia's financial stability.

"Indonesia: IMF links Jakarta loan to reform," FINANCIAL TIMES, April 8, 1998; "Indonesia, IMF reach accord on amended austerity program," INTERNATIONAL TRADE REPORTER, April 8, 1998.

ANCOM LOOKS FORWARD TO FREE TRADE WITH PANAMA, MERCOSUR

Panama is to sign a free trade treaty with the Andean Community (ANCOM) by the end of this year, ANCOM presidents announced last week after their summit in Guayaquil, Ecuador. ANCOM comprises Ecuador, Bolivia, Colombia, Peru and Venezuela. Subsequent to a trade agreement, Panama will begin negotiating next year to become an associate member of ANCOM. The summit also yielded an agreement by ANCOM members to begin negotiations this year for freer trade in services within the bloc by 2005.

ANCOM is gaining momentum as a regional economic power as it expands its relations with Latin American neighbors and beyond. This week, ANCOM will sign a framework agreement with Latin America's economic powerhouse MERCOSUR, which groups Brazil, Argentina, Uruguay and Paraguay into a customs union with a common external tariff. All roads then lead to Santiago, Chile, where hemispheric ministers will meet this month to launch negotiations for the Free Trade Area of the Americas.

ANCOM presidents issued a communiqué after meeting in Guayaquil, stating that before the end of May they will adopt rules governing promotion of investments in member countries. The communiqué stated as well that ANCOM will pursue a common agricultural policy, harmonization of sanitary and phytosanitary regulations and, before the end of the year, establish transparent government procurement procedures.

ANCOM hopes to use deeper economic integration and free trade agreements to improve social conditions for its member populations. Ecuador's President Fabian Alarcon spoke to this point as he addressed his ANCOM peers in Guayaquil, stating, "It is crucial that we are properly prepared to begin acting aggressively on the social issues in the way we so much need."

"Los andinos crecen como bloque," EL COMERCIO, April 6, 1998; "Paises andinos pisan el acelerador una integracion a la europea," EL NACIONAL (Caracas), April 6, 1998; "ANCOM: Andean trade treaty agreed," FT, April 6, 1998; "Andean Community nations seek to deepen integration," INTERNATIONAL TRADE REPORTER, April 8, 1998.

CHINA TABLES LATEST OFFER IN WTO BID

China last week tabled its latest tariff offer to WTO members in its bid for WTO accession. The revised offer included a notable reduction in the simple average tariff: from 16.6 to a 10.8 simple average on about 5,600 items by 2005. The Chinese offer, however, did little to impress a number of WTO members who felt China's offer did not live up to earlier promises to eliminate tariffs on information technology products and to reduce tariff peaks.

According to informed sources, the latest offer includes tariff peaks on chemicals, automobiles, textiles and footwear, for which China drew criticism from a number of WTO members. WTO members also want more specific information on the phase-in plan for tariff cuts, particularly in areas where trade is now minimal due to prohibitive tariff rates. The U.S. criticized the offer for not living up to promises made by China last year, when China said it would offer to reduce tariffs to a trade-weighted average of seven to eight percent by 2000 and 2005 for some selected goods. Australia, Colombia and Costa Rica also emphasized to China that progress must be made in market access for agricultural goods as last week's offer only covered industrial goods.

As for China's offer on information technology, some WTO members criticized China last week for wanting to phase out some tariffs after 2005 and exclude a significant number of information technology products altogether. China responded to criticism saying its information technology sector is still developing and needs protection.

China's chief negotiator Long Yongtu rebuked criticism of China's offer, arguing that China has offered significant market access compared to other developing countries' Uruguay Round commitments. Mr. Long told the WTO working party on its accession last week that "[I]t would be absurd and irresponsible to say that 'China still has a long way to go' to make a tariff offer to meet the conditions as a WTO member."

"China tables limited tariff offer that fails to match earlier promises," INSIDE US TRADE, April 10, 1998; China offers tariff cuts on industrial goods-EU," REUTERS, April 3, 1998; "Taiwan trade: strong WTO bid," ECONOMIST INTELLIGENCE UNIT, April 8, 1998.

EVENTS/RESOURCES

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP): ESCAP will hold its fifty-fourth session in Bangkok, Thailand in from 16-22 April 1998. The Committee on Environment and Natural Resources Development, first session, organized by Environment and Natural Resources Management Division will meet from 21-23 October 1998 Bangkok, Thailand. For more information contact ESCAP, Rajdamnern Ave., Bangkok 10200, Thailand; e-mail: unisbkk.unescap@un.org; Internet: <http://www.unescap.org>

SECOND SUMMIT OF THE AMERICAS: The Second Summit of the Americas will be held from 18 - 19 April in Santiago, Chile. For more information contact: Organization of American States, Foreign Trade Information System - SICE, 1889 F Street, NW Washington, DC 20006, USA; tel.: +1 (202)458-3725; fax: +1 (202) 458-3907; e-mail: forum_m@sice.oas.org; Internet: <http://www.sice.oas.org>

TRADE, GLOBAL POLICY AND THE ENVIRONMENT: This meeting will be held from 21 - 22 April 1998 in Washington, DC. It will focus on a number of issues relevant to the ongoing debate on the effects of Trade Liberalization on the Environment, the relationship between trade and international environmental agreements and other issues in the area of economic integration and the environment. The conference is open to all interested individuals and there is no conference fee; registration before April 10. For more information contact: Per Fredriksson, World Bank, ENVPE S3 045, 1818 H Street NW, Washington, DC 20433, US; tel: +1 202 4737341; fax: +1 202 4770968; e-mail: pfredriksson@worldbank.org; Internet: <http://www.worldbank.org>

INDUSTRIAL ECOLOGY III: The Third Annual Sustainability Workshop and Round Table Retreat will be held in San Francisco, US from 24 - 26 April 1998. The Future 500 is a network of some of the world's most forward thinking business change agents from the corporate, technology, environmental and social spheres. IE III will draw together a highly dynamic group of people to learn, discuss and put into practice cutting edge business and policy tools that emulate nature's efficient and creative systems. For more information contact: Future 500 at <http://www.globalff.org/ie3-info.htm>.

UNCTAD: The Trade and Development Board will hold its eighteenth executive session in June and its High Level Mid-Term Review from 5 – 16 October.

SIXTH ANNUAL CONFERENCE ON INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY: This meeting will be held from 16-17 April 1998 in New York at Fordham University School of Law. For more information contact T. Scott Lilly; tel: +1 (212) 636-6777; e-mail: Slilly@mail.lawnet.fordham.edu.

WTO Meetings this week : 21 April: Council for Trade in Goods (WTO/AIR/ 821); 21-23 April: Trade Policy Review Body (Individual Members of the Southern African Customs Union (SACU)) (WTO/AIR/811). For more information contact enquiries@wto.org .

WTO Downloadable files: "Trading into the Future" a new electronic guide to the WTO and its agreements; and "An interactive guide to the WTO and Developing Countries". These and other WTO files are available to be downloaded at: <http://www.wto.org/wto/download/download.htm> .

OECD News Release: Paris, 3 April 1998: OECD Environment Ministers' Shared Goals for Action : Implementing Sustainable Development. OECD Environment Ministers reaffirmed the leadership role and special responsibilities of OECD countries in the world-wide pursuit of sustainable development. News release can be found at : http://www.oecd.org/news_and_events/release/nw98-39a.htm

PUBLICATION: Economic Values and the Environment in the Developing World. Authored by S. Georgiou, D. Moran, D. Pearce, D. Whittington. This new book is an extensive yet concise overview which critically surveys the application of economic valuation techniques to environmental problems in less developed countries. Published by Edward Elgar 1997, ISBN: 1 85898 500 5. Available from: SMI and Edward Elgar. Price: US\$60.

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