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WTO MINISTERIAL AND MILLENNIUM ROUND

Whether or not to engage in a new round of multilateral trade talks is to be a major topic of discussion when the WTO meets for its second ministerial meeting in Geneva this week.

The so-called Millennium Round has been promoted heavily by the European Union, which wants a fresh round of negotiations to start in 2000. The Uruguay Round of trade talks was concluded in 1994. Malaysia and a number of developing countries are opposed to a new round of talks, wanting instead to finish and assess implementation of Uruguay Round commitments. (See also page 5 of April-May issue of Bridges monthly).

"As for Malaysia, the issue before us is the question of economic recovery. We don't have time to concentrate on discussing matters relating to a new round of multilateral trade talks given the limited time," a Malaysian trade official said last week.

Germany's economics minister last week reinforced Europe's desire for a Millennium Round, especially as it relates to job creation. "Germany is more strongly incorporated in the world economy than any other nation. Every fifth [German] job depends on foreign trade. [The Millennium Round] is especially important for smaller companies, which are increasingly profiting from foreign trade," economics minister Guenter Rexrodt said last week.

According to an U.S. trade official, the U.S. does not support proposed Millennium Round negotiations. The official said a new round of talks is "not the way to go." "The only thing [the U.S.] wants out of [the ministerial] is. . . a very broad directive to the General Council of the WTO to look at the full range of substantive areas," the official said. President Clinton attended the ministerial meeting after the U.S.-EU summit on Monday.

No major decisions are expected to be taken at the ministerial this week. However, the U.S. is expected to push for a WTO dialogue on more public inclusion in the WTO process. U.S. officials argue this is the best way to promote the free-trade process, while skeptics wonder if it is not just an attempt to bring more U.S. trade union lobbyists and environmental groups--traditionally Democratic Party supporters, into the fold.

"U.S. pressing several themes to guide WTO work on new negotiations," INSIDE U.S. TRADE, May 15, 1998; "Rexrodt calls for world trade talks ahead of WTO," REUTERS, May 12, 1998; "Malaysia to reject any calls for new trade talks- Bernama," DOW JONES NEWSWIRES, May 12, 1998; "Party goers seek next leap forward," FINANCIAL TIMES, May 18, 1998.

PRE-MINISTERIAL NGO MEETINGS DISCUSS AGRICULTURE, WORKERS' RIGHTS, AND THE MAI

This past weekend, the Institute for Agriculture and Trade Policy (IATP), the International Confederation of Free Trade Unions (ICFTU) and the World Wide Fund for Nature (WWF) each held separate workshops in Geneva, Switzerland in preparation for the WTO Second Ministerial Conference and the 50th anniversary celebration of the multilateral trading system.

The IATP workshop on agriculture, trade and the WTO was attended by over one hundred NGO and farmer organization representatives. It concluded that food security must take precedence over trade liberalization and that deregulated and liberalized agriculture is destroying livelihoods and food security all over the world. Participants listened to the experiences of small farmers and peasants, and focused in particular on the WTO Agreement on Agriculture. They looked at where the agreement had reinforced existing problems and created new ones for food production and consumption in developed and developing countries. They outlined opportunities for changes in policy and strategies to move their agenda forward. Spokespersons from the UN Food and Agriculture Organisation, UNCTAD, the World Council of Churches and the South Centre provided inputs on how they saw the upcoming negotiations taking shape, what issues needed to be addressed and how NGOs could move the process forward.

On Saturday May 16, over 90 trade unionists and members of NGOs from 33 countries met at the International Confederation of Free Trade Unions (ICFTU) Conference to discuss the impact of world trade on union rights and the 15 million children worldwide who produce for the export market. ICFTU General-Secretary Bill Jordan encouraged Ministers at the WTO Meeting to look at means of linking labour standards with trade to ensure that abuses such as child labour are not allowed to continue. The meeting included debates with WTO's Director General Ruggiero; UNCTAD's head Rubens Ricupero; and Michael Hanssene, Director General of the International Labour Organisation, among others. During the WTO Second Ministerial Conference the 125 million-member- strong confederation lobbied government to ensure that trade does not ignore workers' rights.

On Sunday May 17, more than 45 civil society organisations (CSOs) from over 25 countries met under the auspices of WWF to strategise about the delayed Multilateral Agreement on Investment (MAI). They represented diverse national or international coalitions whose work over the internet and in capitals contributed to the recent Organisation for Economic Cooperation and Development (OECD) decision to delay negotiations on the issue until at least October.

At the meeting, organisations claimed that "the MAI is not dead, but rather going underground," referring to potential negotiations and talks on investment in the World Trade Organisation, to International Monetary Fund's operations, developing regional cooperation agreements such as the Free Trade Area of the Americas (FTAA) and the New TransAtlantic Marketplace (NTM). National campaign reports from coalitions in the US, Canada, Germany, United Kingdom, The Netherlands, Belgium, Sweden, Switzerland, France and other OECD nations conveyed a sense of urgency and flexibility. The organisations are committed to a plural approach and developing an updated joint NGO statement. According to Tony Clarke of Canada's Common Front, "in the next critical five months we will work on all tracks and in all fora to stop the MAI."

ICTSD INTERNAL FILES, May 1998.

CLINTON ENDORSES CALL FOR HIGH-LEVEL WTO MEETING ON TRADE-ENVIRONMENT AND CALLS FOR WTO OPENNESS

President Bill Clinton called for a high-level meeting of trade and environmental ministers to provide direction to future WTO environmental efforts, echoing a suggestion of the European Commission to the same effect. The quadrilateral (US, EU, Japan, Canada) coordination mechanism (commonly known as "the Quad") had already announced endorsement for the proposal two weeks ago.

In his address to the WTO Ministerial Meeting on Monday, 18 May, the President of the US said that the trading system of the 21st century must never become a race to the bottom in the fields of environmental protection, labour standards and consumer protection. Referring to the WTO agreement's preamble which explicitly adopts sustainable development as an objective of open trade, Clinton said that more must be done to harmonise the goal of increasing trade with that of improving the environment. President Clinton also referred to the need to modernise the WTO by opening its doors to the scrutiny and participation of the public. He commented that since the WTO was created for the welfare of ordinary citizens, it should listen to them. "I propose the WTO, for the first time, provide a forum where business, labour, environmental and consumer groups can speak out and help guide the further evolution of the WTO. When this body convenes again, I believe that the world's trade ministers should sit down with representatives of the broad public to begin this discussion," he said. In this context, he also reiterated the US's commitment to make the WTO dispute-settlement process more transparent (see related story in the April-May issue of Bridges monthly). President Clinton also expressed the US wish to see the WTO and the International Labour Organization working more closely together, and called for a high-level meeting to discuss these issues. "Our goal must be to help more people benefit from the possibilities of the new economy even as we ensure that the forces of technology and new trade patterns do not aggravate inequality or reinforce poor labour conditions," said Clinton.

ICTSD INTERNAL FILES, May 1998.

DEMONSTRATORS PROTEST GLOBALIZATION

During the weekend before the WTO Ministerial Meeting, thousands of protesters from all over the world took to the streets of Geneva branding the WTO and the MAI - Multilateral Agreement on Investment -enemies. The demonstrators, loosely gathered under the banner of People's Global Action (PGA), were a mixed group ranging from farmers to Zapatistas, from health professionals to Brazilian landless peasants, from artists to trade union groups. Their actions were coordinated with those of tens

of thousands of grassroots movement activists all over the world. During their mainly peaceful march through Geneva on Saturday afternoon, PGA demonstrators sprayed slogans and broke the windows of institutions such as fast-food restaurants and Swiss banks, which they see as symbols of the evils of global capitalism. A car with diplomatic license plates was also overturned.

Hundreds of other NGO representatives are meeting this week in the United Nation's Palais des Nations the same building as some of the official sessions of the WTO Ministerial and 50th anniversary celebrations, discussing issues relating to the WTO's work such as environmental protection; agriculture; gender and trade; labour issues; consumers concerns and transparency of the multilateral trading system.

"As WTO Marks 50 Years, Some Members and Opponents Protest Globalization," WALL STREET JOURNAL, 18 May 1998 ; "OMC=Organisation mondiale du cavier," LIBERATION, 18 May 1998.

TRADE, AID FALLOUT AFTER INDIA'S NUCLEAR TESTS

The international community responded with grave concern and numerous calls for sanctions last week after India announced it had conducted five underground nuclear arms tests. The U.S. Administration led international condemnation of India saying the testing of nuclear weapons "creates a dangerous instability" in the region. Indian Prime Minister Atal Bihari Vajpayee said India was building its nuclear defense system to guard against nuclear threats from neighboring Pakistan and China. The Prime Minister said that it is willing to consider a test ban now that last week's tests--the first since 1974, are complete.

Japan, India's largest aid donor, threatened to suspend all but humanitarian aid to the country, which includes nearly US\$1 billion in loans. Japan also canceled a scheduled World Bank forum of donor nations on India that was to be held in Tokyo next month. The U.S. put a freeze on all but humanitarian aid as well, although direct U.S. aid to India amounts to a modest US\$155 million. Germany froze any new development funds for India (about DM \$27 million), and Denmark said it will limit its aid to US\$28 million and curtailed plans to double its aid commitment by 2002. The Asian Development Bank (ADB), of which both the U.S. and Japan are a part, could block new loans to India: in particular, a \$375 million loan for much needed infrastructure development.

U.S. law dictates that the U.S. must impose trade and aid sanctions against any previously non-nuclear nation that explodes a nuclear device. The U.S. law--the Nuclear Proliferation Prevention Act of 1994, also calls for the U.S. to oppose the granting of any new loans by multilateral lending institutions like the ADB, International Monetary Fund (IMF) and World Bank. This is bad news for India's poor. India has not borrowed from the IMF since 1993, but it is the largest recipient of World Bank loans--currently with US\$26.5 billion in outstanding debt. The World Bank funds programs targeting the poorest of India's 945 million people. These include projects to improve the health and environmental conditions of the mostly agrarian population.

US\$1.5 billion in World Bank assistance was granted to India last year: US\$567 million in new loans await approval on May 26. The pending loans are for an electrical power grid and renewable energy development. While the U.S. does not have veto-power at the World Bank, IMF or ADB, it could block the consensus needed to approve new loans. U.S. Congressman Edward Markey (D-Massachusetts) this weekend proposed an amendment to a defense bill that would impose prohibitive import tariffs on textiles and apparels for any nation that conducts nuclear weapons tests after January 1, 1998. Textiles

and apparel are India's most important export to the U.S., last year exporting more than US\$1.8 billion to the U.S. market. The amendment is also intended to strongly discourage Pakistan from doing any retaliatory testing of its nuclear weaponry, as testing would threaten the over US\$1 billion in annual textile and apparel exports from Pakistan to the U.S. A vote on the amendment could take place as early as this week.

Indian Commerce Minister Ramarishna Hegde last week said India "will stand up" to the sanctions. "India [is] not unduly worried about moves by U.S. banks to stop funding for its projects. . . India cannot be bullied and the sanctions are highly discriminatory," Mr. Hegde said. Analysts observe that the sanctions could trigger a protectionist economic policy by the Indian government. One economist noted last week that India is in a better position to handle a cutoff in multilateral aid now than it was a few years ago. Its foreign currency reserves total more than US\$26 billion and most of its World Bank debt is long- term.

"Global protests punch India," ECONOMIC TIMES (India), May 13, 1998; "375-m ADB loans for road, port projects may be docked," ECONOMIC TIMES (India), May 14, 1998; "International sanctions rain on India," WALL STREET JOURNAL, May 14, 1998; "US action likely to be through World Bank," FINANCIAL TIMES, May 14, 1998; "Sanctions may drive Hindu nationalists into protectionism: analysts;" "Sanctions will have little effect, says India's media." AGENCE FRANCE-PRESSE, May 13, 1998; "Japan will stop new India aid, block World Bank meet as part of nuclear sanctions;" "India's testing triggers curbs on US trade, aid," JOURNAL OF COMMERCE, May 13, 1998; "A move to curb India exports," JOURNAL OF COMMERCE, May 18, 1998.

U.S. TO APPEAL SHRIMP RULING, CLINTON ADMINISTRATION IN COURT TO NARROW TURTLE LAW

As has been widely anticipated, informed sources last week said the U.S. would appeal the WTO ruling on its shrimp-import ban. The U.S. will file its appeal with the WTO Dispute Settlement Body within the next month or so. The WTO issued an interim ruling last month finding the U.S. ban in violation of international trade rules with regard to non- discriminatory treatment of imports. The U.S. ban targets shrimp imports caught without the use of so-called turtle excluder devices (TEDs), which allow sea turtles to escape from nets cast to harvest shrimp.

Meanwhile in the U.S. courts, the Clinton Administration is appealing an U.S. court decision in a case brought by Earth Island Institute. The decision under appeal found that the U.S. could only allow shrimp imports from countries that implement a broad conservation plan aimed at saving sea turtles including the use of TEDs. The Clinton Administration argues that this is too broad a regulation and supports allowing imports from countries whose producers use TEDs only.

According to informed sources the Administration contends that if the U.S. courts had not changed the turtle conservation law to the broader interpretation, the WTO would have been more understanding in its ruling. However, the sources did not say that the WTO would have ruled in favor of the U.S. if the narrower TEDs-only law were in place.

U.S. trade officials argue that WTO rules allow for exceptions to its rules in order to protect natural resources and will most likely base their appeal -at least in good part - on that premise. The WTO ruling found the U.S. in violation of Article XX of the General Agreement on Tariffs and Trade (GATT). Article XX does allow countries to implement policies that protect animal life as long as they are "not applied in a

manner which would constitute a means of arbitrary and unjustifiable discrimination between countries where the same conditions prevail."

The WTO ruling found that under the broader conservation regulations the U.S. did not qualify for the Article XX exemption. The WTO panel based its decision on the premise that the U.S. regulation could result in a case where one shrimp ship using TEDs might be subject to the import ban while another ship also using TEDs was not subject to the ban, completely on the basis of whether broader conservation measures were also in place. The panel found that this would result in discrimination between countries where the same conditions exist, in this case the use of TEDs.

The so-called shrimp-turtle decision is being called a landmark case for the WTO as it highlights the unanswered questions in the relationship between trade and the environment. U.S. environmental groups last week called on President Clinton to use the May 18-20 GATT 50th anniversary celebration as a platform to press hard for renewed efforts on the trade and environment linkage. "The time is ripe for a major new initiative on the trade, environment link. . . The test [for Article 20 exception] is no longer are you being protectionist or not, now the test is 'is this thing interfering in any way with trade,'" David Schorr, a senior program officer at the World Wildlife Fund said.

"U.S. sees parallel between U.S., WTO effort to change shrimp embargo," INSIDE U.S. TRADE, May 15, 1998; U.S. environmentalists raise alarm over WTO ruling," REUTERS, May 13, 1998; "U.S. to appeal WTO sea turtle ruling," DOW JONES NEWSWIRES, May 13, 1998.

EU-U.S. WORK TO REACH AGREEMENT ON TRANSATLANTIC ISSUES

EU and U.S. negotiators this past weekend were to be on round-the-clock call as the two sides work furiously to reach agreement on the long- running trade dispute over U.S. sanctions laws. The EU-U.S. summit to be held Monday prompted the mad-dash at resolution: the summit was originally to focus on the proposed New Transatlantic Marketplace (NTM) which would expand free trade between the two trade powers. However, the proposal was put on hold last month after European trade ministers agreed that resolving long-standing disputes with the U.S. over Helms-Burton and Iran-Libya Sanctions (ILSA) laws was a "precondition" for moving expanded EU-U.S. trade forward. Both sides agreed that the summit was an important deadline for reaching an agreement in the dispute. The U.S. laws are attempts to curb foreign investment in expropriated property in Cuba and energy development in Iran and Libya.

An April 28 draft of a EU-U.S. agreement on the Helms-Burton dispute showed that the EU has dropped its demand for a ban on U.S. unilateral sanctions, although there was no agreement in the draft as to how sanctions would be put in place. If a deal is reached this week, it will probably include an agreement on common "disciplines" on investment in expropriated property and common "principles" on trade sanctions against third parties. The EU is reportedly pushing for "secure and lasting" waivers from all forms of US extra-territorial legislation.

The NTM was not doomed solely over Helms-Burton: the U.S. was lukewarm towards the proposal because it did not include agricultural liberalization. The U.S. is pushing for reform of the EU Common Agricultural Policy, especially with regards to subsidies. Meanwhile, farm groups from the U.S., Europe and Canada last week issued a joint statement in time for the EU-U.S. summit and the WTO ministerial, decrying the global impact of increased trade liberalization by the EU and U.S. on small farmers. The groups claim that liberalization has forced farmers to sell their crops at below production prices. The

groups argue that in Canada, agricultural food exports have doubled since 1989 while farm income has decreased by 41 percent during the same period.

The groups claim that liberalization has forced thousands of smaller, family farmers out of business, and provokes a "neo-dumping" of farm products by increasing the share of world trade for the EU and US while at the same time causing a price collapse throughout the world. The groups called for a shift toward "sustainable family farm based agriculture," that includes among other provisions that the WTO abolish the five percent minimum market access rule in recognition of a country's right to protect its market from unwanted food imports. The group also called for the elimination of direct or indirect export subsidies and aggressive export policies so that domestic food needs would be first met by domestic producers, as well as for the institution of income support policies linked to production.

"Helms-Burton: EU and U.S. Head For Tough Talking," FINANCIAL TIMES, May 15, 1998; "U.S., EU struggling to arrive at new trade agenda for summit," INSIDE U.S. TRADE, May 15, 1998; "Joint statement on WTO-agricultural policies," Coordination Paysanne Europeenne, May 18, 1998.

'GLOBAL ECONOMIC CRISIS. WHAT TO DO?' FIDEL CASTRO AT WTO

Addressing a plenary meeting of more than one thousand delegates plus non-governmental organizations gathered in Geneva to commemorate the 50 years of the WTO, Cuban President Fidel Castro called on the WTO to address the real issues of today's global economy.

Focusing on the economic weaknesses and hegemonic power of the U.S., Castro blamed the US for a possible global economic catastrophe. At the same time, Castro praised the WTO for being a one-country, one-vote organization where no one has the right to veto. And, instigating all countries in the world to become members of the WTO, he called on those present to turn the WTO into an "instrument of the struggle for a more just and better world."

President Castro also used the opportunity to welcome the emergence of the Euro as a balancing currency vis-a-vis the US dollar. However, Castro was adamant in his condemnation of the Helms-Burton Act and called the EU-US agreements announced in London on 18 May "unclear, contradictory and threatening for many countries, as well as unethical."

ICTSD INTERNAL FILES

G-15 CALL FOR CURRENCY MARKET REGULATION, MORE COOPERATION

G-15 leaders meeting last week in Cairo called for increased participation in world trade by developing countries and equitable participation in the recovery from the Asian financial crises. The G-15 is comprised of Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Venezuela, and Zimbabwe. Jamaica holds the rotating G-15 chairmanship.

Jamaican Prime Minister P.J. Patterson told his fellow G-15 ministers at the close of last week's meeting that the Group must focus on steering the global economy more toward the interests of developing countries. "We do not allow others to maintain sole control of the steering wheel," Mr. Patterson said.

Mr. Patterson and other G-15 leaders called for stricter control of currency flows. "We are indeed likely to experience continued instability in international financial markets so long as unconstrained

speculative currency activities are neither monitored nor regulated," Mr. Paterson said. Malaysian Prime Minister Mahathir Mohamed told reporters last week that currency speculation undermines development achievements. "It is possible to impoverish a country merely by reducing the value of its currency. . .What [Malaysia has] grown is still there but the value of our wealth has diminished by 50 percent," Mr. Mohamed said.

The G-15 met amid growing unrest in member-country Indonesia, whose President Suharto was on-hand at the summit even as protestors in Jakarta called for him to step down. At least 500 people were killed in Indonesia last week as masses of people protested rising food and fuel prices. Prices surged in Indonesia after subsidies on essential commodities were lifted as part of Indonesia's bailout agreement with the International Monetary Fund.

Egyptian Foreign Minister Amr Moussa last week said the social impacts of liberalization and economic reform must be kept in the forefront in WTO negotiations. "Liberalization is not an end in itself. [The G-15] believe in it and move towards it to push forward the development process. Liberalization must be balanced with the requirements of development in the context of achieving the integration of the developing countries in the world trade order," Mr. Moussa said.

The G-15 called for stepped-up south-south cooperation within the WTO. "[The G-15] has to articulate the position for the developing world, ensure that there is effective south-south cooperation and a framework for dialogue between the south and the north. The G-15 countries cannot operate in isolation. That is why they must operate as a strong group and . . . influence the discussions of the WTO so that the laws that are passed are not inimical to the growth of those countries," Nigerian Foreign Minister Tom Ikimi said last week." A common G-15 strategy has been difficult to forge because of the tremendous diversity of cultures and agendas among the G-15 nations.

The U.N. Conference on Trade and Development (UNCTAD) prepared a report on the Asian financial crises for the G-15 summit, outlining a pessimistic view of its effect on developing economies. Outside Asia countries such as Chile, Peru, Ecuador, Zambia, Tanzania, Congo, South Africa and Saudi Arabia will be hardest hit as commodity prices plummet. Asian economies also face reduced demand for merchandise exports.

The UNCTAD report strongly warned against developing countries constructing new trade barriers or engaging in competitive currency devaluation as a means to defend against cheaper Asian exports, lest they "endanger worldwide growth." The report noted that the group of Southeast Asian nations was the third largest importer of goods in 1996, and that a reduction in import demand could have bigger effects on world trade than some institutions including the WTO are predicting.

"G-15 ministers examine Asian crisis, world trade," REUTERS, May 9, 1998; "UNCTAD more pessimistic about Asian crisis," FINANCIAL TIMES, May 5, 1998; "G-15 summit calls for balanced world trade," REUTERS, May 11, 1998; "G-15 countries demand greater say in trade," REUTERS, May 13, 1998; "Latin, African suppliers cut critical Asian exports," JOURNAL OF COMMERCE, May 11, 1998; "Leaders fail to co-ordinate trade efforts," FINANCIAL TIMES, May 13, 1998.

G-8 MEET AMID PROTESTS FOR FASTER DEBT RELIEF

Ministers from the seven largest industrialized economies and Russia (G- 8) met this past weekend in Birmingham, England for their annual summit, where the focus was on fighting crime and doing more to

relieve debt in the world's poorest countries. Before getting to those issues, G-8 leaders' focus was distracted by the nuclear testing in India, although G-8 leaders took no joint position on the issue--much to the chagrin of Pakistan.

Thousands of protestors converged on the convention center in Birmingham to demand that the world's richest nations do more to facilitate debt relief in heavily indebted poor countries (HIPC's). The protestors argued that the current Debt Relief Initiative, sponsored by the G-8, World Bank and International Monetary Fund (IMF), needs to be more generous and quicker to dispense funds to HIPC's.

The Debt Relief Initiative provides for a nation's debt to be forgiven in exchange for implementation of a six-year economic and social reform program overseen by the IMF. So far seven countries have been made eligible for debt forgiveness under the initiative: Uganda, Bolivia, Guyana, Burkina Faso, Ivory Coast and Mozambique.

Poverty-fighting organizations argue that the debt-relief program is being carried out too slowly and does not include enough countries. Further, many observers argue for a total write-off of HIPC debt, as many of these nations spend more on debt service than on health, education and other development efforts. They note as well that the current debt to exports ratio and debt service payments to export ratio used by the Debt Relief Initiative to determine a "sustainable" level of debt for a country is too high at 250 percent and 25 percent respectively. Poverty-fighting organizations hold that a debt to exports ratio of 100 percent and a debt service to exports ratio at less than 10 percent is a more appropriate indicator of sustainability.

Oxfam International found that poor African economies spend four times as much on debt relief than on health and education. In Ethiopia, Oxfam reports, 100,000 children die each year from preventable diseases while the Ethiopian government spends four times as much on debt relief than on health care.

The G-8 made no commitments to reforming the Debt Relief Initiative. British Prime Minister Tony Blair did say the G-8 leaders are committed to "speedy and determined implementation" of the program, but made no specific promises regarding the expansion or hastening of debt relief. U.S. officials said the G-8 leaders did agree to support a broad effort to insure that all African children had the opportunity to get an education, as well as to reduce infant mortality rates.

"Rich leaders turn eye to crime and debt," NEW YORK TIMES, May 18, 1998; "Debt relief," FINANCIAL TIMES, May 14, 1998.

DRAFT MINISTERIAL TEXT SUBMITTED BY THE DIRECTOR-GENERAL AT THE SECOND MINISTERIAL MEETING

Revision

1. This Second Session of the Ministerial Conference of the WTO is taking place at a particularly significant time for the multilateral trading system, when the fiftieth anniversary of its establishment is being commemorated. On this occasion we pay tribute to the system's important contribution over the past half-century to growth, employment and stability by promoting the liberalization and expansion of trade and providing a framework for the conduct of international trade relations, in accordance with the objectives embodied in the Preambles to the General Agreement on Tariffs and Trade and the World

Trade Organization Agreement. We agree, however, that more remains to be done to enable all the world's peoples to share fully and equitably in these achievements.

2. We underline the crucial importance of the multilateral rule-based trading system. We reaffirm the commitments and assessments we made at Singapore, and we note that the work under existing agreements and decisions has resulted in significant new steps forward since we last met. In particular, we welcome the successful conclusion of the negotiations on basic telecommunications and financial services and we take note of the implementation of the Information Technology Agreement. We renew our commitment to achieve progressive liberalization of trade in goods and services.

3. The fiftieth anniversary comes at a time when the economies of a number of WTO Members are experiencing difficulties as a result of disturbances in financial markets. We take this opportunity to underline that keeping all markets open must be a key element in a durable solution to these difficulties. With this in mind, we reject the use of any protectionist measures and agree to work together in the WTO as in the IMF and the World Bank to improve the coherence of international economic policy-making with a view to maximizing the contribution that an open, rule-based trading system can make to fostering stable growth for economies at all levels of development.

4. We recognize the importance of enhancing public understanding of the benefits of the multilateral trading system in order to build support for it and agree to work towards this end. In this context we will consider how to improve the transparency of WTO operations. We shall also continue to improve our efforts towards the objectives of sustained economic growth and sustainable development.

5. We renew our commitment to ensuring that the benefits of the multilateral trading system are extended as widely as possible. We recognize the need for the system to make its own contribution in response to the particular trade interests and development needs of developing-country Members. We welcome the work already underway in the Committee on Trade and Development for reviewing the application of special provisions in the Multilateral Trade Agreements and related Ministerial Decisions in favour of developing country Members, and in particular the least-developed among them. We agree on the need for effective implementation of these special provisions.

6. We remain deeply concerned over the marginalization of least- developed countries and certain small economies, and recognize the urgent need to address this issue which has been compounded by the chronic foreign debt problem facing many of them. In this context we welcome the initiatives taken by the WTO in cooperation with other agencies to implement in an integrated manner the Plan of Action for the least-developed countries which e agreed at Singapore, especially through the High-Level Meeting on Least-Developed Countries held in Geneva in October 1997. We also welcome the report of the Director- General on the follow-up of this initiative, to which we attach great importance. We commit ourselves to continue to improve market access conditions for products exported by the least-developed countries on as broad and liberal a basis as possible. We urge Members to implement the market-access commitments that they have undertaken at the High-Level Meeting.

7. We welcome the WTO Members who have joined since we met in Singapore: Congo, Democratic Republic of Congo, Mongolia, Niger and Panama. We welcome the progress made with 31 applicants currently negotiating their accession and renew our resolution to ensure that the accession processes proceed as rapidly as possible. We recall that accession to the WTO requires full respect of WTO rules and disciplines as well as meaningful market access commitments on the part of acceding candidates.

8. Full and faithful implementation of the WTO Agreement and Ministerial Decisions is imperative for the credibility of the multilateral trading system and indispensable for maintaining the momentum for expanding global trade, fostering job creation and raising standards of living in all parts of the world. When we meet at the Third Session we shall further pursue our evaluation of the implementation of individual agreements and the realization of their objectives. Such evaluation would cover, inter alia, the problems encountered in implementation and the consequent impact on the trade and development prospects of Members. We reaffirm our commitment to respect the existing schedules for reviews, negotiations and other work to which we have already agreed.

9. We recall that the Marrakesh Agreement Establishing the World Trade Organization states that the WTO shall provide the forum for negotiations among its Members concerning their multilateral trade relations in matters dealt with under the agreements in the Annexes to the Agreement, and that it may also provide a forum for further negotiations among its Members concerning their multilateral trade relations, and a framework for the implementation of the results of such negotiations, as may be decided by the Ministerial Conference. In the light of paragraphs 1-8 above, we decide that a process will be established under the direction of the General Council to ensure full and faithful implementation of existing agreements, and to prepare for the Third Session of the Ministerial Conference. This process shall enable the General Council to submit recommendations regarding the WTO's work programme, including further liberalization sufficiently broad-based to respond to the range of interests and concerns of all Members, within the WTO framework, that will enable us to take decisions at the Third Session of the Ministerial Conference. In this regard, the General Council will meet in special session in September 1998 and periodically thereafter to ensure full and timely completion of its work, fully respecting the principle of decision-making by consensus. The General Council's work programme shall encompass the following:

(a) recommendations concerning:

(i) the issues, including those brought forward by Members, relating to implementation of existing agreements and decisions;

(ii) the negotiations already mandated at Marrakesh to ensure that such negotiations begin on schedule;

(iii) future work already provided for under other existing agreements and decisions taken at Marrakesh;

(b) recommendations concerning other possible future work on the basis of the work programme initiated at Singapore;

(c) recommendations on the follow-up to the High-Level Meeting on Least- Developed Countries;

(d) recommendations arising from consideration of other matters proposed and agreed to by Members concerning their multilateral trade relations.

10. The General Council will also submit to the Third Session of the Ministerial Conference, on the basis of consensus, recommendations for decision concerning the further organization and management of the work programme arising from the above, including the scope, structure and time-frames, that will ensure that the work programme is begun and concluded expeditiously.

11. The above work programme shall be aimed at achieving overall balance of interests of all Members.

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<http://www.ictsd.org/forms/mailbox.htm>, Executive Director, ICTSD, Geneva Executive Center, 13 chemin des Anemones, 1219 Chatelaine, Geneva, Switzerland; email: ictsd@iprolink.ch; voice: (41-22) 979-9492; fax: (41-22) 979-9093.

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