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EU MINISTERS APPROVE CONTROVERSIAL BANANA REGIME

European Union agriculture ministers hammered out a sweeping agricultural package on Friday, establishing new banana, olive oil and tobacco regimes.

The ministers approved a revised banana import regime intended to bring the EU banana import rules into compliance with WTO trading rules. The WTO ruled last year that the current EU banana import regime violates global trade rules by discriminating in favour of imports from four Latin American countries (namely, Costa Rica, Colombia, Venezuela and Nicaragua) and from African, Caribbean and Pacific (ACP) nations, and against all other producers. The EU has until January 1 to implement a reformed import regime.

Ministers agreed to end the EU banana import licensing system, wherein a third of licences were reserved for banana imports from African, Caribbean and Pacific (ACP) countries, many of which are former European colonies. Agricultural ministers agreed to maintain the ACP-preferential import quota providing duty-free access for 857,700 metric tons of ACP bananas, as well as a second quota of 2.6 million tons at a reduced duty which would accommodate banana imports from Latin American countries. Ministers also decided to increase by eight percent aid to EU banana producing regions (French Antilles, Canary Islands and Madeira) as compensation for the lost import licensing system. ACP countries will also receive financial and technical assistance to help production efficiency and diversification efforts. Ministers also agreed to more fully examine fair trade initiatives as part of its banana regime.

ACP economies faced devastation if the EU regime were substantially revised, and pushed hard for the regime to stay largely in place. ACP countries also levied much criticism towards the WTO for its ruling. "Whatever past or future successes might be enjoyed by the WTO in other areas, it failed miserably in the first test in which the interest of powerless developing countries were pitted against those of transnational corporations based in the industrialised world," St. Lucia's foreign minister George Odium said last month. Development agencies in Britain have predicted a steep rise in poverty in the Caribbean following the EU ministers' decision.

The EU faced pressure from all sides on the issue. Germany, the Netherlands and Belgium favoured a tariff-only scheme to ensure competitive prices for its banana consumers. Belgium also opposed the regime on the grounds that it remains incompatible with WTO trade rules. The U.S., Ecuador, Guatemala, Honduras, Panama and Mexico brought the complaint to the WTO. The reform regime agreed to last week will undoubtedly not satisfy the complainants - they prefer a tariff-only scheme which would facilitate increased market access for cheaper Latin American bananas. The U.S. and Latin American countries involved may well end up back at the WTO in a battle over the revised EU regime.

"EU Agrees Sweeping Farm Package", Reuters, June 25, 1998; "EU squares up to U.S. banana challenge," AGENCE FRANCE-PRESSE, June 20, 1998; "U.S., Latin American nations urge EU to act on bananas," DOW JONES NEWSWIRE, June 22, 1998; "EU poised to approve new banana regime despite U.S. opposition," INSIDE US TRADE, June 24, 1998; "Brussels farm ministers push on with search for banana imports deal," FINANCIAL TIMES, June 23, 1998; "Bananas delay EU farm reform," FINANCIAL TIMES, June 26, 1998; "Banana farmers face plunge into poverty", OXFAM NEWS RELEASE, June 26, 1998; "EU faces WTO banana fight", FINANCIAL TIMES, June 26, 1998.

AMERICAS: NAFTA-CEC RENEW PLEDGE FOR ENVIRONMENTAL LINKAGES, NO EARLY HARVEST FOR FTAA

Environmental ministers from North American trade partners Mexico, Canada and the U.S. met last week in Merida, Mexico where they renewed the pledge to create institutional mechanisms to facilitate public input on the issue of trade and environmental linkage. The Commission for Environmental Co-operation (CEC), created as the environmental watchdog of the North American Free Trade Agreement (NAFTA), has as part of its charter a provision requiring public participation.

Environmental groups attending last week's CEC meeting criticised the group for its lack of strategic vision and further complained that the CEC lacked the teeth to fulfil its mission. U.S. environmentalists have also questioned U.S. government commitment toward CEC, suggesting that the idea of the CEC was useful for getting NAFTA passed in Congress-but once passed CEC was abandoned. "In some ways, the lack of government support for the institution suggests a cynical motive to provide a green fig leaf to trade policy. Once the trade policy was successful, they snatched it away," said Dan Seligman, senior trade fellow at the Sierra Club.

Hemispheric negotiators meeting in Buenos Aires, Argentina for preliminary talks on the Free Trade Area of the Americas (FTAA) agreed June 19 that there will be no staggered introduction of the trade agreement but rather only one all-encompassing deal to be completed by 2005. The FTAA will link economies from Alaska to Patagonia in the world's largest single market, estimated to be worth US\$10 trillion dollars. The U.S. had pushed for a so-called early-harvest of trade liberalisation measures to be complete by 2000. Early harvest was strongly opposed by the Southern Cone Common Market (MERCOSUR) incorporating Argentina, Brazil, Paraguay and Uruguay. "[Gradual trade liberalisation] is no longer being discussed, the agreement is nothing is agreed to until everything is agreed, and we don't see that happening much before 2005," according to Trade Negotiating Committee Chair Kathryn McCallion. FTAA negotiators will next meet in Suriname in September.

MERCOSUR officials last week met to negotiate an agreement on inter-MERCOSUR automobile trade. The talks centered on three main areas, including the development of a common automotive policy by 2000; industrial sharing as a way of economic integration; and cooperation to stimulate innovation and improve quality. Officials also hope to establish common environmental regulations and a common fuel

policy. The groups two largest economies have been at odds in the past over Brazil's automotive import regime.

"Mercosur hammers out rules on car trade," REUTERS, June 25, 1998; "Americas free trade or nothing say negotiators," REUTERS, June 19, 1998; "Nafta 'green' panel renews pledge on inputs," JOURNAL OF COMMERCE, June 29, 1998.

APEC DEFERS TRADE AGREEMENT DEADLINE

Trade ministers with the Asia Pacific Economic Co-operation (APEC) forum last week deferred for at least three months a deadline for reaching a regional agreement on trade liberalisation. APEC trade ministers met in Kuching, Malaysia last week in an attempt to finalise plans for a free trade agreement which would cover nearly US\$9 trillion in trade. The need to defer the deadline emerged before the meeting began, when it was clear that a key initiative - the so-called early voluntary sectoral liberalisation (EVSL) - lacked the support needed. The EVSL principle was endorsed at an APEC summit in November 1997: the plan covers nine so-called fast track sectors and six additional sectors in which APEC members would voluntarily agree to start reducing tariffs and non-tariff barriers in 1999 with a phaseout target of no later than 2005. The fast track sectors include forest products, environmental goods and services, fishery products, medical equipment, toys, jewellery, chemicals, energy products and telecommunications.

Japanese concerns over the flexibility and scope of EVSL effectively blocked agreement on the plan last week. Japan is concerned that liberalising the forest products sector more quickly than it is already obliged to under WTO rules could put some domestic Japanese mills out of business. Nor was Japan sure it could muster domestic support for early liberalisation of fish products. Japan's trade minister told APEC partners that Japan was not necessarily demanding that the nine-sectors be un-bundled, but instead remained firm that flexibility was needed with regard to sector-by-sector liberalisation. The U.S. has lead the charge for all-or-nothing compliance with EVSL, arguing that EVSL must be agreed to as a package in order to be effective. The U.S. criticized Japan for abrogating its responsibilities to Asian economies in crises by pushing back on EVSL. "Japan will argue whatever it feels it needs to so as to protect its market as is. The preservation of its market as is will drain Asia," U.S. Trade Representative Charlene Barshefsky said. Moving forward, APEC ministers agreed in their communiqué to fully consider the need for flexibility in order to address "the broader goal of maximising mutual benefits and the need to maintain the balance of interests."

Japan, Mexico and Chile also expressed reservations about an EVSL provision that would extend trade-benefits in the nine key sectors to all WTO countries without demand for reciprocity. APEC members saw this as an attempt by the U.S. to advance its WTO agenda at the expense of APEC economies, and argued that further expansion of sector liberalisation should be worked out in broad-based WTO negotiations. APEC is comprised of Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand and the U.S.

"Doubts emerge over APEC trade plan: impasse," DOW JONES NEWSWIRE, June 21, 1998; "APEC defers deadline for finalising free trade plan to September," AGENCE FRANCE-PRESSE, June 22, 1998; "APEC trade plan moves on despite Japan," REUTERS, June 23, 1998; "APEC trade mins fail to reach accord on freer trade," DOW JONES NEWSWIRE, June 23, 1998; "Japan's fish slip through APEC net," FINANCIAL TIMES, June 24, 1998.

WORLDWIDE ACTION TO BAN DANGEROUS CHEMICALS

Negotiators from over 100 countries are meeting under UNEP's auspices in Montreal this week to start discussions on an international legally binding treaty on Persistent Organic Pollutants (POPs). This is the first bid to control synthetic chemicals - such as DDT, dioxins, furan and PCBs - on a world-wide basis. Scientists have linked POPs to immune system and neurological defects, reproductive abnormalities, low sperm counts and cancer.

U.S. officials and environmental groups have pointed out that obstacles stand in the way of a global treaty on chemicals, mentioning for instance that developing countries do not have sufficient legal structures or economic resources to deal with chemical regulation, or to replace harmful chemicals with often more expensive less harmful ones. Other observers have said that these negotiations could be a stepping stone towards giving poorer nations the capacity they need to deal with dangerous chemicals.

Meanwhile, critics from environmental groups have accused the chemical industry of claiming that there is insufficient evidence of any problems caused by these chemicals. In May, Friends of the Earth (UK) accused the chemical industry of putting profit before human health and wildlife.

Participants at the first meeting of the Intergovernmental Negotiating Committee (INC) on POPs this week will mainly discuss organizational issues and are expected to begin negotiations proper at the INC's next session, in February 1999, in Geneva. The Treaty is due to be adopted in the year 2000. Initial discussions will cover twelve POPs (the "dirty dozen") but the INC will probably establish a group of scientific experts to identify other POPs subject to international action.

Regional efforts to control dangerous chemicals have already begun to bear fruit: last week members of the UN Economic Commission for Europe adopted a treaty reducing production and use of POPs in the context of the 1979 Geneva Convention on Long-Range Transboundary Air Pollution. Mexico, Canada and the U.S. have also taken steps under the North American Commission on Environmental Cooperation to strictly manage some POPs.

"Hazardous Chemicals a Top Priority for Global Environment", UNEP Press Release, April, 1998; "Chemical Industry Tries to Stop Action On Dangerous Hormone Pollution", Friends of the Earth UK Press Release, May 19, 1998; "Challenges to Ban on Hazardous Chemicals", IPS, June 5, 1998; ICTSD Internal Files.

MONSANTO AND GRAMEEN LAUNCH JOINT INITIATIVE

The Grameen Bank of Bangladesh and the U.S.-based Monsanto Company last week announced the creation of the Grameen Monsanto Centre for Environment-Friendly Technologies. The project is intended to provide access to technology to very low-income people utilising what the Grameen Centre calls "appropriate, environmentally-sensitive methods to benefit communities and improve living standards for families." Monsanto is a multinational life sciences firm with a substantial interest in genetically engineered products such as pest-resistant and higher-yield cotton, rice and maize varieties.

It is unclear to what extent Grameen Centre projects will use genetic engineering in its environment-friendly technology portfolio. While companies like Monsanto argue genetically engineered crops are an important part of sustainable agriculture, environmentalists have warned against the use of genetically

engineered crops. Environmentalists note among other concerns the threat to local biodiversity from pollination gene transfer and increased pest resistance to genetically engineered crops.

The Grameen Bank of Bangladesh is part of the international Grameen family of organisations focusing on poverty-reduction. The bank makes micro-credit loans and venture capital available to individuals in the least developed nations who would otherwise not be eligible for commercial loans.

"Grameen and Monsanto join hands to provide environmentally-friendly technologies to the poor in Bangladesh," Monsanto Company, June 25, 1998.

IN BRIEF - NEW ENVIRONMENTAL TREATIES, LOMÉ NEGOTIATING MANDATE ACCEPTED

Aarhus meeting adopts significant new treaties. At the "Environment for Europe" meeting in Aarhus, Denmark last week, three significant new treaties were adopted under the auspices of the UN Economic Commission for Europe. Two of these are Protocols - on heavy metals and persistent organic pollutants, respectively - to the 1979 Convention on Long-Range Transboundary Air Pollution. The third is a Convention aiming not only to allow public participation in environmental decision-making, but to facilitate access to environmental information and to justice. ICTSD Internal Files.

European Ministers on June 29 finally reached agreement on a new negotiating mandate for a new Lomé Convention. Negotiations are due to begin in September to replace the current Lomé Convention, which expires in February 2000. Ministers granted Cuba's request for observer status, but warned that Cuban membership of Lomé would depend on progress on human rights and good governance. The future negotiations on Lomé are likely to pit the more liberal-minded European countries such as Britain and Scandinavia against the more protectionist Southern countries including France, Spain and Portugal. "EU agrees new Lomé Blueprint", Financial Times, June 30, 1998.

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CURRENT ISSUES IN CONSERVING AND MANAGING NORTH PACIFIC FISHERIES. This meeting, organised under the auspices of the American Society of International Law, will take place on 11 September in Salem, Oregon, USA. For information, contact: Professor James Nafziger or Diane Lohof, Willamette University College of Law, 245 Winter Street, Salem, OR 97301, USA, tel: (1 503) 370 6877, fax: (1 503)370 6375

7TH INTERNATIONAL CONGRESS OF ECOLOGY, 19-25 July, Florence, Italy. For information, contact: Almo Farina, Vice-President INTECOL Secretariat, Lunigiana Museum of Natural History, Fortezza della Brunella, 54011 Aulla, Italy, tel: (39 187) 400 252, fax: (39 187) 420 727, e-mail: afarina@tamnet.it, web site: www.tamnet.it/intecol.98

UN ECONOMIC AND SOCIAL COUNCIL (ECOSOC). ECOSOC will take place in New York from 6 - 31 July 1998. Amongst the many issues on the agenda, ECOSOC participants will discuss issues related to market access and development. For information, contact: UN-DESA, UN Headquarters, New York, NY 10017, tel: (1 212) 963 4640, fax: (1 212) 963 5935

RESOURCES

"TRADE, LABOUR, GLOBAL COMPETITION AND THE SOCIAL CLAUSE," Phillip Evans, CUTS Research Report #9708, Jaipur Printers Pvt. Ltd., 1997. This report explores the debate over the social clause and the relationship between trade and labour. For information, contact: CUTS Centre for International Trade, Economics & Environment, D-218, Bhaskar Marg, Bani Park, Jaipur 302 016, India, tel: (91 141) 202 940, fax: (91 141) 202 968, e-mail: cutsjpr@jp1.vsnl.net.in, web site: www.cuts.org

"SIGNPOSTS TO SUI GENERIS RIGHTS," BIOTHAIR & GRAIN (publishers), March 1998. This publication is the output of a collective research effort meant to feed an international seminar on sui generis rights held in Bangkok, Thailand on 1-6 December 1997. For information, contact: GRAIN, Girona 25, pral., E-08010 Barcelona, Spain, tel: (34 3) 301 13 81, fax: (34 3) 301 16 27, e-mail: grain@bcn.servicom.es

"BUGS IN THE SYSTEM," William Vorley, director of IATP's Agriculture and Environment Program, and Dennis Kenney, director of the Leopold Center for Sustainable Agriculture, Earthscan Publications Limited, 1998. This new book looks at the "greening" of one of the most persistently controversial business sectors, the chemical pesticide industry. It is available from IATP for \$29.95 plus \$3.00 for shipping. For information, contact: IATP, 2105 1st Avenue South, Minneapolis, MN 55404, USA, tel: (1 612) 870 0453, fax: (1 612) 870 4846

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