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CLINTON URGES CHINA TO REMAIN DILIGENT ON ENVIRONMENT

U.S. President Bill Clinton last week continued his nine-day state visit to China, which included a summit with Chinese President Jiang Zemin in Beijing. Visiting the Guilin region, Mr. Clinton warned China not to sacrifice its environment for economic growth. He told a group of Chinese environmentalists that China's rapid economic development is occurring at a time when it can benefit from the lessons learned through mistakes made by developed countries. Earlier in Shanghai, Mr. Clinton - after detailing a litany of environmental problems in China, called for increased U.S.-Chinese co-operation on the environment. Mr. Clinton noted that China is on the verge of replacing the U.S. as the world's largest emitter of greenhouse gasses. Last December in Kyoto, Japan, China and other developing nations refused to commit to limiting greenhouse gas emissions on par with developed nations. One U.S. official commented last week that "Given China's role and the impact of emissions from China, there cannot be a solution to the global climate change programme without very active involvement with China."

Speaking to the American Chamber of Commerce of Shanghai, Mr. Clinton urged businesses to adopt clean industrial practices - stressing that good environmental practice and profitability are not mutually exclusive. "All the evidence is, if you look at the record of [the U.S.] going back to 1970, every time the United States has adopted higher environmental standards, businesses have created new technologies to meet them and we have actually had faster economic growth with better and better paying jobs as a result," Mr. Clinton said.

Meanwhile, Clinton's trip yielded very little if anything with regard to China's accession to the WTO. President Clinton said China's entry into the WTO and China's desire to secure permanent most-favoured-nation (MFN) status were linked, and that neither could be concluded without "commercially viable" offers from China. According to one U.S. official, "Until China reaches a point where they are prepared to undertake the kinds of reforms that all major trading partners are looking for, the pace of progress in WTO negotiations is likely to be slow and uneven."

"Clinton takes up environment issues in China," REUTERS, July 1, 1998; "Clinton wants trade and clean business," UPI, July 1, 1998; "Clinton urges China to be vigilant on environment," ASSOCIATED PRESS,

July 2, 1998; "Clinton turns up WTO heat on China with permanent MFN denial," AGENCE FRANCE-PRESSE, July 2, 1998; "Focus-U.S. says no breakthrough on China WTO bid," REUTERS, June 27, 1998.

BANANAS, LOME SIGNAL NEW CHALLENGES FOR EU-ACP RELATIONS

U.K. development agencies issued strong criticism of the revised EU banana regime agreed by EU agricultural ministers June 26. Agencies worry that the discontinuation of the EU licensing system in favour of a bloc quota for ACP countries signals the end for Caribbean banana producers, as they must compete with multinational producers in other ACP regions. "Half the population of the Caribbean rely on the banana industry to supply their basic needs such as food, shelter and education. Take away the banana industry and the economy collapses . . . it's a simple equation," said Phil Bloomer of Oxfam, in a statement prepared on behalf of all U.K. development agencies.

Meanwhile, Caribbean leaders remain extremely concerned about the implications of the EU's reformed regime, and the possibility of more extreme reform should the U.S. and Latin American countries challenge the EU's revised regime. Seymour Mullings, Jamaica's foreign trade minister, said his country is "extremely disturbed" by U.S. attempts to sway European states toward opposing the EU's regime. Further, despite promises of increased aid from the EU in light of the reformed regime, Caribbean leaders say their countries need more trade and more time to decrease dependence on preferential access to the EU market. The U.S. reacted strongly to the banana import regime agreed to by EU agricultural ministers June 26. United States Trade Representative Charlene Barshefsky said the EU regime, revised in response to a December 1997 ruling by the WTO, merely "perpetuates World Trade Organisation violations."

In related news, EU foreign ministers reached agreement on a draft negotiating mandate for Lome V negotiations scheduled to begin September 30. Lome V is the successor trade and aid agreement to the current Lome IV Convention between the EU and ACP nations. Addressing the needs of the most fragile developing economies that could not withstand the influx of EU imports, the EU is to extend accelerated duty-free access for exports from the poorest developing countries. The EU will also increase financial support for private sector development. EU ministers also extended observer status to Cuba at the upcoming negotiations, with the caveat that binding participation would not follow until "substantial progress" is made on human rights and political freedom in Cuba.

"Aid agencies say EU banana deal to hit Caribbean," REUTERS, June 26, 1998; "U.S. threatens EU over banana rules," WALL STREET JOURNAL, June 29, 1998; "Caribbean leaders' plea to EU on banana plan," FINANCIAL TIMES, July 1, 1998; "Administration considers early challenge of EU banana regime in WTO," INSIDE US TRADE, July 3, 1998; "Banana wars," WALL STREET JOURNAL EUROPE, July 1, 1998; "EU agrees new Lome blueprint," FINANCIAL TIMES, June 30, 1998.

CARICOM MAKES URGENT CALL FOR SINGLE MARKET

Leaders from the Caribbean Community (CARICOM) met last week in Castries, St. Lucia for a summit where the emphasis was on unity within the 16-member regional economic forum. "Speaking with one voice on any subject is not at all easy for any region. However, it is the only way that the Caribbean will be heard and paid attention to in the international arena," Prime Minister James Mitchell of St. Lucia told his CARICOM peers.

By forging greater ties via a common market with free trade, freer travel and a proposed single currency, CARICOM leaders hope to get stronger footing in the global market. Most immediately, CARICOM could benefit from strengthened ties when negotiating the Free Trade Area of the Americas (FTAA), the hemispheric free trade area set to link economies from Alaska to Patagonia by 2005. The issue of a single currency is reported to be the most divisive among CARICOM countries, which encompasses over 13 million people with a total trading volume of US\$30 million annually.

"Caribbean leaders seek regional unity amid obstacles," REUTERS, July 1, 1998; "Caribbean rides out the effect of globalisation," ASSOCIATED PRESS, June 30, 1998.

SPS AGREEMENT NEEDS MORE CLARITY TO PROTECT AGAINST TRADE BARRIERS

The WTO's Sanitary and Phytosanitary Agreement (SPS), intended to facilitate increased trade in agricultural goods, has not stopped countries from erecting non-tariff barriers to trade via health and safety rules. Recently, Australia, Argentina, Brazil, Canada, Senegal, Malaysia and the U.S. complained during a meeting of the WTO SPS Committee, about the EU rejection of a new international standard on maximum aflatoxin levels, proposing a much stricter standard. The countries complained that the EU maximum would not have any greater benefit on health than the international standard. Other current WTO SPS disputes include the on-going battle over the EU ban on hormone-treated beef, a Japanese ban on certain varieties of U.S. apples, and complex SPS rules in South Korea. Latin American countries are also keeping a wary eye on the U.S. which is toughening its food safety laws on fruit and vegetable imports, which Latin American producers fear the U.S. is using to protect domestic producers.

The SPS agreement covers additives used in food and beverages, contaminants and toxins in food or beverages, processing methods, food-safety related labelling requirements and plant and animal protection rules. The U.S. Department of Agriculture estimates that hundreds of questionable (under SPS standards) health and safety rules in 63 countries restricted or somehow affected US\$4.5 billion in agricultural exports in 1996, out of total U.S. exports in agricultural goods of US\$69.7 billion. The SPS agreement does allow a country to impose health and safety standards that are more stringent than those outlined in the Codex Alimentarius, but a country must show that the rules are based on adequate scientific evidence.

Observers note that the agreement is not as straightforward as perhaps intended, and thus could likely give rise to an increasing number of trade disputes of health and safety rules. Especially with regard to the uncharted territory of biotechnology, where thus far no international standards exist.

"WTO pact won't curb health, safety rules," JOURNAL OF COMMERCE, June 30, 1998.

FRENCH GIVE MIXED OPINION ON GMOS

The French Parliament released a mixed-report last week on the status of market access for genetically modified organisms (GMOs). A so-called citizen's group of 15 "ordinary" French citizens was convened by the Parliament, grounded in the science of biotechnology, and then given free range to interrogate biotech experts on the environmental and social implications of GMOs. The Parliament released the non-binding findings of the panel, which gave a hesitant nod to the use of GMOs in France. "Based on current knowledge there are no appreciable risks to humans through eating genetically modified organisms," according to the panel.

The panel went on to say, however, that the Parliament should have consulted public opinion prior to approving strains of genetically modified corn and soya last year. The panel raised doubts about this first round of GMOs, and also called current EU labelling laws "inadequate and inapplicable." The panel also questioned whether genetically modified varieties of corn, soya and rapeseed—which manufacturers boast will increase yields and help solve world hunger problems, would be readily accessible to farmers in developing countries. The focus group specifically recommended against the use of herbicide-resistant GMOs, citing increased health risks by their introduction into the food chain. The panel did recommend that use of three varieties of genetically engineered corn from the Swiss firm Novartis, approved for use in France last November, be allowed to continue on an experimental basis for three years, but called for extreme "bio-vigilance," including labelling, to assess their impact.

France and the EU are embroiled in a trade dispute over market access for GMOs, as two strains of U.S. corn containing GMOs await access to the European market, pending French approval. Because the U.S. does not separate traditional corn from corn containing GMOs, French opposition to GMOs has essentially blocked all corn imports from the U.S. this year. French Prime Minister Lionel Jospin promised to consider the issue of market access for the two strains in immediate question by the end of July. Informed sources said it is still unclear what position the Prime Minister and Parliament will take in light of the focus group findings.

"People's jury says 'yes but' to gene crops," REUTERS, June 22, 1998; "Impact of French Parliament report on GMOs remains unclear," INSIDE US TRADE, July 3, 1998; "Delay on modified seeds urged," FINANCIAL TIMES, July 1, 1998.

INDIA-PAKISTAN CASE GIVES RISE TO SOUL SEARCHING OVER SANCTIONS

Pakistan announced a new trade policy effective July 1 that it says will reduce its US\$1.53 billion trade deficit to zero by its fiscal year end in June 1999. The policy is aimed at promoting economic self-reliance in the wake of post-nuclear sanctions imposed by trading partners. To facilitate a zero trade deficit, Pakistan's commerce department budget includes 15.6 percent growth in exports and zero growth in imports. The latter will be made easier, according to the commerce department, by a bumper wheat crop this year reducing Pakistan's wheat imports by US\$400 million.

In related news, Moody's bond rating agency last month downgraded India's economy from "investment grade" to "speculative grade." The downgrading will make it more difficult for the Indian government and companies to borrow money needed to stimulate economic growth and development. In a related development, Standard and Poor's rating service changed its outlook for India's economy from "stable" to "negative," signalling an uncertain future for investment flows to India.

The U.S. Senate last week was expected to vote on legislation that would ease mandatory sanctions imposed on India and Pakistan after the two nations conducted nuclear tests. The legislation, introduced by U.S. farm state senators, would require Congress to conduct a detailed cost-benefit analysis of all sanctions before enacting them—including an assessment of whether the sanctions' foreign policy goals outweigh the economic costs to the U.S. and the sanctioned nation. Indiana Senator Richard Lugar introduced the legislation, spurred on by a severe drop in grain prices after the nuclear tests as fears arose over sanctions measures such as a grain embargo.

Mr. Lugar is among a number of U.S. and international officials calling for significant soul searching on the U.S. dependence on unilateral sanctions as a foreign policy tool: critics charge that the use of

sanctions should be less of a reflex response. In 1997, the U.S. had sanctions in place against countries encompassing half of the world's population. Critics charge that unilateral sanctions rarely achieve their intended goal, and often hold important bilateral relationships hostage on a single issue. Critics also warn that the U.S. should define any unilateral sanctions narrowly and clearly define the terms under which the sanctions will be lifted, a detail remarkably left out of a number of sanction acts. U.S. President Bill Clinton in June joined the guard against what it called the "sweeping and indiscriminate use of sanctions according to inflexible and indiscriminate criteria," by vetoing a sanctions law that would penalise companies supplying missile technology to Iran.

"Sanctions-hit Pakistan seeks trade gap end," REUTERS, June 22, 1998; "Indians will discover what globalisation means," INTERNATIONAL HERALD TRIBUNE, June 24, 1998; "Give president's a break on automatic sanctions," WASHINGTON POST, June 29, 1998; "Sanctions almost never work," WALL STREET JOURNAL EUROPE, June 23, 1998.

IN BRIEF - EU ODS PHASE-OUT, GERMANY URGED TO END COAL SUBSIDIES, WTO NGO, IT AND ACCESSION UPDATES

The European Commission adopted a proposal for a new ban on ozone depleting substances (ODS). The result will be the complete elimination of the use and production of ODS in the 15 European Union countries. The most important elements are a ban on the use and production of the pesticide methyl bromide by 2001; and the ban of HCFCs in all uses within the next few years, including the ultimate phase-out of its production. The proposal introduces HCFC production controls for the first time, including an immediate freeze until 2008, followed by staged reductions and phase-out ahead of the internationally agreed consumption phaseout under the 1987 Montreal Protocol for the protection of the ozone, to which 165 States are now parties. The EU as well as all its Member States are Parties to the Protocol, as well as to its 1990 and 1992 amendments. "Europe Ends Era of Ozone Depletion," ENS, July 1, 1998.

Germany has been urged by the Paris-based International Energy Agency (IAE) to make the elimination of coal subsidies an aim of government policy and to set a "clear deadline" so that companies can adapt in good time. The subsidies which enable German coal to be sold at international prices, weigh on public budgets and are undesirable, said IAE executive director Robert Priddle. "Germany Urged to End Coal Subsidies," FINANCIAL TIMES, June 29, 1998.

An informal meeting of the WTO General Council was held on Friday 3 July to look at issues to be decided at the 15 July meeting. The topics to be debated include the revision of the WTO June 1996 Decision on document derestriction (about which the US has tabled a non-paper calling inter alia for faster release of agenda and minutes of WTO minutes); preparations for the September Special Session of the Council expected to launch negotiations for the Third WTO Ministerial and, eventually, the Millennium Round talks; and the rearrangement of the executive level of the WTO secretariat. In related news, over ninety non-governmental organisations from around the world have forwarded a message to the Chair of the General Council on the urgency of giving NGOs better access to WTO documents and activities.

Talks at the WTO to extend free trade in information technology have been suspended until the middle of July because consensus was not reached by a deadline of June 30, a WTO spokesperson said last week. "WTO suspends talks to extend free trade in information technology," Agence France-Presse, July 1, 1998.

WTO ACCESSION UPDATE : The European Union wants Laos admitted to the World Trade Organization (WTO) this year or in 1999. Laos applied for WTO membership in 1997 and its application, like those of its neighbours Cambodia and Vietnam, is still being discussed. A year ago Laos was admitted to the Association of South East Asian Nations (ASEAN), which includes Brunei, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. "Europe backs early Laos WTO Membership," REUTERS, June 29, 1998.

EVENTS & RESOURCES

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"Twenty-fifth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol," 29-31 July, Montreal, Canada. For information, contact: Mr. O. El-Arini, Multilateral Fund, tel: (1 514) 282 1122, fax: (1 514) 282 0068, e-mail: oelarini@unmfs.org

"International Symposium on Environmental Geotechnology and Global Sustainable Development," 9-12 August, Boston, MA, USA. For information, contact: Dr. Vincent Ogunro, tel: (1 508) 934 3185, fax: (1 508) 934 4014, e-mail: ogunrov@woods.uml.edu

"Environmental Effects Assessment Panel of the Montreal Ozone Protocol," 9-17 August, Hawaii, USA. For information, contact: Mr. K. Madhava Sarma, Coordinator, Ozone Secretariat, UNEP Nairobi, tel: (254 2) 62 3851, fax: (254 2) 52 1930, e-mail: ozoninfo@unep.org

RESOURCES

"The New Rules of Global Trade: A Guide to the World Trade Organization," by Jeffrey Thomas and Michael Meyer. Scarborough, Canada: Carswell, November 1997, 360 pp. This book, written by two leading authorities on international trade agreements, contains explanatory commentary that serves as an interpretive roadmap to the highly technical provisions of the WTO Agreement. To order, contact: Carswell, 1 Corporate Plaza, 2075 Kennedy Road, Scarborough, ON, M1T 3V4, Canada, tel: (1 800) 387 5164, fax: (416) 298 5082, web site: www.carswell.com

"Environmental Rent: Cooperation and Competition in the Multilateral Trading System," working paper by Hector Torres. Winnipeg, Canada: International Institute for Sustainable Development, 1998, 20 pp. For information, contact: IISD, 161 Portage Avenue East, Winnipeg, Manitoba, R3B 0Y4 Canada, tel: (1 204) 958 7700, fax: 958 7710, e-mail: info@iisd.ca, web site: <http://iisd.ca>

"TRIPs, Biotechnology and Global Competition," by Ghayur Alam. Jaipur, India: CUTS, 1997, 19 pp. This research report studies the issue of patenting in the area of agriculture and its effects on developing countries. For information, contact: CUTS, Centre for International Trade, Economics & Environment, D-218, Bhaskar Marg, Bani Park, Jaipur 302 016, India, tel: (91 141) 202 940/968, fax: 203 998, e-mail: cutsjpr@jp1.vsnl.net.in, web site: www.cuts.org

JOB OPENINGS

The Center for Science in the Public Interest (CSPI), a non-profit consumer organization conducting innovative programs in nutrition, alcohol, and food safety, is seeking to recruit a senior staff attorney,

a staff attorney, and a research assistant. For more information, please contact: CSPI, 1875 Connecticut Avenue, NW #300, Washington, D. C. 20009-5728, tel: (1 202) 332 9110, fax: 265 4954, e- mail: cspi@cspinet.org, web site: www.cspinet.org

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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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