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OZONE MEETING CALLS TO CO-ORDINATE OZONE-CLIMATE ACTION AND END CFC SMUGGLING

At the 17th Meeting of the Open-Ended Working Group of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer, held last week in Geneva, Switzerland, environmental officials called for immediate actions against the growing illegal trade in banned substances. Officials also called for increased co-operation between United Nations bodies working on the issue of climate change. Last week's meeting was held in advance of the Tenth Meeting of the Parties to the Montreal Protocol, which will take place in November in Cairo. In Geneva, environmental officials also asked for scientific co-operation between experts on ozone depletion and experts on climate change.

The need for such co-operation is evident in the fact that so-called ozone-safe substitutes for chlorofluorocarbons (CFCs) (CFCs are known to contribute to global warming), such as HFCs and PFCs, are urged under the Montreal Protocol, while actively discouraged under the December 1997 Kyoto Protocol on climate change. HFCs and PFCs have been found to contribute to climate change. This environmental conundrum must be addressed as developing countries begin to phase out CFC use and look for available substitutes. China, India and Russia are the world's largest producers of CFCs.

The open-ended Working Group also looked at ways to set up a trade-registration system aimed at curbing illegal trade in CFC gasses, worth hundreds of millions of dollars annually. Environmental officials fear the already large illegal trade in CFCs could increase once developing countries are forced to use more expensive substances.

The World Meteorological Organisation (SMO) and UNEP announced last month that measures taken by the international community to protect the ozone layer are beginning to bear fruit, although it might not be possible to detect firm signs of ozone recovery before another 20 years due to natural atmospheric

variability. A full recovery of the earth's ozone shield could not be expected before the middle of the next century, UNEP and WMO officials said.

"Tougher measures called for to protect Earth's ozone layer," FINANCIAL TIMES, July 10, 1998; Ozone Protection Measures Bearing Fruit, IPS, June 22, 1998; Fresh Hopes for Ozone Recovery, PANAFRICAN NEWS AGENCY, June 23, 1998.

EC DELAYS MERCOSUR TRADE PLANS, WHILE CHILE AND CANADA ALLIANCE PROVES FRUITFUL

The European Commission (EC) last week delayed a vote on a framework with which to negotiate a free trade deal with the Southern Cone Common Market (MERCOSUR) and associate MERCOSUR member Chile. A free trade agreement between the EU and MERCOSUR, which as proposed would remove tariffs on goods over a ten-year period, is estimated to be worth about US\$6.2 billion annually to the EU and US\$5.1 billion annually to MERCOSUR and Chile. EU agricultural commissioner Franz Fischler, backed by EC president Jacques Santer, demanded that a vote on a negotiating framework be delayed until the EC had more time to study the impact of an EU-MERCOSUR free trade agreement on the farming sector.

Mr. Fischler is reportedly concerned that increased market access for Latin American agricultural goods will destroy the EU's Common Agricultural Policy. The EU farm lobby COPA and the French farmers union oppose the proposed free trade agreement, describing the agreement as both "incomprehensible" and "disastrous." The study is to be concluded within two weeks, at which time commissioners will reconvene for a vote. The negotiating framework needs unanimous consent from commissioners to move forward.

Agriculture has played a role in frustrating or stymieing at least two other free trade initiatives undertaken by the EU. Talks for a free trade agreement with South Africa have for three years been bogged down over the issue of EU market access for South African agricultural goods. That agreement is expected to be concluded by the end of this year. Earlier this spring, France put the kibosh on a proposed New Transatlantic Marketplace (NTM) free trade agreement between the EU and U.S. over French fears that agriculture would be included in NTM talks. Opponents to increased EU-regional free trade agreements say the EU should focus on global trade liberalisation via the WTO.

A trade agreement between Canada and Chile, conceived of as partial compensation for Chile's failed aspirations to join the North American Free Trade Agreement (NAFTA) is the most profitable of all bilateral pacts signed by Chile. The agreement went into effect on July 5th 1997 and has enabled trade between the two countries to increase by almost 50%. Last year's accord is also the first - and up to now only - trade agreement negotiated by Chile to include specific appendices on environment and trade issues.

"L'accord commercial entre l'Europe et le Mercosur est reporté," LA TRIBUNE, July 9, 1998; "Farmers hit EU plans for Latin American trade deal," FINANCIAL TIMES, July 7, 1998; "New EU battle ahead on free trade with Latin America," DEUTSCHE PRESSE-AGENTUR, July 7, 1998; Pact with Canada, Profitable Compensation for NAFTA, IPS, July 6, 1998.

ECOSOC URGES MORE TRADE WITH POOR NATIONS

At a high-level meeting of the U.N. Economic and Social Council (ECOSOC) last week, ambassadors called for greater global access for exports from developing countries. In its communiqué, ECOSOC reminded

developed nations of "the moral obligation to promote the rapid integration of the least developed countries into the world's economy." The ECOSOC communiqué also noted that a number of tariff and non-tariff barriers to trade are in place against developing countries exports at this time. The communiqué also condemned the adoption of any protectionist measures in the wake of the Asian financial crises.

Throughout the three-day meeting, developing countries strongly emphasised the point that trade liberalisation has been driven almost entirely by the interest of developed countries. "Trade liberalization has proceeded more slowly for products where developing countries are more competitive [such as textiles and agriculture], and, by contrast, many restrictions have been removed on the movement of capital where industrialised countries have a competitive advantage," Moses Dlamini, Swaziland's U.N. ambassador, told ECOSOC.

ECOSOC urged strict adherence to trade liberalisation regulations and technical assistance programs in order to move forward the accession of the 60 or so poor, developing economies who are not yet WTO members and thus at a disadvantage in the global market. Guyana's trade and tourism minister Michael Shree Chan pointed out that small developing economies are at a disadvantage to medium-sized developing economies when it comes to globalisation because of strict standards for imports in developed nations, which smaller, poorer economies do not have the infrastructure to meet. "It is difficult for these small economies to satisfy these rigid requirements. As a result, the Caribbean trade has suffered, as have those that depend on it for their livelihood," Mr. Chan said.

"UN panel urges opening markets to poor nations," REUTERS, July 8, 1998; "Developing states urge big nations to open up trade," REUTERS, July 7, 1998.

CARIBBEAN LEADERS PLAN FOR SINGLE MARKET, RAIL AGAINST NEW BANANA REGIME

Caribbean Community (CARICOM) leaders July 4 set a 1999 deadline for bringing the 15-member regional economic forum into a single market. CARICOM leaders have been working on such a union for seven years. A single market gained urgency in light of the Free Trade Area of the Americas (FTAA) negotiations and a possible new round of global trade talks. CARICOM members believe that unity will benefit them when negotiating with the U.S., EU, and MERCOSUR in multilateral negotiations. CARICOM is also pursuing a common currency, although it is generally agreed that it will not be achieved by 1999.

During the CARICOM summit concluded July 4, CARICOM leaders called for unity as the best defence against more powerful nations seeking to exploit poorer economies. "We are off to a late start, but the community has been discussing the single market and economy for the past seven years. Any further delays in dealing with this will leave our members as straws in the windstorm of change in global economics," said one CARICOM official.

However, a report on the status of Caribbean single-market integration shows much work left to be done to accomplish the goal of a single market. The report shows that only three CARICOM countries have abolished foreign exchange controls, and that only seven countries have signed on to double taxation agreements. The report said that harmonising member's tax regimes was still at the "exploratory stage." The report said draft-harmonised customs legislation has been drawn up. One diplomat noted that CARICOM is "about halfway" toward the goal of establishing a single market, given the status of technical work completed and waiting to be done.

At the CARICOM summit, Prime Minister Sir James Mitchell of St. Vincent and the Grenadines urged CARICOM partners to focus on diversifying their economies beyond agriculture and tourism. Sir James urged CARICOM leaders to focus on the services sector - particularly information processing and financial services, as the next frontier for regional economic development. Sir James also tabled for consideration at the next CARICOM summit the issue of deriving more revenue from the airspace linking North and South America.

Meanwhile, Caribbean leaders continue to lash out at the U.S. for its intransigence over the EU banana import regime. "I have written to President Clinton expressing the hope that his administration will recognise the new EU banana regime, and accept that it is compatible with the World Trade Organisation," Prime Minister Sir James Mitchell of St. Vincent said. His letter has so far gone unanswered by President Clinton. The Prime Minister of Guyana went further, saying, "We believe, as I have said, it is unfair, unreasonable and indefensible [for the U.S. to continue to oppose the EU revised banana regime,]" Prime Minister Edison James said. "We find ourselves having to spend a lot of our resources, human resources, and financial resources that we don't have trying to defend our livelihood," he said. A delegation of Commonwealth leaders delivered a strong message to the Clinton Administration when the group was in Washington July 2-3. Commonwealth deputy secretary-general Sir Humphrey Maud said the Clinton Administration should take note that "It is very short sighted of [the U.S.] to pursue any policy which could have grave economic and political consequences for their near neighbours. If you lose your primary source of income, you may be tempted into highly undesirable activities," alluding to "alternative cash crops" such as cocaine and marijuana.

"Caribbean countries seek to develop strategy to counter 'external' threats," INTERNATIONAL TRADE REPORTER, July 8, 1998; "Mandela preaches unity during Caribbean visit," REUTERS, July 4, 1998; "Caribbean community grapples with challenge of creating a single market," FINANCIAL TIMES, July 10, 1998; "Latin America, Caribbean farms find growth in change," FINANCIAL TIMES, July 7, 1998; "U.S. pressed to accept new EU banana regime," JOURNAL OF COMMERCE, July 8, 1998; Caribbean leaders slam U.S. on banana trade," JULY 4, 1998; "EU wants U.S. to ease up on Cuba," ASSOCIATED PRESS, July 7, 1998; EU's Vow to European Banana Farmers Hard To Keep, IPS, July 3, 1998.

RUBIN TRIP TO AFRICA REEMPHASISES U.S. COMMITMENT

U.S. Treasury Secretary Robert Rubin was scheduled to arrive in Africa this past weekend for a weeklong trip during which he will visit Cote D'Ivoire, South Africa, Mozambique and Kenya. Mr. Rubin is expected to discuss U.S. technical assistance for African efforts to improve general good governance, management of the financial sector and expanding credit to small businesses and micro-enterprises. The trip is intended to reflect a renewed focus on the continent from the Clinton Administration following President Clinton's trip there earlier this year. "The aim of the trip is to advance the initiatives put forward by the president, especially in the financial sector, and to convey America's willingness to do what we can to help integrate African reformers into the global economy," Deputy Treasury Secretary Lawrence Summers said. Mr. Rubin's trip was preceded by a visit last week by U.S. Transportation Secretary Rodney Slater who discussed transportation infrastructure needs for African countries.

While in South Africa, Mr. Rubin is expected to address the urgent issue of the rand's collapse two weeks ago when he meets with government and private sector officials. South African Nelson Mandela is expected to push for U.S. support for his government's conservative fiscal policies. South Africa imports nearly half of all U.S. exports to Africa.

Meanwhile, as part of its focus on Africa, the Clinton Administration continues to try and push its Africa Growth and Opportunity Act through the U.S. Senate, where it has been stalled since the bill made it through the House of Representatives (see also BRIDGES Weekly Trade News Digests, vol. 2, Nos 7 & 8, March 1998). The bill would lower U.S. tariffs on a number of goods and eliminate textile quotas for African exports and promote U.S. investment in Africa. The bill is opposed by the U.S. textile industry which fears Asian manufacturers will use Africa as a transshipment point for textiles and apparel otherwise under quota. Senate staff anticipate the bill will go through the so-called mark-up process on July 21, where it is likely to be tied to any number of amendments. These include the provision that African countries seeking quota-free access must use U.S. fabric for its products—a provision not likely to pass. South Africa's President Mandela opposes the bill, arguing that the growth and opportunity provided in the bill will only benefit U.S. interests.

The Panafrican News Agency reported this week that Ghana is to receive a second 50-million dollar credit from the World Bank to finance its trade and investment gateway project. This most recent loan is intended to increase the competitiveness of the country's products in the international market. The credit will support capacity-building and development of private participation in infrastructure. It will also support development of infrastructure such as water systems and solid waste treatment.

"USA politics: Senates to move on Africa trade bill," JOURNAL OF COMMERCE, July 7, 1998; "Rubin mission to improve Africa markets," FINANCIAL TIMES, July 10, 1998; "Cabinet members plan trips to Africa; visits seen boosting economic ties," INTERNATIONAL TRADE REPORTER, July 8, 1998; "World Bank Approves 50 Million Dollars Loan For Ghana", PANAFRICAN NEWS AGENCY, July 11, 1998.

INDIA-PAKISTAN: SANCTIONS COULD BITE INTERNATIONAL COMMUNITY BACK AS DEBT REPAYMENT THREATENED

Indian government officials expressed deep concern over May trade figures released last week, showing a 17.22 percent drop in exports for the month. May exports totalled US\$2.37 billion versus US\$2.8 billion for May 1997. Indian Commerce Minister Ramakrishna Hegde said last week that the trade figures "underlined the need for immediate measures to reverse the negative trend," but did not specify what those measures might include. Economists note that the combination of slower export growth and the international sanctions imposed after India's nuclear tests could make it difficult for India to service its foreign debt. While exports account for only 10 percent of India's gross domestic product, they provide an influx of foreign currency that help pay off foreign debt.

Meanwhile, Pakistan's finance minister Sartaj Aziz said last week that should international sanctions - imposed on the country after its retaliatory nuclear tests in May, continue for another three months, Pakistan may be forced to declare a moratorium on foreign debt repayments. Over the next 12 months, Pakistan is responsible for paying back US\$5.6 billion in foreign debt. Foreign currency reserves have fallen to about US\$900 million, enough to cover a month of imports. If the U.S. and the other six leading industrialised nations fulfil their promise to block non-humanitarian aid from multilateral lending institutions including the IMF and World Bank as part of the international sanctions response, Pakistan could lose up to half of the US\$3 billion anticipated from the IMF and World Bank this year. Mr. Aziz said the loss of multilateral aid would be "the gravest impact of sanctions," leading to higher inflation and unemployment. Pakistan's Prime Minister indicated that it was pursuing or had received financial assistance from Gulf states including Saudi Arabia, United Arab Emirates and Kuwait, but did not provide specific details.

In a significant development last week, a U.S. Senate task force introduced compromise legislation that would ease U.S. sanctions against India and Pakistan. This includes allowing the U.S. to support non-humanitarian IMF and World Bank loans to both countries. Also last week, the Senate voted 98-0 to exempt agricultural export guarantee programs from the sanctions package imposed on India and Pakistan.

"US law makers set to dilute sanctions," ECONOMIC TIMES (India), July 10, 1998; "Pakistan warns sanctions may force debt moratorium," FINANCIAL TIMES, July 7, 1998; "Indian government alarmed by slide in exports," REUTERS, July 7, 1998.

ALLIANCES CONSIDERED KEY TO SUCCESS IN POVERTY REDUCTION

A regional seminar held in Venezuela has illustrated that alliances between the state, business and civil society in programmes based on shared responsibility is emerging as the best formula for reducing poverty in Latin America and the Caribbean. A total of 120 projects – in a range of areas including health, education and environmental protection - have been considered successful experiments in poverty reduction by the UN Development Programme, the World Bank and the Inter-American Foundation. All 120 programmes shared one common element considered basic to success: comprehensiveness.

In environmental news, Brazilian peasants and environmental groups last week attacked plans to protect the Amazon forest put forward by a partnership between the World Bank and the Worldwide Fund for Nature (WWF). The World Bank-WWF proposal would put 25 million hectares under protection by 2000, and put an additional 200 million hectares under sustainable management practices by 2005. The Brazilian groups criticised the World Bank and WWF for not consulting local groups before initiating the plan, a claim the World Bank and WWF deny. The Brazilian groups also said in an open letter to the two institutions that the conservation plan includes "the added risks of incorporating lands occupied by traditional populations, and thus intensifying the conflicts that already exist among these populations and [the Brazilian Environmental Institute.]" The groups said conservation plans already agreed to have not been implemented because the Brazilian government lacks the political will, labour and funding to carry them out--a fate the groups argue awaits the World Bank-WWF plans. The groups also said that the World Bank-WWF proposal leaves unanswered what economic alternatives indigenous people who rely on the forests for their livelihood will have to support themselves.

"Brazilian groups challenge Amazon plan", IPS, July 9, 1998; "LATAM: Success Stories and New Formula for Poverty Reduction", IPS, July 8, 1998.

IN BRIEF - UN ENVIRONMENT TASK FORCE, CONTROVERSIAL NUCLEAR TRANSPORT, EUROPEAN ENERGY TAX

The UN Task Force on Environment and Human Settlements, in its 32-page report issued earlier this month, has rejected a proposal to merge the UN Environment Programme and the UN Centre for Human Settlements. The 21-member Task Force has also implicitly rejected a proposal to move the two environmental bodies out of Nairobi, although it has suggested that the environmental treaty secretariats, currently dispersed on different continents, relocate in a cluster. The Task Force has also recommended the establishment of an inter-agency Environment Management Group, arising out of the increasing prominence of environmental issues on the agendas of several development-oriented institutions such as UNDP, the World Bank, WHO, FAO and regional development banks.

"ENVIRONMENT: Task Force Rejects Merger of Two UN Bodies", IPS, July 5, 1998.

Shipments of irradiated nuclear fuel rods from French power stations to La Hague processing plant on France's North coast are to start again, the French nuclear installations safety agency announced earlier this month. This move opens a startling gap between policies in France and Germany, which both halted nuclear fuel movements in May after spots of radioactivity were reported on fuel shipment containers and rail wagons. In Germany, an expanding row has embarrassed the nuclear industry, electricity producers, fuel transporters and state and federal authorities. The turmoil in Germany is also threatening to take on a European dimension as members of the European Parliament have condemned the attitude of companies involved in nuclear transports in Germany and France and have called on the European Commission to launch an environmental assessment of EU transports of nuclear material. "France Restarts Nuclear Shipment", ENVIRONMENT NEWS SERVICE, July 2, 1998.

The idea of an European-wide energy tax is back on the table following a high-level meeting between member States and the European Commission earlier this month. The meeting was called by European Union taxation commissioner, Mario Monti, who hoped to break the deadlock on a draft directive proposed by the Commission last March which would, for the first time, impose EU-wide minimum rates of excise duty on most energy products. "Energy Tax Plan Back on European Agenda", ENVIRONMENT NEWS SERVICE, July 7, 1998.

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STRENGTHENING CAPACITIES IN DEVELOPING COUNTRIES TO DEVELOP THEIR ENVIRONMENTAL SERVICES SECTOR, UNCTAD Expert Meeting, July 20-22, Geneva, Switzerland. For information, contact: UNCTAD Secretariat, Intergovernmental Support Services, Palais des Nations, 1211 Geneva 10, Switzerland, tel: (41 22) 907 50 07, fax: (41 22) 907 00 56, e-mail: correspondence@unctad.org

INFORMATION GATHERING ON TRADE-RELATED ENVIRONMENT MEASURES AND ENVIRONMENT-RELATED TRADE MEASURES, APEC Workshop, July 22-24, Beijing, China. For information, contact: APEC Secretariat, 438 Alexandra Road, Singapore 119958, tel: (65) 276 1880, fax: (65) 276 1775, e-mail: info@mail.apecsec.org.sg

SYMPOSIUM ON WORLD TRADE AND THE ENVIRONMENT, 10 September 1998, Stimson Room, House of the Association of the Bar of the City of New York, 42 West 44th Street, New York, NY, USA. This symposium, sponsored by the New York Law School's Centre for International Law, the Association of the Bar of the City of New York, the Committee on International Trade, and the Committee on International Environmental Law will cover key legal and economic issues involved in the debate over whether international trade rules and environmental protection are compatible. For information, contact: Lena Skou-Moynihan, New York Law School, Center for International Law, tel: (1 212) 431 2893, fax: (1 212) 966 6393, email: lskou@nyls.edu, web site: www.nyls.edu/cil.html

RESOURCES

"A POPs Primer," Greenpeace, WEDO and Commonweal, 1998, 8 pp. This paper discusses health, environmental and political issues relating to persistent organic pollutants (POPs), summarises international negotiations on POPs and describes their uses and consequences. It also includes information about how POPs affect women and women's reproductive health. To order, contact:

Women's Environment and Development Organization, 355 Lexington Avenue, New York, NY 10017, tel: (1 212) 973 0325, email: wedo@igc.org, web site: www.wedo.org

"Proceedings of Regional and Sub regional Awareness-raising Workshops on Persistent Organic Pollutants (POPs)," Inter-organisation Programme for the Sound Management of Chemicals (a cooperative agreement among UN agencies), 1998. This publication presents papers given at workshops on persistent organic pollutants (POPs). It provides information about range of health, environmental and policy concerns, and lists contact information for participants--government officials and scientists with expertise in POPs issues. For ordering information, contact: UNEP Chemicals, 15, chemin des Anemones, 1219 Geneva, Switzerland. Available free on web site: http://irptc.unep.ch/pops/POPs_Inc/INC_1/inf2.htm

"Four-year Review of the North American Agreement on Environmental Cooperation: Report of the Independent Review Committee," June 1998, Montreal, Canada. During the Fifth Regular Session of Council of the Commission for Environmental Cooperation (CEC) on June 25 and 26 in Mérida, Yucatán, the Independent Review Committee, which was appointed last year by the Council, presented its report on the operations and effectiveness of the North American Agreement on Environmental Cooperation (NAAEC), the environmental side agreement of NAFTA. The Committee's report presented the Council with recommendations and insights for a long-term vision of the Agreement and its institutions. The full report may be obtained through the CEC's Internet homepage at www.cec.org under the Independent Review Committee header or ordered from Manon Pepin at the CEC Secretariat, 393 rue St-Jacques Ouest, bureau 200, Montréal, H2Y 1N9 Canada, tel: (514) 350 4300, fax: (1 514) 350 4314

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