

Table of Contents

- WTO General Council Discusses Transparency and Civil Society Relations
- U.S. Appeals Shrimp Ruling, Thailand Fishes For Environmental Solutions
- EU Torn Over Cotton Duties, Mexico Fears Dumping
- Delegation Calls For Vulnerability Index for Small States
- New Forum For Investors-Emerging Markets Planned
- IN BRIEF - WTO News; Quad group discuss services trade, high-level meeting on Trade and Environment
- EVENTS & RESOURCES

WTO GENERAL COUNCIL DISCUSSES TRANSPARENCY AND CIVIL SOCIETY RELATIONS

The WTO General Council, meeting in Geneva last week, discussed a number of issues relating to transparency of the international trade body, as well as its interaction with civil society. In a July 15 statement – of which extracts are reproduced below - WTO Director-General Renato Ruggiero summed up the main issues relating to transparency that were raised with governmental delegations. On 16 July, Ruggiero met with representatives of eight international non-governmental organizations to discuss these same issues.

Although the General Council didn't come to any formal decisions on the subject of transparency and civil society relations, a number of issues were covered. First, those States who made statements on the subject responded on the whole positively to the measures proposed by the WTO Secretariat for enhancing information exchange with NGOs. Several of the States which responded commented that such initiatives were within the secretariat's competence.

Two categories of documents were mentioned in the context of derestriction: minutes of meetings and working documents. Some States were reticent to proposals to derestrict minutes of meetings as these could contain indications of current or future negotiating positions. The U.S. suggested derestricting working documents, and WTO members' views on this proposals were slightly more positive than those regarding derestriction of minutes of meetings, although some reticence was tangible. Finally, the U.S. had made widely known its view that Panel reports be made public. Views on this proposal were diverse. Many members preferred to see this issue discussed in the context of the review of the Dispute Settlement Understanding due to be completed by the end of this year.

Summary of Renato Ruggiero's statement to the General Council:

INFORMATION POLICY: Ruggiero recognised the need to improve the exchange of information about the nature and goals of WTO. GATT, the forerunner of the WTO was based more on technical considerations with a tradition of confidentiality. The situation is now different and WTO information policy should adapt to this new reality. Ruggiero recognised that progress had already been made, but said that for real progress, strong commitment from national governments is needed.

DOCUMENT DERESTRICTION: Document derestriction has an obvious symbolic importance, but Ruggiero stated that there was not a major problem in substance as, contrary to what is sometimes claimed, WTO is not a secretive organisation. The Director-General referred to the growing media coverage of WTO activities, the fact that WTO is making a concerted effort to brief the press on every issue, and the strong and constructive relationship WTO has with the press. Ruggiero recalled that almost all WTO documents are immediately made public and that there is a public list of those that are not. However he added that even in this limited area, there is more the General Council can do to promote transparency.

DISPUTE SETTLEMENT: Ruggiero said that in this area, the problem is not just the unilateral disclosure of panel findings, but also the partisan and inaccurate way in which this is done. The problem is compounded by the fact that the WTO is prevented by its own rules from responding to or correcting any inaccuracies. This makes it difficult to provide full and balanced information - though it is important that WTO Members do so.

TRANSPARENCY MEANS PARTICIPATION OF ALL DELEGATIONS IN THE FORMAL AND INFORMAL EXCHANGE OF VIEWS INSIDE WTO: Ruggiero, in his July 15 statement, said that this requires that formal and informal meetings be open-ended, so that delegations be fully aware and fully informed.

In addition, Ruggiero recalled that WTO has already taken steps in relation to civil society, and that this relationship is based on a clear and detailed mandate given by the General Council. This has, for instance, allowed wide NGO participation in both WTO's Ministerial Conferences. The WTO Secretariat is now planning to undertake regular media briefings for NGOs - along the lines of the briefings already offered to the media. To assist the flow of information in the other direction, WTO's External Relations Division will now compile a monthly list of NGO documents received by the Secretariat which will be made available to all Member governments.

In the concurrent meeting mentioned above, Ruggiero presented these same initiatives to representatives of the International Chamber of Commerce (ICC); the International Confederation of Free Trade Unions (ICFTU); the International Centre for Trade and Sustainable Development (ICTSD); the International Organization of Employers (IOE); the World Conservation Union (IUCN); the International Institute for Sustainable Development (IISD); the World Business Council for Sustainable Development (WBCSD); and, the World Wide Fund for Nature (WWF-International). The NGOs expressed their concerns on, inter alia, the broader issue of public participation and the WTO, including the lack of an institutional transparent accreditation policy and mechanisms to implement it; the effects of WTO Dispute Settlement proceedings on social and environmental concerns; and the form and content of the eventual so-called High-Level Meeting on Trade and Environment. The meeting with NGOs in Geneva was described as an outreach initiative of the WTO Secretariat. Similar meetings with NGOs in other parts of the World are expected to follow.

"Ruggiero announces enhanced WTO plan for cooperation with NGOs" WTO Press Release, July 17, 1998; "Quicker WTO disclosure sought by U.S. ambassador", JOURNAL OF COMMERCE, July 16, 1998; ICTSD Internal Files.

U.S. APPEALS SHRIMP RULING, THAILAND FISHES FOR ENVIRONMENTAL SOLUTIONS

The U.S. last week made formal its long anticipated appeal against an April WTO decision against an U.S. ban - instituted in 1996 - on wild shrimp imports caught without the use of so-called turtle excluder

devices (TEDs), which the WTO ruled violates international trade rules. (TEDs allow sea turtles to escape from nets cast to harvest shrimp.) Thailand and Malaysia brought the case to the WTO, and were later joined by Pakistan and India. The ban is widely seen by many countries in the trade system as an application by the United States of domestic environmental laws outside its borders.

The shrimp-turtle dispute, as it is commonly called, has evolved into a landmark case at the WTO, bringing the need for clear rules on the nexus between trade and the environment to the forefront. In its appeal the U.S. argued that the WTO dispute settlement panel misinterpreted WTO rules when deciding the shrimp-turtle case. First, by ruling that the U.S. ban was not within the scope of WTO exceptions to trade rules for conservation purposes. Second, the U.S. argues in its appeal that the WTO erred by rejecting consideration of amicus briefs prepared by environmental organisations. The WTO decision on the appeal is due in September.

Meanwhile in Thailand, environmental concerns surrounding inland shrimp farming has resulted in a government ban on most inland shrimp farming. The National Environmental Board proposed the ban on shrimp farming in fresh water zones over fears that organic waste and salt water runoff would pollute neighbouring rice paddies and tropical fruit groves. The ban does allow shrimp farmers who recycle their organic and saltwater waste to remain in brackish inland areas (intermediate areas which contain a mixture of fresh and salt water). The ban could have serious effects on Thai shrimp processors, who already have over-capacity problems.

Thailand is the largest exporter of cultured shrimp, and the world's largest exporter of rice. Shrimp however is a much more lucrative crop for farmers than rice. Shrimp growers began to move inland after disease destroyed coastal shrimp areas. Large inland shrimp farmers say environmental problems are not a necessary part of inland shrimp farming, but occur when smaller, poorer shrimp farmers do not adapt environmentally friendly farming methods such as recycling salt water waste and instead allow the waste to run off into fresh water supplies. Larger farmers complain that smaller shrimp farmers are generally after the "quick cash" a shrimp harvest can bring and cannot or do not want to invest in the more expensive farming methods.

"Washington appeals against WTO ruling," FINANCIAL TIMES, July 14, 1998; "US appeals WTO ruling in sea turtle dispute," LOS ANGELES TIMES, July 13, 1998; "Thailand puts rice before shrimp," FINANCIAL TIMES, July 15, 1998; "Inland shrimp farms replace paddy fields;" "Inland prawn farms spark ban debate," BANGKOK POST, May 18, 1998.

EU TORN OVER COTTON DUTIES, MEXICO FEARS DUMPING

The European Commission (EC) last week proposed to drop anti-dumping duties on unbleached-cotton imports from Turkey and to replace existing anti-dumping duties on unbleached cotton from India, China, Pakistan, Egypt and Indonesia with minimum price undertakings. The proposal was made after heated disagreement among EU members over dumping measures against unbleached cotton imports. Anti-dumping measures are intended to eliminate or discourage foreign firms from selling goods in export markets at below production costs or at a loss in order to out-sell local manufacturers.

The U.K., Ireland, the Netherlands, Austria, Denmark, Finland, Germany and Sweden lashed out against an EC decision to impose - despite the objection of a majority of EU members - five-year anti-dumping duties against Turkey, India, China, Pakistan, Egypt and Indonesia. The group of eight EU states called the EC move "regrettable" and warned of "doubtful consequences." The UK estimated that 7,000 jobs

could be lost if the duties were imposed. Italy, France, Spain and Portugal – EU members in favour of the duties – immediately defended the EC decision as entirely proper. Anti-dumping opponents argue that France, et al want to protect domestic producers from more competitive and perhaps more innovative foreign competition, and describe EC attempts to verify possible unbleached-cotton dumping as dubious. By taking Turkey out of the anti-dumping scope, the EC hopes to sway Austria, which is especially opposed to duties being imposed on Turkey, in order to gain a majority of votes in favour of imposing duties.

On the other side of the world, Mexico too is wrestling over anti-dumping measures in light of cheaper textiles and steel coming out of the troubled Asian economies. Mexico has not yet launched a formal investigation on possible Asian dumping, but has said it is assessing the threat of Asian dumping at this time. Some U.S. textile importers criticise Mexico for sounding the anti-dumping alarm, accusing Mexican textile manufacturers of protectionism. Mexican exports of textiles and apparel are expected to total US\$9.6 billion this year, up from just under US\$5 billion last year, and is expected to replace China as the number one supplier of textiles and apparel to the U.S. To date, no country has imposed anti-dumping measures in response to cheaper Asian exports resulting from the region's economic crises.

In related news, the U.S. agreed in an out-of-court settlement in Geneva last week, to eliminate visa requirements for textile products integrated into global rules, without conditions, no later than December 31, 1998. The deal was reached in a bilateral settlement with India, Pakistan and Hong Kong, after the three filed a complaint with the WTO's textile monitoring body.

"Mexico wary on Asian exports of textiles, steel," JOURNAL OF COMMERCE, July 14, 1998; "The EU's cotton clash," WALL STREET JOURNAL, July 14, 1998; "Brussels tries new tack over cotton dumping," FINANCIAL TIMES, July 14, 1998; "Sewing up a storm south of the Rio Grande," BUSINESS WEEK, July 20, 1998.

DELEGATION CALLS FOR VULNERABILITY INDEX FOR SMALL STATES

A delegation of ministers from small Commonwealth states continued meetings last week highlighting the role of developing economies in the global finance and trading systems. The delegation, headed by Barbados Prime Minister Owen Arthur and including ministers from Fiji, Lesotho, Mauritius and New Zealand, proposed the adoption by multilateral lending and trade institutions of a so-called vulnerability index, which would be used to assess the need for preferential treatment in global finance and trade matters. While meeting with ambassadors from the 71 African, Caribbean and Pacific (ACP) developing nations in Brussels last week, Mr. Owen stressed the need for the vulnerability index in light of upcoming Lomé V negotiations between the EU and ACP nations.

The group proposed the vulnerability index to the World Bank, IMF, and WTO in meetings held over the last two weeks. Mr. Owen reported that the World Bank, IMF and the Commonwealth Secretariat agreed to develop the indices based on scientific data which could include criteria such as foreign exchange fluctuations related to dependence on primary commodities, existing transportation infrastructure, susceptibility to weather-related disasters such as drought and hurricanes, and available human resources. The Commonwealth delegation proposed the idea during talks with WTO Director-General Renato Ruggiero. While Mr. Ruggiero made no direct comment about the possibility of using a vulnerability index in global trade talks – to help decide such matters as delayed elimination of quotas or customs tariffs for developing countries, Mr. Ruggiero said more generally that talks with the delegation

helped clarify the view of small states with regard to WTO participation and the need for technical assistance related to globalisation.

In related news, some developing economies are looking to the island-nation of Mauritius for ways to diversify their economy and increase their presence in international trade. Along with GDP growth in 1996 of 6.1 percent versus 3.8 percent for sub-Saharan Africa, Mauritius has Africa's second highest per-capita income at US\$3,960, a literacy rate of 100 percent, and the longest life expectancy of any African nation. By diversifying its economy away from a strict dependence on sugar and moving into a booming export-processing economy, Mauritius escaped the economic stagnation plaguing many African economies.

Mauritius's manufacturing sector is heavily concentrated in textiles, with a number of foreign companies opening up shop in Mauritius, attracted by cheaper labour and export taxes, and Africa's preferential access to European and U.S. textile and apparel markets. The country has diversified further into out-source services such as telephone customer services for U.S. companies. The director of Mauritius's Export Processing Zone Development Authority, Nikhil Treebhooen, said that other African countries could adopt the Mauritius model for economic growth with success, but warned, "[African countries] can't be xenophobic if they want to do what we did. If you think foreigners are going to come and exploit your workers and take advantage of your country, you can't pursue an export based economic strategy."

"Small concerns," FINANCIAL TIMES, July 13, 1998; "World Bank seen reviewing trade, aid preferences," REUTERS, July 14, 1998; "Small states call for 'vulnerability index' to protect trade," AGENCE FRANCE-PRESSE, July 14, 1998; "The Mauritius model gives African nations a path to prosperity," WALL STREET JOURNAL, July 15, 1998.

NEW FORUM FOR INVESTORS-EMERGING MARKETS PLANNED

A well-connected group of Geneva business and press professionals have proposed a new forum for generating business and investment opportunities in emerging markets. Noting that a number of developing economies must allocate a great deal of financial and human resources trying to drum up private financing for development efforts such as transportation and energy infrastructure development, the Geneva group is organising an exhibition to bring emerging economies and interested investors together. The first Emerging Markets Business Encounter (EMBE) is scheduled to take place in 1999 in Geneva, and over 40,000 business people looking for new investment opportunities will be invited. EMBE organisers hope the event will generate business between investors looking for new opportunities and developing economies looking for foreign capital investment.

The organisers, lead by Dominique Flaux and including Jean Claude Prelaz of the Private Investors Forum in Geneva as well as Guy Mettan of the Swiss Press Club, hope to attract a diverse group of multinational firms, investment banks and private and public assistance institutions to the event. The U.N. Conference on Trade and Development (UNCTAD) is urging emerging countries to attend the event, and will hold a series of meetings outlining emerging economies' potential as part of EMBE activities at Palexpo. The Swiss Organisation for Facilitating Investments will provide technical support to countries exhibiting. The Swiss Federal Office for Foreign Economic Affairs (OFAEE) is considering helping some of the least developed countries finance their participation at EMBE, while France is looking to possibly support the participation of African francophone nations.

"Un grand Salon des investissements devrait voir le jour a Geneve," TRIBUNE DE GENEVE, July 4-5, 1998.

IN BRIEF - WTO NEWS; QUAD GROUP DISCUSS SERVICES TRADE, HIGH-LEVEL MEETING ON TRADE AND ENVIRONMENT

Concluding that work on the harmonization of non-preferential rules of origin could not be completed on 20 July 1998 as planned, WTO members have committed themselves to endeavour to complete the work by November 1999. This conclusion is contained in a report adopted by the Committee on Rules of Origin on 6 July and approved by the Council for Trade in Goods on 8 July. "Rules of origin" are the criteria used to define where a product was made. They are linked to the application of trade measures such as quotas, preferential tariffs, anti-dumping actions and countervailing duties. "WTO Postpones work on harmonizing rules of origin", WTO Press Release, July 9, 1998.

Participants agreed on 17th July to suspend negotiations on extending the product coverage of the WTO information technology agreement. The Chair of the ITA Committee, Mr. Martin Harvey (New Zealand), will be consulting with delegation in September on the resumption of the negotiations. The WTO Ministerial Declaration on Trade in Information Technology Products (ITA), agreed at Singapore in December 1996, provides for participants to eliminate customs duties and other duties and charges on information technology products by the year 2000 on an m.f.n. basis (applied to all WTO members). The ITA participants, in February 1998, began considering proposals for expanding the product coverage of the agreement (ITA II). The 44 participants account for more than 93 per cent of world trade in IT products. "ITA II talks suspended", WTO Press Release, July 17, 1998.

WTO accession negotiations for the Kyrgyz Republic, concluded successfully last week, paving the way for Kyrgyzstan to become the 133rd and the first Commonwealth of Independent States member to join the WTO. "Way cleared for Kyrgyz Republic to become 133rd member of the WTO", WTO Press Release, July 17, 1998.

The search for the next head of the WTO was formally launched on 15th July. The deadline for nominations is 1st October. At least five aspirants have declared their interest, although only the Canadian candidate has been formally proposed by its government. These are Hassan Abouyoub, former Moroccan trade minister ; Felipe Luiz Lampresa, Brazil's foreign minister ; Roy MacLaren, former Canadian trade minister ; Mike Moore, former New Zealand premier, and Supachai Panitchpakdi, Thai deputy prime minister. The WTO General Council set the end of November for selection of a new director-general, which must be by consensus. "Race is on for next WTO Chief", FINANCIAL TIMES, July 16, 1998. "OMC : la succession de Renato Ruggiero est ouverte", Le Figaro, July 16, 1998.

Negotiators from the EU, the U.S., Japan and Canada have begun consultations on the next round of international negotiations to remove barriers to trade in services. In a meeting in Ottawa earlier this month, representatives of the four – the Quad group – agreed to further meetings in the autumn to find consensus on how WTO services talks should proceed. WTO members are committed to beginning new services negotiations by 2000, and the four are seeking broad areas of agreement to help them persuade developing countries to adopt an ambitious agenda. "New drive to liberalize services trade", FINANCIAL TIMES, July 13, 1998.

Representatives of the same Quad countries meet in Brussels this week to exchange views on plans and expectations for the eventual High Level Meeting on Trade and Environment. The meeting, originally the

initiative of Sir Leon Brittan of the EU, was one of President Clinton's calls at the May WTO Ministerial in Geneva. The objective and the form of the meeting remain uncertain so far. ICTSD Internal Files

EVENTS & RESOURCES

EVENTS

AD HOC WORKING GROUP ON BIOSAFETY OF THE CONVENTION ON BIOLOGICAL DIVERSITY, August 17-28, Montreal, Canada. For information, contact CBD Secretariat, tel: (1 514) 288 2220, fax: 288 6588, e-mail: chm@biodiv.org

FOURTH INTERNATIONAL CONFERENCE ON GREENHOUSE GAS CONTROL TECHNOLOGIES, 30 August-2 September 1998, Interlaken, Switzerland. For information, contact: Dr. Baldur Eliasson, Head, Energy and Global Change, ABB Corporate Research Ltd., Baden-Dättwil, Switzerland, tel: (41 56) 486 80 31, fax: 493 45 69, e-mail: baldur.eliasson@chcrc.abb.ch

17TH CONGRESS OF THE WORLD ENERGY COUNCIL, 13-18 September, Houston, Texas, USA. The focus will be on energy, technology, and sustaining world development into the third millenium. For information, call (1 202) 331 0415 or go to web site: www.wec98congress.org

SECOND FINANCIAL TIMES WORLD WATER CONFERENCE, 15-16 September, London, UK. For information, contact: Sarah Gibb, FT Conferences, tel: (44 171) 873 3450, fax: 873 3067, e-mail: sarah.gibb@ft.com

RESOURCES

"Sixth Session of the Commission on Sustainable Development," UN Non-Governmental Liaison Service, E&D File, Vol. III, No. 17, July 1998, 6pp. Available from NGLS, Room FF-346, United Nations, New York, NY 10017, USA, fax: (1 212) 963 8712, e-mail: npls@undp.org, or from NGLS, Palais des Nations, 1211 Geneva 10, Switzerland, fax (41 22) 917 0049, e-mail: npls@unctad.org The unedited version of the report of CSD-6 will shortly be available on the UN Department of Economic and Social Affairs' web site: www.un.org/esa/sustdev If you do not have access to the web, or would like a copy of the report in one of the official UN languages other than English, please contact NGLS in New York at the above address.

"WTO as a Conceptual Framework for Globalisation," Global Publications Foundation, 1998. This anthology of articles covers issues including the connection between conflict, globalization and free trade; the expanding power of transnational corporations; and scarcity of food. It is available from: Global Publications Foundation, Stiftelsen Global Kunskap, Box 1221, 752 42 Uppsala, Sweden, fax: (46 18) 50 33 60, e-mail: glokun@globalpublications.org, web site: www.globalpublications.org

"Ressources génétiques et droit," by Christine Noiville, Paris, 488pp, 1997. This book examines the legal regimes of marine genetic resources. For information or to order, contact: Réseau "Droit de l'environnement", Faculté de droit et des sciences économiques, Université de Limoges, 32, rue Turgot, 87000 Limoges, France, tel: (33) (0)5 55 34 97 25, fax: (33) (0)5 55 34 97 23

BRIDGES Weekly Trade News Digest is published by the International Centre for Trade and Sustainable Development and edited by the Institute for Agriculture and Trade Policy. Excerpts from BRIDGES

Weekly Trade News Digest© may be used in other publications with appropriate citation. Comments and suggestions are welcome and should be directed to: Ricardo Melendez-Ortiz:
<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.

To subscribe send email to: majordomo@igc.apc.org. Leave the subject line blank. In the body of the message say: subscribe tradedev

BRIDGES Weekly Trade News Digest© can be found at the ICTSD web page: <http://www.ictsd.org>
