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CARIBBEAN LEADERS PREPARE FOR LOMÉ

Leaders from 14 Caribbean nations met last week in the Dominican Republic in preparation for upcoming negotiations between the EU and African, Caribbean and Pacific (ACP) nations. Cuban president Fidel Castro attended, looking to increase economic ties both with his Caribbean neighbours and with the EU. Cuba currently holds observer status in the Caribbean trade-bloc CARICOM and will also be an observer in the ACP-EU Lomé talks. Caribbean nations have embraced Cuba's Fidel Castro while accusing the US of breaking trade promises.

The summit was to focus on the Caribbean negotiating strategy both with the EU and its African and Pacific counterparts during talks for a new Lomé Convention, the trade and aid agreement between the EU and the 71 ACP countries. Lomé IV expires in 2000, and the EU has indicated it wanted a new approach to the successor Lomé V pact. This could entail negotiating several separate treaties with ACP regions, a move that could significantly lessen ACP negotiating power and spark inter-regional competition for export markets. According to one Caribbean official, "There is general agreement on [taking a unified ACP approach] within the Caribbean, but we need to convince some of our African colleagues who appear willing to accept these separate agreements with the EU."

Convincing their African and Pacific colleagues is no easy task, according to an official with the European Commission's development group. "To get 15 EU states to get their act together is difficult enough; to get 71 ACP states to reach a common position is very difficult." The European Commission this spring proposed a new way of negotiating with ACP nations, saying that the past 20 years of Lomé relations had produced a culture of ACP dependence on Europe. What is needed, according to Phillip Lowe with the Commission's development agency DGVIII, is for Lomé to "help the ACP countries by giving them assistance to meet international standards of commerce, helping them to adapt their structures to liberal trade conditions, and by stimulating their trade with the [EU]." Thus the call for separate regional treaties, including as many as five sub-regional treaties with Africa.

Observers note that the ACP bloc does not have anywhere near the coherent vision and strategy for its future necessary to get serious talks with the EU underway. Further, the different levels of development within ACP regions could make separate regional talks infeasible. "The complexity of the [EU] proposed trade arrangements may contribute to putting extra pressure on relatively weak ACP administrations," according to Lomé expert Henri-Bernard Solignac Lecomte. "Import liberalisation toward the EU would add yet another tier [to a range of trade schemes already under way]. This could contradict the EU's pledge to help ACP countries integrate into the multilateral system," Mr. Lecomte said.

Also at the Caribbean summit, leaders were expected to discuss increasing trade with the U.S. via so-called NAFTA-parity. Caribbean countries have for years asked the U.S. to extend the same preferential trade treatment extended to Mexico under the North American Free Trade Agreement to Caribbean countries. A bill addressing this issue is currently pending in the U.S. Congress, but may be fatally tied to an omnibus bill incorporating fast track negotiating authority (see BRIDGES Weekly Trade News Digest, vol. 2, no. 31). Island leaders expressed "deep disappointment" with Washington for failing to include Caribbean textile industries in the North American Free Trade Agreement.

During the meeting, the Caribbean Community's 14 members and the Dominican Republic signed a trade agreement to remove most tariffs between the island nations.

"Caribbean: summit to focus on trade," FINANCIAL TIMES, August 20, 1998; "Die europäische Bananeninsel in der Karibik fürchtet den Unterang," FRANKFURTER ALLGEMEINE ZEITUNG, August 17, 1998; "Les Caraïbes préparent un nouvel accord avec l'UE," LA TRIBUNE, August 21, 1998; "Cuba set to deepen Caribbean links," IPS, August 11, 1998; "World: Americas - Castro finds new friends", BBC WORLD SERVICE, August 25, 1998.

AFRICA: GROWING FAST, WITH HEAVY DEBT ANCHOR, DEVELOPING REGIONAL TRADE LINKS

Africa will be the world's fastest growing region this year, according to a report from Flemings Research. "The continent's gross domestic product [is] forecast to grow by 4.6 percent [in 1998], rising to 4.9 percent in 1999. Africa's growth performance reflects steadily improving macro-economic management," the Flemings report said. Africa's dependence on commodities will continue to be a source of weakness for its economies; to counter this, African economies must commit to faster implementation of structural reforms "that raise the level and efficiency of investment," according to the report. Investors have a poor perception of Africa, Flemings notes, commenting that "turning this perception around remains a difficult task for many African countries." In related news, Egypt is reportedly poised to increase trade and economic ties with sub-Saharan trade and development groups. Egypt is reportedly frustrated by attempts to increase ties with western trade partners and is looking closer to home for alternative growing markets in the region.

Meanwhile, African economies are crippled under heavy foreign debt loads that cannot be paid. The Heavily Indebted Poor Countries (HIPC) Initiative, launched by the International Monetary Fund (IMF) and the World Bank in 1995 to help alleviate debt loads in the world's poorest countries, has

proved totally ineffective. Of the 33 African countries that can be classified as heavily indebted, only one - Uganda - has received HIPC assistance. Only three more - Cote d'Ivoire, Mozambique and Burkina Faso - are in line for relief by 2000. Poverty-fighting organisations 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 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. Oxfam International found that poor African economies spend four times as much on debt relief than on health and education. A major flaw with the HIPC initiative, according to observers, is that it would link debt cancellation to IMF approval, which undermines ownership of reform and more dangerously precipitates deeper economic and social crises in HIPCs.

In West Africa, Ghana and Burkina Faso have agreed to expand co-operation in a number of sectors including energy, transport, livestock, trade and communications. Economic ministers from the two countries concluded talks last week for the eighth session of the Ghana- Burkina Faso Joint Commission for Co-operation. The two countries have previously agreed to set up joint management of water resources in the Volta basin. A communiqué issued at the end of talks last week said the two countries would explore ways to improve power supply to Burkina Faso and to "improve the corridor for smooth transportation of goods to and from Burkina Faso."

At the same time, a bill pending in the Burkina Faso parliament would allow for private companies to compete in its energy sector. While the bill does not go so far as to privatise the national energy company Sonabel, it would allow private companies to compete for business in areas currently not served by Sonabel. Consumers are looking forward to privatisation, hoping it will bring about lower prices. Nearly 90 percent of households use wood for their energy needs, putting pressure on the few forests there. Critics argue that allowing private competition in the energy sector is not enough, Sonabel itself must be privatised. The government has so far said no to that, afraid of cutting public servants' jobs. One Burkina Faso businessman said that ultimately, the decision for privatisation would be made in Washington, not Ouagadougou. "It's the Bretton Woods institutions that will have the last word," said the businessman, referring to the IMF and World Bank. Burkina Faso has privatised 50 state companies since the start of structural adjustment programme sponsored by the IMF and World Bank, underway since 1991.

"Africa is world's 'fastest growing region'," FINANCIAL TIMES, August 18, 1998; "Egypt turns its face to the south," FINANCIAL TIMES, August 19, 1998; "A question of morals," NEW YORK TIMES, August 18, 1998. "Economy-Burkina: Energy no longer a no-go area," IPS, August 11, 1998; "Importers of used cars challenge government decision, PAN AFRICAN NEWS AGENCY, August 20, 1998; "OAU chairman calls for greater integration;" "Burkina, Ghana agree to enhance bilateral ties," PAN AFRICAN NEWS AGENCY, August 20, 1998.

U.S. HOUSE ISSUES AGRICULTURE WARNING TO EU

The U.S. House of Representatives earlier this month approved a non-binding resolution declaring the EU unfairly obstructs U.S. agricultural exports. The resolution, passed in advance of global agricultural trade talks, set to start in 1999, called on the EU to live up to its WTO commitments, notably with respect to WTO rulings on the EU banana import regime and a ban on hormone-treated beef imports. The WTO last year ruled against the EU's current regime for importing

bananas, finding that it violated international trade rules by discriminating against a number of Latin American producers. The EU has until January 1999 to revise its regime in accordance with the WTO ruling: the U.S. has already warned that a proposed revised EU regime is inadequate. Earlier this year, the WTO ruled that an EU ban on hormone-treated beef was not supported by adequate scientific evidence. The EU has until May 1999 to lift the ban or provide scientific justification for it.

"Full implementation of these WTO decisions against the EU will show the world whether Europeans are committed to the credibility and long-term viability of the WTO despite settlement system," according to one Midwestern congressman during debate over the resolution.

Meanwhile, French truffle growers have called upon the French government to allocate agricultural subsidies for truffle production. Producers want aid to install better watering systems for its 50,000 hectares of truffle oaks. The systems would help ensure the oaks get the required 60-mm of water each month for a healthy harvest. Truffle producers hope the better watering systems will help increase truffle harvests, which currently fetch about US\$300 a kilo.

"House stance: EU blocks farm exports," JOURNAL OF COMMERCE, August 10, 1998; "France's truffle hunters seek a subsidy," FINANCIAL TIMES, August 15-16, 1998; "Bauern müssen lernen, auf eigenen Füßen zu stehen," HANDELSBLATT, August 18, 1998.

AUSTRALIAN CURRENCY: PROPER PEG FOR COMMODITY ECONOMIES, ASIAN BARTER PROPOSALS

As Russia's currency dropped through the floor, observers noted that tying the rouble to the U.S. dollar may be aiming at the wrong target. Instead, commodity-dependent economies should be tied to the Australian dollar. Australia derives three-quarters of its export income from gold, wool, iron ore and other commodities; its currency has proven to be one of the best indicators of global inflation expectations. If Russia's currency had this year been tied to the Australian dollar, it probably would have experienced a moderate correction comparable to Australia, rather than a complete loss of value resulting from Russia's commodity-based economy trying to keep pace with the high-tech fuelled U.S. dollar. Zurich Group senior economist David Hale notes that other large commodity based economies, such as Argentina, Chile, Brazil and South Africa, would be well served by tying their currencies to the Australian dollar rather than the U.S. dollar. The move could create a Southern Hemisphere currency zone.

Meanwhile in Asia, suffering from collapsed currencies, trade officials from the Association of Southeast Asian Nations (ASEAN) are considering a move to barter trade between members. According to an Indonesian official, barter trade is one of a number of proposals being considered as part of the regions economic recovery program. Barter trade is taking place on a small scale between some member countries already, and if ASEAN members agreed, it could become more common. ASEAN intra-regional trade has slowed significantly since the Asian crises began. Tourism has been hit hard, and ASEAN officials are looking at ways to increase intra-regional travel. In related news, regional trade observers express scepticism that a proposed Asian Free Trade Area scheduled to launch by 2003 will actually take flight in that timeframe given the region's economic turmoil.

In Singapore, Environment Minister Yeo Cheow Tong earlier this month announced government plans to move forward with a massive sewage infrastructure project despite economic troubles there. According to Mr. Yeo, the mission of the environment ministry "is to maintain a clean and healthy living environment for Singaporeans. We must not allow our sense of mission to wane in the face of economic downturn. . . This means maintaining our philosophy of having sound environmental infrastructure and our commitment to essential facilities. In fact, at this difficult time, prudent investments in infrastructure projects will help our business sector and stimulate our economy."

"Russia and the dollar down under," FINANCIAL TIMES, August 15-16, 1998; "ASEAN officials consider using barter as currencies collapse," JOURNAL OF COMMERCE, August 21, 1998; "Despite economic downturn, nation proceeds with huge environmental infrastructure plan," INTERNATIONAL ENVIRONMENT REPORTER, August 18, 1998.

UK, EU CONSIDER ASBESTOS BAN

The European Commission (EC) is considering an EU-wide ban on white asbestos (chrysotile), according to EU industry commissioner Martin Bangemann. Mr. Bangemann is quoted in the EC's July meeting notes as saying that, "The Commission is . . . preparing a draft proposal for a European-wide ban on the marketing and use of chrysotile asbestos and asbestos-containing products." However, at a meeting earlier this year, Greece, Spain and Portugal expressed opposition to a complete ban, about which Mr. Bangemann noted that, "some exceptions and temporary derogations" may be necessary to get a ban passed.

Currently, eight of the 15 EU member-states have banned chrysotile asbestos. Britain last week announced it too was considering a ban: members of the UK construction workers union protested outside the UK Health and Safety Commission, calling for an immediate ban on the use of chrysotile asbestos. The UK Health and Safety Commission will next month release a consultation paper proposing the ban on the supply, use and importation of chrysotile asbestos beginning in 2001. The Commission's proposals are intended to "strengthen the existing legal duty to prevent exposure where reasonably practicable," and would "significantly reduce future potential for asbestos related disease." Upon release, the proposals will be subject to a three-month consultation period.

Canada, the world's second largest producer of chrysotile asbestos behind Russia, this spring asked for formal consultations at the WTO against the French ban on chrysotile asbestos. (See BRIDGES Weekly Trade News Digest, vol. 2, no. 20). Consultations formally began in July. France, like other EU members, imposed the ban on health grounds. Extended exposure to high concentrations of asbestos is known to cause lung problems and cancer. Canada argues that asbestos-related illness occurs through asbestos insulation blown into walls--a common practice earlier in the century, but banned in most markets since 1970. Ninety percent of Canadian asbestos exports are chrysotile asbestos used in cement, which keeps asbestos fibres from getting into the air. Other major exporters of chrysotile asbestos include Brazil, South Africa, Swaziland and Zimbabwe.

"EU drafting ban on white asbestos, Canada wary," REUTERS, August 20, 1998; "Ban on use of asbestos comes closer," FINANCIAL TIMES, August 19, 1998; "Canada threatens asbestos war with UK," ENVIRONMENT NEWS SERVICE, August 21, 1998.

IN BRIEF - JAPAN FRUIT & WASTE TRADE POLICIES CRITICISED; INDONESIA CALLS FOR G77 SUMMIT

The World Trade Organisation has compiled interim findings in favour of U.S. allegations that Japanese testing requirements for apples and other fruits are a barrier restricting market access for U.S. products, the Office of the U.S. Trade Representative said last week. A WTO dispute settlement panel judged that the Japanese requirements have no scientific basis, and thus violate Japan's WTO obligations, the USTR office said. The WTO created the panel last November to deal with a complaint filed by the U.S. regarding Japan's testing requirements for apples, nectarines, cherries, walnuts, pears, peaches, quinces, apricots and plums. Japan asserted that all of these commodities may be hosts to the codling moth, a pest not known to occur in Japan. "WTO finds Japanese fruit testing to be market barrier," KYODO NEWS, August 11, 1998.

Green activists who have forced the Japanese government to impose stricter measures on waste disposal at home, say the government is taking the easy way out of Japan's dilemma on waste disposal, by turning a blind eye to the growing exports of toxic garbage to (developing) countries where laws are more lax and labour cheaper. According to customs figures compiled at the finance ministry, Japan exported 91 137 tonnes of scrap plastic and 21 430 tonnes of aluminium waste last year to Hong Kong, China and Taiwan. In addition, large shipments of old tyres and millions of used cars are exported from Japan each year to developing countries. "Environment-Japan: Throwing Toxic Trash Elsewhere," IPS, August 23, 1998.

Indonesia, while battling a financial crisis at home, is leading a Third World effort to hold a major U.N. conference of developing nations next year. A South Summit, timed to coincide with the U.N.'s Millennium General Assembly in September 1999, would help reassert the solidarity of the world's 132 developing nations that comprise the group of 77. The central issue of the summit would be to define what developing nations can do collectively to improve development opportunities and defend their interests against rising protectionism, soaring debt burdens and falling currencies. "Indonesia spearheads move for a South Summit," IPS, August 20 1998.

EVENTS & RESOURCES**• EVENTS**

INTERNATIONAL SYMPOSIUM ON RESOURCE AND ENVIRONMENTAL MONITORING, September 1-4, Budapest, Hungary. This symposium is organised by the International Society for Photogrammetry and Remote Sensing Commission. For information, contact: Peter Winkley, FOMI Remote Sensing Centre, Bosnyak ter 5, H-1149 Budapest, Hungary, tel: (36) 1 363 6669, fax: (36) 1 252 8282

ENVIRONMENTAL RESPONSIBILITY IN WORLD TRADE, September 6-9, London, UK. This conference will address the issue of the relationship between Northern consumer demands for sustainably produced natural products and emerging market opportunities for Southern producers, in the context of international trade and environmental policy. For information, contact: International Seminars, 1 Beaumont Place, Oxford OX1 2PJ, UK, tel: (44) 1865 316 636, fax: (44) 1865 557 368, web: www.britcoun.org/seminars

TRADE AND SUSTAINABLE DEVELOPMENT WITHIN THE MERCOSUR: THE ROLE OF CIVIL SOCIETY, September 10-12. This conference will take place in Uruguay, organised by Fundación Ecos under the auspices of the Uruguayan government with the support of the Tinker Foundation, and the World Wildlife Fund US. The conference aims to enhance co-operation and communication between government and civil society. It will address issues such as how innovations in regulatory frameworks and public policies can improve institutional protection of the environment and mitigate pollution produced by key industries affected by trade policies. For information, contact Fundación Ecos, tel: (59) 842 71252, fax: (59) 842 71532

INTERNATIONAL CONFERENCE ON ENVIRONMENTAL POLLUTION, September 12-19, Moscow, Russia. Among the issues to be discussed are strategies for biosphere protection, standardisation and certification in ecology, international collaboration for solving global environmental problems, and new technologies for prevention, control and elimination of environmental pollution. For more information, please contact: V. Korobov, Institute of Ecology and Genetics of Micro-organisms, Ural Branch of the Russian Academy of Sciences, 13 Goleva Street, 614 081 Perm, Russia, tel: (7) 3422 646 710, fax: (7) 3422 646 711, email: mike@iegm.perm.su, web: www.ecology.psu.ru

THE ECONOMIC AND SOCIAL IMPACT OF GLOBALIZATION AND INTERDEPENDENCE AND THEIR POLICY IMPLICATIONS, September 17-18, New York. The UN General Assembly will hold a two-day high-level dialogue that will consist of two official ministerial roundtables complemented by two informal panel meetings with the participation of non-governmental actors. For information, contact: Jonathan Cohen, UNA-USA, 801 Second Avenue, New York, NY 10017-4706, tel: (1) 212 907 1300 ext. 325, fax: (1) 212 682 9185, email: jcohen@unausa.org, web: www.unausa.org

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"Knowledge Societies: Information Technology for Sustainable Development: For the United Nations Commission on Science and Technology for Development," edited by Robin Mansell and Ura When, Oxford, UK: Oxford University Press, 1998, 323 pp. This sourcebook is a synthesis of the issues and controversies debated by members of the Working Group on Information Technology & Development of the UN Commission on Science & Technology for Development. It is a valuable resource for government officials, private sector firms and academic researchers working on microelectronics-based information and communication technologies (ICTs) in developing countries. Available from: Oxford University Press, Great Clarendon Street, Oxford OX2 6DP, UK, tel: (44) 1865 556 767, fax: (44) 1865 556 646, web: www.oup.co

"Which World? Scenarios for the 21st Century: Global Destinies, Regional Choices," by Allen Hammond, Washington, D.C: Island Press, 1998, 306 pp. The author, through the development of scenarios, offers insights, information and data on the future course of humanity. Drawing on the work of the 2050 Project, the Global Scenario Group, his own experience as editor-in-chief of the World Resources Institute summary report of UN environmental data and the experiences and knowledge of experts from various regions, the author delineates three different and plausible futures for human society, namely the 'market world,' the 'fortress world' and the 'transformed world.' Available from: Island Press, Box 7, Dept. 2NET, Covelo, CA 95428, tel: (1) 707 983 6432, fax: (1) 707 983 6414, web: www.islandpress.com

"Tobacco, Farmers and Pesticides: The Other Story", Ellen Hickey and Yenyen Chan, 1998. Examines pesticide use in tobacco production worldwide, and presents information in factsheet format. Discusses current trends in tobacco production, including where production takes place and how, and contains case studies of tobacco production in Brazil and Mexico. Free. Six pages. Available from PANNA (see address below) or the Tobacco Free Coalition, c/o The Tobacco Free Project, 1540 Market Street, #250, San Francisco, CA 94102; phone (415) 554- 9151; web www.globalink.org/gtm/sftfc

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Comments and suggestions are welcome and should be directed to: Ricardo Meléndez-Ortiz, Executive Director, ICTSD, Geneva Executive Center, 13 chemin des Anémones, 1219 Châtelaine, Geneva, Switzerland; email: ictsd@iprolink.ch; voice: (41-22) 979-9492; fax: (41-22) 979-9093. BRIDGES Weekly Trade News Digest© can be found at the ICTSD web page: <http://www.ictsd.org/html/mailbox.htm>.

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