



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

BRIDGES

Weekly Trade News Digest

August 31, 1998

Vol. 2, Number 33

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BIOSAFETY TALKS CONTINUE

The fifth session of the Open-ended Ad Hoc Working Group on Biosafety (BSWG) met from August 17-28 in Montreal, Canada. Work focused on defining key terms and further clarification of issues in advance of final negotiations on a biosafety protocol scheduled for February 1999 in Cartagena, Colombia. As part of the Convention on Biological Diversity (CBD) adopted at UNCED in 1992, it was agreed in 1995 that an international protocol on biosafety was needed to complement the CBD. BSWG is charged with forging a biosafety protocol to ensure the safe transfer, handling, use and disposal of living modified organisms (LMOs, often referred to as genetically modified organisms, or GMOs). These precautionary practices are collectively known as "biosafety." At present there are no binding international agreements addressing situations where LMOs cross national borders.

Requirements for advanced informed agreement on LMO shipments between countries were debated at the talks. This type of informed agreement would be similar to international "prior informed consent" procedures as exist in the context of international movements of hazardous chemicals and pesticides. Some LMO exporters, including the U.S., are opposed to advanced informed consent requirements, saying they go "far beyond what is warranted," for addressing risks associated with LMOs, according to one U.S. official. The official added that the requirement for advance informed agreement "could massively disrupt international commerce." Talks on notification last week ended with no agreement on whether advanced notification will be mandatory or voluntary.

The issue of liability and compensation proved a thorny issue at the talks. Liability would establish clear responsibility should an LMO cause environmental or socio-economic harm. Indeed, some delegates wore badges saying "No Liability, No Protocol." Under pressure from major grain exporters, liability language had been narrowed to exclude food and so called LMO-products,

which the three countries argued are already covered under the non-binding Codex Alimentarius, under the auspices of the U.N. Food and Agriculture Organisation. Most developing countries supported inclusion of liability in the biosafety protocol, which could include an emergency compensation fund and/or placing liability on the exporting or importing country. The EU, however, refused to discuss liability at all, arguing that all discussion on liability should take place after the biosafety protocol comes into force. The EU's intransigence on the issue threatened to break down the biosafety talks last week.

Environmental and conservation organisations including Third World Network, Greenpeace, WWF and Friends of the Earth also support the inclusion of liability and compensation provisions in the bio-safety protocol. Supporters of the clause argue that if LMOs and LMO-products are as safe as biotechnology companies claim, why won't they agree to take responsibility for it? Further, absent liability and compensation provisions, biotechnology companies have less incentive to make sure their products are as safe as they claim.

EARTH NEGOTIATIONS BULLETIN, (BSWG-5), August 18-31, 1998; "Biosafety talks to debate standards for international shipments of GMOs," INTERNATIONAL TRADE REPORTER, August 19, 1998; "EU blocks progress in biosafety negotiations," ENVIRONMENT NEWS SERVICE, August 27, 1998.

CRITICISED IMF POLICY FURTHER STRAINED BY RUSSIA

Russia's economic collapse over the past few weeks has fuelled even hotter debate in an already smouldering discussion around the policies of the International Monetary Fund (IMF), the multilateral lending institution responsible for bailing out--one after the other in the last year--the world's ailing economies. Earlier this summer, the IMF put together a loan package for Russia totalling US\$23 billion: just weeks ago, the IMF was happy to report Russia was on its way to economic recovery thanks to the bailout plan. The self-congratulations were premature: witness the financial debacle that has taken place this past fortnight. Apparently, the IMF based its optimistic prognosis of Russia's economic recovery on Russian economic data--data now known to be overly optimistic and difficult to verify.

Prompting further questioning of IMF policy, ailing Asian economies have yet to achieve the currency stability intended to result from the US\$100 billion bailout last year of Thailand, South Korea and Indonesia. The IMF has encouraged corporate borrowers in Indonesia to renegotiate their debt with foreign lenders in order to lower their debt load hopefully freeing up financial resources to return to normal operations. The IMF has even allowed the Indonesian economy to run a deficit of 8 to 10 percent of the total government budget, breaking with traditional IMF policy demanding a budget surplus as a condition of lending.

"The IMF programs don't instil confidence, they don't stop financial panics. In fact they often incite them," said Harvard University economist Jeffrey Sachs, one of the most outspoken critics of IMF policy. "[The IMF] has to learn that a financial bureaucracy can't run half the world. It's deeply corrosive," Mr. Sachs said. Other critics add that the IMF needs to focus less on deep, rapid reforms--which often result in significant social pressures on ailing economies, and focus more on resuscitating their economies.

"Is the IMF killing off its patients?" TIME, August 31, 1998; "IMF, World Bank: dispensing loans at a price," LOS ANGELES TIMES, August 9, 1998; "Turmoil forces the fund to soften its regulations," INTERNATIONAL HERALD TRIBUNE, August 27, 1998.

LATAM AGREEMENTS INCREASE REGIONAL TIES

On August 21 Cuba and Chile signed a five-year trade agreement removing tariffs on 750 Chilean and 600 Cuban products covering the medical, construction and agricultural sectors. According to a Chilean official, the agreement "is intended to strengthen links between our nations and thus facilitate commercial exchange." Chile last year exported about US\$17 million worth of goods to Cuba. Continuing its efforts to improve regional trade ties, Chile is expected to begin talks next month toward a trade agreement with the Central American Common Market (CACM), encompassing Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

The five CACM countries are brought together under the Central American Integration System (SICA), launched in 1991 and which also includes Panama. Together, the SICA nations have a population of 33 million people and last year had a combined gross domestic product of US\$53 billion. SICA last year agreed to strengthen their institutions; however, poor communication and infrastructure (transportation, energy) remain major trade barriers. Guatemala, El Salvador, Honduras and Nicaragua have an agreement allowing for the free movement of citizens. Costa Rica enjoys a higher standard of living than its SICA partners do, a fact that makes Costa Ricans hesitant about joining in on any free movement agreement. One Nicaraguan official hopes this will change, noting, "The first thing we have to do is harmonise social benefits across the region."

Will increased Latin American regionalism via associations such as CACM, the Southern Cone Common Market (MERCOSUR) and the proposed Free Trade Area of the Americas (FTAA), act as a stumbling block to the global free trade movement? Economists have argued that point noting that regionalism could lead to trade diversion and could divert attention and resources away from global multilateral negotiations. However, other economists point out that regionalism is at least a move in the right direction toward more liberalised trade, a sort of walk-before-you-can-run theory of free trade, which supposes that governments willing to adopt free trade on a regional level will more easily welcome free trade on the global level.

In related news, the chief economist of the World Bank, Joseph Stiglitz, and Rubens Ricupero, head of the U.N. Conference on Trade and Development (UNCTAD), last week warned MERCOSUR officials against offering tax incentives to lure foreign companies. Mr. Stiglitz characterised such incentives as "bribes" offered to companies to set up operations in one country over another. He said MERCOSUR should seek agreements restricting such tax arrangements. Both Mr. Stiglitz and Mr. Ricupero said foreign firms value political and economic stability, and other infrastructure when deciding on where to operate.

"Chile's ties with region expands to Central America, Cuba," IPS, August 20, 1998; "Cuba and Chile sign five-year trade accord," REUTERS, August 21, 1998; "Central America grasps the nettle of integration," FINANCIAL TIMES, August 20, 1998; "World Bank and UN warn Mercosur off tax incentives," REUTERS, August 26, 1998; "A question of preference," THE ECONOMIST, August 22, 1998.

ASIAN CRISIS: FORESTS, CURRENCY NEED HELP

The Non Aligned Movement (NAM) last week called on the international community to bolster support for the forestry sectors in Asian nations suffering economic troubles. NAM urged the Intergovernmental Forum on Forests (IFF), currently convening in Geneva, to work toward adoption of international legally binding mechanisms to facilitate and promote sustainable forest use. The Asian economic crisis has created a serious threat to the sustainable use of forests in regional forested economies. NAM also called attention to the situation in developing economies categorised as having low forest cover (LFC), home to most of the world's population. LFC nations depend on other countries to meet timber, firewood and fibre needs. NAM called for increased financial assistance to LFC economies in order to rehabilitate degraded forests and increase the supply of forest products in LFC countries. NAM also expressed concern that the flow of development funding for forestry activities is at present only a quarter of the estimated financial commitment made under Agenda 21 at the Rio Earth Summit in 1991.

Meanwhile, the effects of the Asian crises and devastated Russian ruble continue to ripple toward Latin America. Investor confidence in the region--and developing regions as a whole, has slumped significantly. This has caused a dramatic drop in regional stock and bond markets, as investors fear possible devaluation and defaults in the region. Venezuela, already struggling due to depressed oil prices and political uncertainty there in advance of December presidential elections, may be forced to devalue its currency, the bolivar (1 bolivar = .00172 U.S. dollars). "A devaluation is almost inevitable, unless the oil prices recover. The only question is when," according to one senior economist with Merrill Lynch. For Brazil--Latin America's largest economy, generating more than 40 percent of the regions gross domestic product, investors worry that increases in bond yields may make it difficult for them to get the capital to service its 1999 debts, estimated at US\$56 billion. "Even with massive foreign direct investment, this is a challenging sum to raise," the Merrill Lynch economist noted. Other economists note that the fears about Brazil may overshadow the positive steps it has taken to reform and buffer its economy against the rippling effects of Asia.

"Environment-Asia: NAM aid appeal for forests in crises nations," IPS, August 24, 1998; "Le Brésil touché par les turbulences des crises russe et asiatique," LE MONDE, August 27, 1998; "Spotlight on Venezuela and Brazil," FINANCIAL TIMES, August 28, 1998; "The Asian crises and the big picture," IPS, August 21, 1998.

SHRIMP-TURTLE HEARING; SHARKS PROTECTED

The WTO Appellate Body last week completed its two-day review of the shrimp-turtle case. The WTO ruled in April that an U.S. ban on imports of shrimp caught without the use of turtle excluder devices (TEDs) violates global trade rules. The shrimp-turtle dispute has evolved into a landmark case at the WTO, highlighting differences between the international trade, development and environment communities. In the appellate hearing the U.S. argued that the WTO April 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, spelled out under Article XX of the General Agreement on Tariffs and Trade (GATT). Second, the U.S. argued in its appeal that the WTO erred by rejecting consideration of amicus briefs prepared by environmental organisations.

In other news, Sri Lanka is considering a move to include sharks on a list of protected species. Sri Lanka is the largest producer of shark products in the Bay of Bengal region, predominately of the variety called "silky shark." Researchers estimate that overfishing has reduced populations of some shark species by an estimated 80 percent over the past decade, and further predict that some species could be completely extinct within another decade. At a CITES review last year, proposals were made to institute proper management of shark fishing to make sure that international trade does not hasten the extinction of shark populations. Political pressure within Sri Lanka may make it difficult to adopt CITES proposals: shark meat has cultural significance in Sri Lanka, and shark fishermen can fetch about US\$700 for a fully-grown shark.

"WTO ends review of shrimp panel ruling; U.S. allows Nigerian, Venezuelan imports," INTERNATIONAL TRADE REPORTER, August 26, 1998; "Shark trade puts Sri Lanka in a spot," IPS, August 28, 1998; "Emptier nets," THE ECONOMIST, August 22, 1998.

THAILAND, MALAYSIA TAKE RUBBER TO THE ROAD

Thailand and Malaysia in late July announced they would withdraw from the 22-member International Natural Rubber Association (INRO). The two countries account for about half of the world's annual five million-ton rubber trade. Thailand and Malaysia want better control over the global price of natural rubber: the two countries indicate that INRO has played an insignificant role in bolstering the price of rubber, which has fallen to US\$0.60/lb from US\$1.00/lb in the last year. Thailand and Malaysia indicated they would look to establish a producers-only organisation. Also factoring into Thailand's decision were the economic troubles there, forcing the Thai government to question the benefits of INRO, to which it pays 15 million baht (about US\$350,000) a year in membership dues.

Both countries are expected to put greater emphasis on membership in the eight-member Association of Natural Rubber Producing Countries (ANRPC), which accounts for 90 percent of world rubber production. ANRPC wants to enact three measures aimed at improving rubber prices. First, implement a withholding scheme to limit rubber supply below world demand. (Thailand is particularly keen on a plan to keep rubber production 20 percent below world demand.) Second, create a co-ordinated marketing system to lower competition between producers. Finally, a scheme to stockpile rubber during periods of over supply and low prices. Analysts are sceptical the ANRPC plan will do much for Thailand and Malaysia in terms of yielding the countries better control of the rubber market. Trying to bolster prices via production controls may not be feasible.

"It won't work for two reasons," according to one analyst. "The price in Indonesia is so good at the moment that they will continue to produce as much as they can. Previous attempts to reduce production failed and stuff got out." Further, there is a glut on the rubber market: the economic crisis in Asia, economic ruin in Russia and slower economic growth in the world's richer economies are all likely to keep demand down in the next year.

"End in sight for Inro agreements," FINANCIAL TIMES, August 25, 1998; "Rubber producers to discuss pull-out," BANGKOK POST, July 4, 1998.

IN BRIEF

British Petroleum and Norway's government-owned Statoil, the largest integrated oil companies in their respective countries, are pooling resources to find ways of reducing energy consumption and disposing of carbon dioxide, the firms announced last week. Norway's offshore oil industry launched the so-called "Miljosok (combining the Norwegian words for "environment" and North Sea "sector") initiative." Miljosok seeks to reconcile the need for cost-effective oil and gas exploration with environmental concerns through a wide-ranging co-operative body composed of government ministers, top executives in the industry and special interest groups such as the World Watch Institute and the Norwegian Fisheries Association. "BP and Statoil take steps to cut CO2 emissions," August 27, 1998.

The World Conservation Monitoring Centre (WCMC), the World Conservation Union (UICN) and the World Wide Fund for Nature (WWF) say that one tenth of all the world's known trees are threatened with extinction. The greatest dangers are due mainly to indiscriminate felling, agriculture, expansion of settlement, grazing and burning. The three organisations presented a book last week entitled « World List of Threatened Trees», distributed in Geneva prior to a meeting of the Intergovernmental Forum on Forests (IFF). Although much of tree loss is concentrated in a few countries, a UN report recalled that timber trade is universal and patterns of wood consumption and use are a world question. The Second Session of the Intergovernmental Forum on Forests is currently underway in Geneva - it will conclude on September 4.

"One in ten of world's tree species endangered," IPS, August 25, 1998.

China has promised more investment to tackle the environmental problems which contributed to this year's devastating floods. Money has been promised to increase investment in reforestation and water conservation and to return silted lakes and rivers to their normal size, as part of the growing official acknowledgement that this year's floods were to some extent human-made. Indicating that debate on environmental problems is growing, the official Chinese newspaper commented that something was seriously wrong with the relationship between man and nature in China and that chronic symptoms had been ignored for years.

BBC World Service News, August 1998.

EVENTS & RESOURCES**• EVENTS**

EUROPEAN ENVIRONMENT CONFERENCE, 14-15 September 1998, Leeds, England. Practical papers will be presented aimed at improving environmental performance in a European context. Papers cover issues such as waste management, energy, transport, air and water quality, integrated pollution control, regional and local environmental liability. For information, contact: Conference Manager, ERP Environment, P.O. BOX 75, Shipley, West Yorkshire, BD17 6EZ, UK, tel: (44) 127 453 0408, fax: (44) 127 453 0409

ICC GENEVA BUSINESS DIALOGUE, 23-24 September 1998, Geneva, Switzerland. At this meeting convened by the International Chamber of Commerce, financial meltdowns and other social and economic challenges posed by globalisation will be discussed by top business executives and chiefs of United Nations and other world organisations. For information, contact: International Chamber of Commerce, 38 Cours Albert 1er, 75008 Paris, France, tel: (33) 1 49 53 28 28, fax: (33) 1 49 53 29 42/28 59, email: conf@iccwbo.org, web: www.iccwbo.org/html/What_is_GBD.htm

¿UNA GRAN FAMILIA? HEMISPHERIC INTEGRATION AFTER THE SANTIAGO SUMMIT, 1- 2 October 1998, Ottawa, Canada. In April 1998, at the second Summit of the Americas in Santiago, Chile, the heads of state of thirty four countries decided to formally launch the negotiation process for the Free Trade Area of the Americas (FTAA). Canada has been an enthusiastic supporter of the integration agenda since signing the North American Free Trade Agreement (NAFTA) and will co-ordinate the negotiation process in the next two years. Are other countries moving in the same direction as Canada? Will the United States and Brazil support the establishment of the FTAA? For information, contact: Jean Daudelin, Canadian Foundation for the Americas, Suite 230, 55 Murray Street, Ottawa, Ontario, Canada K1N 5M3, tel (1) 613 562 0005, fax: (1) 613 562 2525, email: daudelin@focal.ca, web: www.focal.ca

• RESOURCES

"The WTO Legal System: Sources of Law," by David Palmeter and Petros Mavroidis. The rapidly expanding law of the World Trade Organization (WTO) is based on the texts of the WTO Agreements, but increasingly WTO dispute settlement panels and the Appellate Body look to the larger field of public international law in deciding cases. Virtually all of the sources of law in Article 38(1) of the Statute of the International Court of Justice have served, in varying degrees, as sources of law in the WTO. In this article, the authors examine the development and significance of each of these sources of law in WTO jurisprudence. *American Journal of International Law*, July 1998, Vol. 92, No. 3, pp. 398-413.

"Genetic Engineering, Dream or Nightmare? The Brave New World of Bad Science and Big Business," by Dr. Mae-Wan Ho, Grawn, MI: Access Publishers Network, 1998, 277 pp. This book argues the case against biotechnology claiming that scientific findings are being overlooked. It touches on transgenic foods, the commercialisation of science, cloning, the large scale release of transgenic organisms and influence exerted by multi-national corporations on the regulatory process. Available from: Access Publishers Network, 6893 Sullivan Rd., Grawn, MI 49637, USA. Can also be ordered on-line at: www.amazon.com

"Seed Industry Consolidation: Who Owns Whom?," Rural Advancement Foundation International (RAFI) Communiqué, July/August 1998. This resource evaluates the rapid consolidation of the seed industry and its impacts on farmers' rights to save exchange and breed crops. It outlines the three-tiered structure of the seed industries and includes a briefing on industry trends and recent activities of seed giants such as Monsanto. Available from: Rural Advancement Foundation International, P.O. Box 640, Pittboro, NC 27312, USA, tel: (1) 919 542 1396, fax: (1) 919 542 0069. Also available on-line at: www.rafi.ca

"Creating a New Consensus on Population," by Jyoti Singh, London: Earthscan Publications, 1998, 215 pp. This comprehensive U.N. study on population is an insider's view on the politics of population. It deals with a wide variety of subjects such as development strategies and the empowerment of women, international migration, and reproductive health. Singh traces the history

of U.N. population policies and programmes going back to the first major U.N. population conference in Bucharest in 1974. It represents a handy reference guide to journalists, U.N. diplomats and researchers for the vast array of information it contains. Available from: Earthscan Publications Limited, 120 Pentonville Road, London N1 9JN, UK, tel: (44) 171 278 0433, fax: (44) 171 278 1142, email: earthinfo@earthscan.co.uk, web: www.earthscan.co.uk/index.html

JOB ANNOUNCEMENT

Fairtrade Labelling Organisations International (FLO), the umbrella organisation for 17 national Fairtrade labelling initiatives, is presently recruiting a Banana Register Co-ordinator.

Terms of reference include: overall responsibility for ensuring yearly register objectives are set and met, including responsibility for preparing annual budget and for its monthly management; co-ordination of the work of the banana register committee including committee meetings, producer assemblies, undertaking research where necessary (banana-specific and Fairtrade in general); co-ordination of the monitoring team and of the inspection system including financial and logistical planning, implementing systems; responsibility for good communication link between producers, National Initiatives, Trade and FLO; general administrative tasks related to the performance of these duties.

Profile: previous position of responsibility in management; substantial professional experience in development and/or trade, and interest in Fairtrade; some knowledge of bananas, producer and/or market side; ability to communicate at all levels (producers, trade, lobby); capacity to perform in complex structures; commitment, flexibility, organisational ability and numerate; fluency in English and Spanish essential; availability to travel.

Conditions: full-time position based in Bonn.

Please apply in English, including a CV, by 2 October 1998 to: Executive Secretary, Fairtrade Labelling Organisations International, Poppelsdorfer Allee 17, 53115 Bonn, Germany.

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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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