



INTERNATIONAL CENTRE FOR  
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### **BURMA: JAPAN, EU BRING MASSACHUSETTS LAW TO WTO; ILLEGAL WILDLIFE TRADE**

The Japanese government asked the WTO last week to set up a dispute settlement panel to rule on whether a Massachusetts law sanctioning companies that trade with or invest in Myanmar (Burma) violates global trade rules. The EU is expected to follow suit later this month. The EU had earlier threatened to ask for a dispute panel if Massachusetts did not amend its so-called Burma law by July. (See BRIDGES Weekly Trade News Digest Vol. 2, No 31, August 17, 1998). The Massachusetts legislature adjourned for the summer without amending the law. Japan argues that Massachusetts' state law violates U.S. commitments under the WTO Agreement on Government Procurement (GPA), to which the U.S. is a party. Specifically, the EU and Japan hold that the Massachusetts law violates Article VIII (b), Article X and Article XIII of the GPA. The GPA, signed as part of the Uruguay Round of global trade negotiations, stipulates that government procurement decisions--including at the state and local level--must be made on economic grounds only.

In other news, illegal trade in animal products in Burma remains a problem. Despite the fact that the country ratified the Convention on International Trade in Endangered Species (CITES) last year, trade in skins and bones of tigers, leopards and other endangered species is thriving along the Burma-Thailand border. Burma has legislation in place to protect wildlife and wild plants, and indeed has set up a system of stiff fines and possible imprisonment for the illegal sale or possession of protected species. Burma's people are, however, dependent on natural resources for money. Timber (teak) brings in as much foreign exchange to Burma as rice: since 1981, Myanmar's forest cover has dwindled from 42 percent to just 20 percent in 1989. Wild animal products offer another important source of foreign currency. Tiger bones, bear gall bladders, antlers and other animal products are in high demand in China, Thailand, and Japan for use in medicinal treatments. Observers note that despite CITES, trade in some endangered species has flourished, albeit underground. Observers note that the best way to address the crises of trade in endangered species

is for the international community to rely on local knowledge to help self-regulate trade and to recognise that poor communities view animal products as an economic resource.

"EU to request WTO panel ruling on Massachusetts Burma law," INSIDE US TRADE, September 11, 1998; "Japan seeks WTO Panel to repeal Massachusetts law," KYODO NEWS INTERNATIONAL, September 8, 1998; "Japan launches first WTO complaint against US," AGENCE FRANCE PRESSE, September 9, 1998; "Bone bazaar," DOWN TO EARTH, August 31, 1998.

## **UNDP RELEASES HUMAN DEVELOPMENT REPORT**

The UN Development Program (UNDP) last week released its annual Human Development Report, in which the UNDP found--not surprisingly--"gross inequalities in consumption" between rich and poor nations. Globally, the richest 20% of the world's population (in the highest-income countries) account for 86% of total private consumption expenditures-- the poorest 20% a mere 1.3%. According to UNDP Administrator James Gustave Speth, "We must make a determined effort to eradicate poverty and expand the consumption of more than one billion desperately poor people who have been left out of the global growth in consumption."

It is what the report does not say about the need for less consumption by people in the world's richest countries which has angered some observers. Critics said last week that UNDP failed to acknowledge the cause-and-effect relationship between high consumption in rich countries and low consumption in developing nations. According to Sio Zadek, Development Director at the New Economics Foundation, UNDP has adhered to the "trickle-down" theory of economic development, which assumes that wealth from the few will trickle down to the poor via jobs in services. "If you argue that the only route to poverty alleviation is economic growth based on globalised trade, it follows that you will not say that rich people should earn less or consume less. You will say that rich people should consume less nasty things. The logic stops and starts with whether continued economic growth and [consumption by the rich] is the way for others to become less poor," Mr. Zadek said.

Among other data revealed in the report, UNDP cited two crises pushing the earth to the "outer limits" of what it can withstand. First are the pollution and waste that exceed the planet's sink capacities to absorb and convert them. Second is the growing deterioration of renewable resources--water, soil, forests, fish, biodiversity. "The world's dominant consumers are overwhelmingly concentrated among the well-off, but the environmental damage from the world's consumption falls most severely on the poor," according to the UNDP report.

"Human Development Report 1998," UN DEVELOPMENT PROGRAM, September 9, 1998; "Consumption gap is widening, says UN report," IPS, September 9, 1998; "Au Nord, la consommation explos. Pendant ce temps, le Sud trinque," INFOSUD/TRIBUNE DE GENEVE, September 11, 1998.

## **INTERGOVERNMENTAL FORUM ON FORESTS MAKES LITTLE PROGRESS**

The second session of the Intergovernmental Forum on Forests (IFF-2) took place from August 24 - September 4 in Geneva. Discussion focused on a broad range of issues including promoting and

facilitating implementation of the proposals for action of the Intergovernmental Panel on Forests (IPF), the predecessor to IFF established in 1995 to pursue international consensus and proposals for action to support the management, conservation and sustainable development of forests. The IFF meets under the auspices of the UN Commission on Sustainable Development (CSD) to continue the dialogue begun under the IPF, working toward the adoption of international legally binding mechanisms to facilitate and promote sustainable forest use.

Delegates were unable to make significant headway in the sensitive area of trade and environment. North-South divisions remained firmly in place on the issues of market access, trade barriers and environmental versus economic and social goals of trade. Some discussion took place regarding the possibility of the IFF as a forum for addressing forest-sector-specific trade issues taking an alternative approach from the WTO, perhaps incorporating sustainable forest management (SFM) and other goals. Regarding SFM, developing countries emphasised the need for policies that link trade and SFM to the needs of developing countries for social and economic development, particularly in regard to poverty alleviation. A number of developed country delegates said environmental protection would have to be added to social and economic development to make this proposal acceptable. No final agreement was reached on this issue.

Representing the interests of the Group of 77 developing countries plus China (G-77), Indonesia stressed the strategic importance to developing economies of forests, especially for agriculture, carbon sinks, genetic biodiversity and eco-tourism. The G-77 noted that the Asian economic crisis has created a serious threat to the sustainable use of forests in the region. The G-77 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. The G-77 called for increased financial assistance to LFC economies in order to rehabilitate degraded forests and increase the supply of forest products in LFC countries. The G-77 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 1992. On behalf of the G-77, Indonesia also called on the World Trade Organisation (WTO) to stop the proliferation of trade barriers and stressed the importance of market transparency and market access for timber products.

"The Second Session of the Intergovernmental Forum On Forests (IFF-2)," EARTH NEGOTIATIONS BULLETIN, August 24-September 4, 1998.

### **IMF/WORLD BANK CONSIDER EXTENDING DEBT RELIEF DEADLINE**

The International Monetary Fund (IMF) and World Bank last week were to consider a limited extension of their Highly Indebted Poor Countries (HIPC) initiative, although aid agencies believe the proposed extension still does not go far enough to address the needs of the poorest countries. Under pressure to do more to alleviate the debt load of the world's poorest countries, the IMF and World Bank were to consider a two-year extension of the time which HIPCs would have to qualify for debt relief under the initiative. This could mean that eight additional countries would qualify for debt relief, namely Burundi, the Democratic Republic of Congo, Liberia, Burma, Sao Tome and Principe, Somalia and Sudan.

The IMF and the World Bank launched the HIPC Initiative in 1995 to help alleviate debt loads in the world's poorest countries (see BRIDGES Weekly Trade News Digest, Vol. 2, No. 32, August

24, 1998). In return for a six-year record of good economic and social policy--judged by the IMF and World Bank, HIPC's become eligible for debt relief under the HIPC Initiative. Of the 33 African countries that can be classified as heavily indebted, only one--Uganda--has received HIPC assistance. Many groups are disappointed with the results of the HIPC initiative. There is concern that the HIPC framework has not been integrated into a wider strategy for poverty reduction, with potential losses for human development. Several creditors have advocated linking implementation of the HIPC initiative to a more poverty-focused strategy. To date, however, no consensus has been reached with regard to the design of such a strategy.

While the debt situation in HIPC's has been bad for the last two decades, it is getting worse as global financial turmoil takes its toll. Commodity prices have fallen severely, eroding export earnings for HIPC's commodity-dependent economies. Depressed commodity prices and subsequently poor export earnings in the 1970's were what prompted many poor countries to begin the debt cycle by borrowing money from eager foreign lenders to off-set lost export earnings. HIPC's' external debt has increased from US\$55 billion in the early 1980s to over US\$200 billion in 1996. In related news, Ethiopian Foreign Minister Seyoum Mesfin last week appealed to rich countries to do more to help African economies raise themselves out of poverty and become integrated into the world economy. "Poverty alleviation and the removal of the complex obstacles hindering the achievement of this goal constitute the most formidable challenge we in Africa face which we can ill afford to keep postponing," Mr. Mesfin told the planning committee for the upcoming International Conference on African Development.

"IMF faces congressional funding fight," IPS, September 11, 1998; "Debt relief plan for poor countries," FINANCIAL TIMES, September 7, 1998; "Finally, relief in sight," FINANCIAL TIMES, September 8, 1998; "Ethiopia says rich must aid Africa poverty fight," REUTERS, September 7, 1998; "Debt relief and poverty reduction: strengthening the linkage," OXFAM, September 1998.

## **WORLD FINANCIAL TROUBLES SPARK FEAR OF PROTECTIONISM**

The decision two weeks ago by Malaysia to place strict restrictions on foreign exchange and capital movements, up-valuing the ringgit exchange rate and pegging it against all other international currencies has many observers worried that others may follow. Malaysia's move goes against the trend of globalisation and free movement of goods and capital, and provoked a number of editorials last week warning that Malaysia's action could signal a global move toward dreaded protectionism.

Tied as they are to IMF bailout packages (unlike Malaysia), it would be virtually impossible for other Asian economies to follow Malaysia's lead. Nevertheless, observers worry that protectionist pressures will continue to grow on the trade front: economists warn struggling economies against imposing high import tariffs, while trade observers are on the look-out for anti-dumping measures by the stalwart U.S. and EU economies. The U.S. could come under increasing pressure to take protectionist action as its trade deficit grows. Economists note that a return to protectionist policies could slow world trade growth and cut emerging markets off from foreign direct investment. WTO Director-General Renato Ruggiero argues that the best way to defend against protectionism is to keep focused on further trade liberalisation. Launching global talks on free trade in agriculture and services in the next two years will seal the political commitment to trade liberalisation and provide the momentum needed for economic recovery.

Amid the financial gloom, the UN Conference on Trade and Development (UNCTAD) had a modicum of optimism for the longer-term prospects for foreign direct investment (FDI) in Asia. UNCTAD reported last week that for the five most affected economies-- Thailand, Korea, Indonesia, Malaysia and the Philippines, slower economic growth in the region might keep investors away for the short-term. But UNCTAD also noted that "there is room for cautious optimism," around regional FDI prospects. An UNCTAD survey showed that multinational companies still rank Asia as a highly desirable prospect for long-term investment. At the same time, ex-communist countries including Poland, Hungary, the Czech Republic, Slovenia, Estonia, Lithuania and Latvia are reaping the benefits of painful economic reforms, in some cases achieving a five percent increase in GDP this year. Further benefits are expected by regional proximity to the EU.

"Mahathir and the ringgit: should Thailand follow suit," BANGKOK POST, September 9, 1998; "Trade dangers," FINANCIAL TIMES, September 7, 1998; "The threat to globalisation," FINANCIAL TIMES, September 5-6, 1998; "Financial crises may stall capitalism's global march," INTERNATIONAL HERALD TRIBUNE, September 7, 1998; "Good societies are about more than free markets;" "Rethink capitalism," INTERNATIONAL HERALD TRIBUNE, September 8, 1998; "Flickers of economic light;" "The world economy: on the edge," THE ECONOMIST, September 5, 1998; "Export protectionism, " JOURNAL OF COMMERCE, August 28, 1998; "Unctad sees sunny side of Asian crises," FINANCIAL TIMES, September 9, 1998.

#### **IN BRIEF - REGIONAL TRADE AGREEMENTS**

Twelve nations of Central Asia, the Caucasus and the Black Sea Region signed a multilateral agreement last week to recreate the ancient "silk road" trade route linking east and west. In an ambitious project, which has already drawn over \$200 million of investment to the region, the 12 agreed to develop road, rail, air and sea links from China and Mongolia to Europe. The project is mainly economic with no stated aims for greater political or security integration. The planned route would provide the newly independent countries, hit by drastic economic decline after the break-up of the Soviet Union, with alternative access to the western market from traditional routes through Russia. A permanent secretariat will be set up in Baku.

"Nations sign 'silk road' trade accord," FINANCIAL TIMES, September 9, 1998.

Chile and the countries of Central America are committed to signing a free trade pact by next year, the presidents of Chile and El Salvador said last week. Chile and Central American nations launched free trade talks in August. Salvadoran President Armando Calderon said "there is political will" in Central America to sign an accord with Chile as soon as possible. Chile also has trade agreements with Mexico, Venezuela, Colombia and Ecuador, and became the first South American nation to sign a trade deal with Canada.

"Chile, Central America committed to sign free trade pact by 1999," AGENCE FRANCE PRESSE, September 7, 1998.

**EVENTS & RESOURCES****• EVENTS**

REGIONAL ANALYSES OF CHANGING ECONOMIC STRUCTURES, 24 September 1998, Chicago, Illinois. This panel discussion will be chaired by Alberto Cardelle, North-South Center, with presentations from Michael Tomz, Harvard University; Andrew Schrank, University of Chicago; and Kristina Lybecker, University of California, Berkeley. Registered participants only. Palmer House Hilton Hotel, Chicago, Illinois. For information, call: (1) 412 648 7929; or email: [lasa98@gunet.georgetown.edu](mailto:lasa98@gunet.georgetown.edu).

U.S. POLICY TOWARD FREE TRADE AND THE SUMMIT OF THE AMERICAS PROCESS, 26 September 1998, Chicago, Illinois. This panel discussion will take place at the Latin American Studies Association XXI International Congress and will be chaired by Robin Rosenberg, North-South Center, with presentations from Nora Lustig, Inter-American Development Bank; Mark Schneider, USAID; Jaime Ros, University of Notre Dame; and Richard Feinberg, University of California, San Diego. Registered participants only. For information, call: (1) 412 648 7929; or email: [lasa98@gunet.georgetown.edu](mailto:lasa98@gunet.georgetown.edu).

Panel Discussion on Cuba and CARICOM, 1 October 1998, sponsored by the Caribbean Chamber of Commerce and Industry in association with the North-South Center. Open to the public. North-South Center conference facility, 1500 Monza Avenue, Coral Gables. For information, contact: Winston Hale, tel: (1) 305 254 4830.

GLOBAL CONCERNS FOR FOREST UTILISATION: SUSTAINABLE USE AND MANAGEMENT, 5-8 October 1998, Miyazaki, Japan. For information, contact: Kiyoshi Yukutake, Miyazaki University, Faculty of Agriculture & Forest Economics, 1-1 Gakuen Kibanadai Nishi Miyazaki, 889-21, Japan; tel: (81) 985 582 811; fax: (81) 985 582 884; web: [www.miyazaki-u.ac.jp/foresea](http://www.miyazaki-u.ac.jp/foresea).

GREENER MARKETING: MAKING THE ENVIRONMENTAL MESSAGE MATTER, 15 October 1998, London. This seminar, organised by the Environment Council, will explore the options available to organisations considering their green marketing strategy. For information, contact: Freya Levy, The Environment Council, 212 High Holborn, London, WC1V 7VW; tel: (44) 171 632 0112; fax: (44) 171 242 1180; email: [environment.council@ukonline.co.uk](mailto:environment.council@ukonline.co.uk); web: [www.greenchannel.com/tec](http://www.greenchannel.com/tec).

FOURTH CONFERENCE OF THE PARTIES TO THE FRAMEWORK CONVENTION ON CLIMATE CHANGE, 30 November-11 December 1998, Buenos Aires, Argentina. For information, contact: FCCC Secretariat, Bonn, Germany; tel: (49) 228 815 1000; fax: (49) 228 815 1999; email: [secretariat@unfccc.de](mailto:secretariat@unfccc.de); web: [www.fccc.de](http://www.fccc.de).

LINKING THE BIODIVERSITY AND DESERTIFICATION AGENDAS: 12th SESSION OF THE GLOBAL BIODIVERSITY FORUM, 4-6 December 1998, Dakar, Senegal. GBF12-Dakar will take place during the 2nd meeting of the Conference of the Parties to the United Nations Convention to Combat Desertification (CCD). It will focus on synergies between the CCD and the various biodiversity-related conventions. Interested individuals from all sectors are invited to propose workshops and/or to

submit short abstracts of papers for the meeting by 18 September 1998. For information, contact: Sebastian Winkler, Global Biodiversity Forum 12-Dakar, IUCN-The World Conservation Union, 28 Rue Mauverney, 1196 Gland, Switzerland; tel: (41) 22 999 0001; fax: (41) 22 999 0025; email: [lac@hq.iucn.org](mailto:lac@hq.iucn.org).

## • RESOURCES

Foreign Policy In Focus, a joint project of the Interhemispheric Resource Centre and the Institute for Policy Studies, is releasing three new papers on international trade: "Investment Liberalisation Agenda," by David Ranney, Univ. of Illinois; "Capital Flows and the Environment," by Hillary French, Worldwatch Institute; and "Democratising the Trade Debate," by Lance Compa, Cornell University. All available from: Erik Leaver, In Focus Communications Director, Box 4506, Albuquerque, NM 87196, USA; tel: (1) 505 842 8288; email: [leaver@swcp.com](mailto:leaver@swcp.com); web: [www.foreignpolicy-infocus.org](http://www.foreignpolicy-infocus.org).

"International Environmental Consulting Practice: How & Where to seek Global Opportunities," by Peter Sam, New York: John Wiley & Sons, 1998. This book provides the reader with a broad framework of global environmental management and comprehensive information about present and future opportunities for environmental consultants. Available from: John Wiley & Sons, 605 3rd Street, New York, NY 10158-0012, USA; tel: (1) 800 225 5945.

"Factor Four: Doubling Wealth, Halving Resource Use," by Ernst von Weizsäcker, London: Earthscan, 1998, 352 pp. This book describes a new form of progress, resource productivity, which meets the overriding imperative for the future: sustainability. It shows how at least four times as much wealth can be extracted from the resources we use. As the authors put it, the book is about 'doing more with less,' but this 'is not the same as doing worse or doing without.' Available from: Earthscan, 120 Pentonville Road London N1 9BR, UK; tel: (44) 171 278 0433; fax: (44) 171 278 1142; email: [earthsales@earthscan.co.uk](mailto:earthsales@earthscan.co.uk); web: [www.earthscan.co.uk](http://www.earthscan.co.uk).

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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](mailto: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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