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BANANAS: US MAKES NEW OVERTURE TO EU; EU AGREES TO MEET WITH ECUADOR

There were two new developments last week in the on-going dispute between the EU and members of the so-called G-5 (U.S., Ecuador, Mexico, Honduras, and Guatemala) over the EU's proposed revised banana import regime.

First, Ecuador requested that the EU "reactivate" bilateral consultations, in advance of this week's Dispute Resolution Body (DSB), where the banana dispute is again on the agenda. Observers noted Ecuador's request could signal a break between Ecuador and the G-5, which has been dominated by U.S. interests. Ecuador and the EU had held consultations in September, prior to the EU publishing its revised import regime. The consultation request is the first step toward convening a new WTO Panel to decide whether the EU revised regime does indeed comply with last year's WTO ruling. One possible outcome of the talks could be that the EU and Ecuador reach an out of court settlement on the issue. However, according to one EU official, even if that were accomplished, "We still have to face the U.S. problem."

In the other development, the U.S. last week proposed to the EU that the two sides agree to immediately reconvene the original Dispute Settlement Panel to determine whether the proposed regime complies with the WTO ruling. According to informed sources, however, the EU would not agree to reconvene the panel under threat of U.S. sanctions: last week the U.S. published a list of EU goods on which it would levy a 100 percent duty in retaliation for what it deemed an EU failure to comply with the WTO ruling (See BRIDGES Weekly Trade News Digest, Vol. 2, No. 44, November 16, 1998). Informed sources reported that the EU has asked that the U.S. sanctions issue be put on the DSB meeting agenda for November 25, where the EU is expected to argue

against the U.S.' unilateral sanctions move on the grounds that it violates WTO Dispute Settlement rules. If a Panel is set up, it would be the first WTO panel convened to determine whether a member has complied with a DSB ruling, and is thus being closely watched for its precedent-setting capacity.

"U.S. again seeking quick WTO review of EU banana import regime;" "Text: Barshefsky letter on bananas," *INSIDE US TRADE*, November 20, 1998; "Ecuador move could offer resolution to US-EU banana spat," *JOURNAL OF COMMERCE*, November 16, 1998; "EU may challenge US over banana procedures," *JOURNAL OF COMMERCE*, November 17, 1998; "WTO enters uncharted territory," *FINANCIAL TIMES*, November 18, 1998; "Ecuador asks EU for consultations over banana trade dispute," *AGENCE FRANCE-PRESSE*, November 16, 1998; "U.S. set to step back from confrontation," *FINANCIAL TIMES*, November 17, 1998.

APEC MEET CASTS DOUBT ON FORUM FUTURE

The Asia Pacific Economic Forum (APEC) concluded its annual meet last week in Malaysia, where APEC ministers agreed in effect not to act on two key initiatives: a long-suffering APEC free trade agreement, moving talks on trade instead to the WTO (see *BRIDGES Weekly Trade News Digest*, Vol. 2, No. 44 November 16, 1998); and a concrete plan to assist Asia's economies in crisis. Official APEC communications tout the move of trade talks to the WTO as a show of support and respect for the inclusiveness of global free trade. Observers warned that the outcome of last week's meeting casts doubt on APEC's future amid its inability to get things done. "APEC is being kept alive on a respirator: maybe someone should just pull the plug so it can die peacefully and everyone can get on with more important matters," said Nicola Bullard of Focus on the Global South.

APEC's 21 members account for about half of world trade and economic output. The forum comprises Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, South Korea, Taiwan, Thailand, the U.S. and Vietnam. Latin American APEC members pushed for and welcomed the broadening of the participation in the APEC liberalisation talks by moving them to the WTO. "A widened round as a unique compromise is the best instrument with which to secure all the interests of the participants, big or small, developed or underdeveloped, and those economies will receive balanced, equitable and just benefits during those (WTO) negotiations," Chile's President Eduardo Frei, Mexican President Ernesto Zedillo and Peruvian President Alberto Fujimori said in a joint statement. Ms. Bullock and other observers saw the move as yet another symptom of APEC's inability to gain consensus on decisions of significance. "The problem with APEC at the moment is that it is too big and too diverse, and the trade liberalisation agenda is too narrow to accommodate all those interests," said Ms. Bullard.

With respect to the financial crisis in Asian economies, APEC ministers noted a strong commitment to work together to build support for reform in the financial sector as a way to prevent future economic crises, but said key talks on financial reform should be taken up by the Group of 22 (G-22) nations (a grouping of developed and developing countries). One Gareth Evans, former Australian Foreign Minister, cautioned however that, "As the only organisation embracing all the economies affected, APEC could and should have been more than a bystander as the financial and economic crisis of the last year unfolded." Should APEC fail ultimately to aggressively and meaningfully take on the Asian economic situation and the matter of reform, it

would leave APEC "totally marginalised as an institution and its achievement of the last nine years totally squandered," Mr. Evans noted.

"After nine years, APEC limps along," IPS, November 20, 1998; "APEC summit yields modest steps on economic crises," DOW JONES, November 18, 1998; "APEC adrift," FINANCIAL TIMES, November 19, 1998; "APEC- Analysis: irrelevant, unravelling or maturing?" REUTERS, November 19, 1998; "APEC talks have few conclusions," WALL STREET JOURNAL, November 19, 1998; "LATIN AMERICA/APEC: Time to Widen Trade Talks to WTO, Presidents Say," IPS, November 18, 1998.

WTO MEMBERS CONFIRM HIGH LEVEL MEETINGS

Members of the World Trade Organisation met last week to confirm the High-level meeting on Trade and the Environment and the High-level meeting on Trade and Development. (See also BRIDGES Weekly Trade News Digest, Vol. 2, No. 42, November 2, 1998). The dates of these meetings have been also been fixed: the Trade and Environment meeting will take place on 15-16 March 1999, and the Trade and Development one will run from 17-18 March.

The agenda for the environment meeting will include examination of the interaction between trade and environmental policies; synergies between trade liberalisation, environmental protection and sustainable development; and, dialogue between that trade and environment communities.

The development meeting's agenda will be settled at meetings this week. It is likely to be divided into three broad clusters: the relationship between trade and development, prospects for developing countries, and integration of developing countries into the world trading system.

NGOs will be invited to participate in both meetings.

"WTO Members agree to meetings on trade and environment, development," INSIDE US TRADE, November 16, 1998; ICTSD Internal Files.

WTO AGRICULTURE COMMITTEE MEETS

Chaired by Ambassador Nestor Osorio Londoño of Colombia, the WTO Agriculture Committee convened on 17-18 December 1998. In the context of the Committee's annual review of how least developed countries (LDCs) and net food-importing developing countries (NFIDCs) are faring under the WTO agricultural trade reforms, Ambassador Osorio Londoño described as good news the predicted 50% increase in food aid for LDCs and NFIDCs in the current 1998-99 season, after four years of decline. The forecast increase, based on a study carried out by the UN Food and Agriculture Organisation (FAO) is largely a result of greater supplies in donor countries and a response to higher needs particularly in Asia and the former Soviet Union.

During last week's Agriculture Committee, several donor countries expressed concern that current negotiations on a new Food Aid Convention are behind schedule and agreement might not be reached in time to replace the present convention which expires on 30 June 1999. LDCs and NFIDCs also called for more trade finance and technical assistance.

WTO Members at the Agriculture Committee also discussed the issue of so-called export subsidy roll-over, i.e. countries carrying over unused portions of their export subsidy commitments for use in subsequent years. The discussion was triggered by a notification by Poland that included an export subsidy roll-over for sugar. Critical members argued that roll-over conflicts with the spirit of the Agricultural Agreement even if it does not violate the letter of the law. Members also discussed an allegation that a WTO member is using a state-owned corporation to subsidise sugar exports, and a separate complaint about another member's subsidies for canned fruit.

The next meeting of the committee is scheduled for March 1999.

WTO Press Release; ICTSD Internal Files.

MORE MEATY MATTERS

Six scientists with Health Canada, the health safety arm of the Canadian government, have come forward to protest what they claim is pressure by Health Canada officials to approve drugs for use before adequate testing had been done. The scientists came forward after a series of drugs and animal growth hormones were approved despite warnings from government scientists. Included among these was the beef growth hormone 'Revelor H': according to the Sierra Club of Canada, an environmental group supporting the scientists, 'Revelor H' was approved over the objections of three Health Canada scientists allegedly under political and commercial pressure to approve the drug while Canada was involved in a WTO dispute with the EU over the EU ban on hormone-treated beef imports. "Very simply, the health protection branch of the government of Canada is being dismantled and now directly serves transnational food, drug and chemical corporations," according to Maude Barlow, director of the citizens' action group Council of Canadians. "Food inspection has been given over to a new agency whose mandate is to promote trade, not to protect health."

In other news, the European Commission (EC) last week proposed a new strategy for dealing with bovine spongiform encephalopathy (BSE), or mad cow disease, dealing specifically with so-called specified risk material (SRM). SRM includes cattle parts such as brains and tallow used in pharmaceuticals and cosmetics. The EC proposal would place exporting countries into one of four classes of risk, with risk being defined by the incidence of BSE in the exporting country; whether the SRM is derived from imported or domestic cattle; and disease surveillance mechanisms. If approved by EU states, the classification system would go into place September 1999. The proposal would most likely allow the EU to avoid a trade war with the U.S., as previous proposals for dealing with SRM would have halted U.S. exports of pharmaceuticals and cosmetics that contained SRM ingredients.

"Threat of 'mad-cow' trade row lifted," FINANCIAL TIMES, November 19, 1998; "Vache folle: Bruxelles veut 'regionaliser' les risques," LA TRIBUNE, November 19, 1998; "AGRICULTURE-CANADA: Scientists Reject Hormone Growth in Cattle," IPS, November 15, 1998.

INDIA-U.S. AT ODDS OVER SANCTIONS

The U.S. November 16 announced it would bar American companies from doing business with nearly 300 Indian and Pakistani firms and agencies as part of an ongoing, but eased, U.S. sanctions regime devised to punish India and Pakistan for nuclear tests conducted last May. The

U.S. published a list of over 300 government agencies and private companies in India and Pakistan which would now be barred from buying U.S. goods that could have an application in either the nuclear or conventional military sectors. India immediately announced it would lodge a complaint against the U.S. at the WTO. "We will lodge a strong protest with the WTO against the U.S. action, as it is not consistent with WTO policies and regulations," Indian Commerce Minister Ramakrishna Hegde said. Further official Indian reaction called the U.S. move "unhelpful for meaningful discussions toward an improvement in bilateral relations," but Indian business interests predicted that the U.S. move would have little affect on Indian businesses. "This would affect the Americans more than the Indians. Though it would take more time for Indian businesses to arrange for alternative procurement sources, it would be [more] difficult for Americans to avoid doing business with India as a market," an official with the Federation of Indian Chambers of Commerce and Industry said.

Observers characterised the U.S. announcement as confusing, coming as it did just a week after the Clinton Administration announced easing of almost all economic sanctions against India and Pakistan for their nuclear tests last spring (see BRIDGES Weekly Trade News Digest, Vol. 2, No. 44 November 16, 1998). U.S. officials noted that the timing of the two moves was coincidental and not contradictory.

"US policy on India causes confusion;" "India threatens WTO complaint on US sanctions," JOURNAL OF COMMERCE, November 17, 1998; "India to take U.S. sanctions issue to WTO," ECONOMIC TIMES (India), November 16, 1998.

WTO IN BRIEF

Trade experts and economists from the Group of 77 (G-77) developing nations last week said loopholes and rigidities in the WTO system are hampering global free trade. Agricultural subsidies, environmental and labour standards in developed countries work together to create barriers to export growth in developing countries, trade experts said, noting that using such mechanisms goes against the ideology of free trade. Other trade experts noted that developing countries must develop tools to use international trade rules to better defend their interests at the WTO against developed countries' manoeuvres. "WTO regime not serving free trade well - experts," REUTERS, November 16, 1998.

The Dispute Settlement Body meeting this week will witness what could be termed a "clash of trains" as some of the WTO most powerful members engage in quarrels over traditionally sensitive trade issues. The EU is requesting the establishment of a panel to look into the US Antidumping Act of 1916: the main instrument used by the US to counter "unfair" trade practices which in the view of many other countries has been rather applied historically as a highly effective and discriminatory protectionist tool. On a different case, Japan is requesting establishment of a panel to review the so-called "Auto Pact" -the agreement between the US and Canada which grants certain preferential conditions to imports of US manufacturers. On a third separate case, the EU is requesting the establishment of a panel to overturn key aspects of the Canadian Patent Act concerning patent protection of pharmaceutical products. ICTSD Internal Files.

The EU warned the US earlier this month that it might retaliate against U.S. quantitative limitations placed on wheat gluten imports from the EU, Australia and other countries. Imposed in June, the restrictions could last up to five years. The EU announced at a meeting of the WTO Safeguards Committee earlier this month, that it would withdraw a trade concession worth

US\$15.7 million if the U.S. does not withdraw gluten import restrictions within a set period. The U.S. called the EU move "premature." "Temporary farm measures spark import feud at WTO," JOURNAL OF COMMERCE, November 18, 1998.

European Trade Commissioner Sir Leon Brittan last week said the environment and consumer rights should be addressed as part of a proposed new global trade round. "A Millennium round of trade talks should not just benefit business. We can and should ensure that consumers and the environment also gain," Sir Leon said. (See also BRIDGES Weekly Trade News Digest, Vol. 2 No. 44, November 16, 1998). "Environment On Board for Millenium Trade Talks," ENS, November 18, 1998.

IN BRIEF

The European Commission (EC) last week announced its adoption of a comprehensive strategy for the sustainable development of European forests. The EC says the strategy is based on the "multi-functional nature of forests," and aims to strike a balance between environmental protection and the economic and social development of European forests. The strategy could include "a legal instrument laying down essential requirements for voluntary certification and labelling initiatives." "EU Adopts First Sustainable Forest Strategy," ENS, November 19, 1998.

In Chile, Fiscalía del Medio Ambiente (FIMA - Environmental Prosecutor's Office), is seeking four court injunctions against large-scale investment projects and to enforce Chilean constitutional provisions on environmental quality of life. One of the injunctions is against Chilean President Eduardo Frei for a decree that sets the maximum permissible level of particles in the air in the Santiago metropolitan area, one of the most polluted areas in Latin America. "Environment-Chile: New Eco-Prosecutors Get Cracking," IPS, November 16, 1998.

Greenpeace and the Basel Action Network (BAN) last week said the export to developing countries of EU ships for scrapping was "immoral and illegal." The groups said the Basel Convention on the Transboundary Movement of Hazardous Wastes and Their Disposal clearly forbids the export of ships containing toxic materials for scrapping in non-OECD countries. The groups said EU shipping companies are exploiting a loophole in the Basel Convention because cargo ships leaving EU ports for dismantling often carry cargo and are therefore classed as working vessels, not covered by the waste export ban. "EU 'Toxic' Ship Exports to Asia Attacked," ENS, November 19, 1998.

The U.S. Environmental Protection Agency last week released data showing total U.S. greenhouse gas emissions rose 10.3 percent in 1996 from 1990 baseline levels. The increase is the largest single year increase in the six-year period measured thus far in the official EPS emissions inventory. The EPA inventory is required as part of the U.S. commitment as a Party to the UN Framework Convention on Climate Change. "U.S. greenhouse emissions rising," ENS, November 17, 1998.

EVENTS & RESOURCES

• EVENTS

WTO MEETINGS

23-24 November 1998: Informal Meeting of the General Council. For information, contact Keith Rockwell, WTO, tel: (41) 22 739 5007.

23, 25 November 1998: Trade Policy Review of Uruguay. For information, contact Lucie Giraud, WTO, tel: (41) 22 739 5075.

25 November 1998: Dispute Settlement Body. For information, contact Nuch Nazeer, WTO, tel: (41) 22 739 5393.

25 November 1998: Special Committee on Trade and Development & Sub- Committee on Least-Developed Countries. For information, contact Lucie Giraud, as above.

25-26 November 1998: Working Group on Trade and Investment. For information, contact Luis Ople, WTO, tel: (41) 22 739 5374.

26 November 1998: Committee on Regional Trade Agreements. For information, contact Hans-Peter Werner, WTO, tel: (41) 22 739 5286.

OTHER MEETINGS

ACHIEVEMENTS AND PROSPECTS FOR THE ACTION PLAN ADOPTED BY THE HIGH-LEVEL MEETING ON INTEGRATED INITIATIVES FOR LDCs' TRADE DEVELOPMENT, 26 November 1998, 9h00-11h00, Geneva Executive Centre, 13 chemin des Anémones, 1219 Châtelaine, Geneva. Hans BRUUN Danish Ambassador to the UN and Chair of the WTO Subcommittee on Least Developed Countries, and Annet BLANK from the Development Division of the WTO will speak at this 'Café & Croissants' organised by ICTSD. For information, contact Miguel Jimenez-Pont, ICTSD, tel: (41) 22 917 8478, fax: (41) 22 917 8093, email: mjimenez@ictsd.ch

BRUSSELS BRIEFING ON THE ADVISORY CENTRE ON WTO LAW, 27 November 1998, Brussels, Belgium. NGOs with interest in trade and developing country issues are invited to this briefing, convened by the Quaker Council for European Affairs. For information, contact Simon Leonard, Quaker Council for European Affairs, Square Ambiorix 50, 1000 Brussels, Belgium; tel: (32) 2 230 4935; fax: (32) 2 230 6370; email: quakers@agoranet.be

WORKSHOP ON AGROBIODIVERSITY, 2-4 December 1998, Rome, Italy. For information, contact the Secretariat of the Convention on Biological Diversity, tel: (1) 514 288 2220, fax: (1) 514 288 6588, email: biodiv@mtl.net

PROSPECTS FOR THE HIGH-LEVEL DIALOGUE ON TRADE AND ENVIRONMENT, 3 December 1998, 9h00-11h00, Geneva Executive Centre, as above. Ian Wilkinson from the Permanent Delegation of the European Communities to the WTO will speak at this 'Café & Croissants' organised by ICTSD. For information, contact Miguel Jimenez-Pont, ICTSD, as above.

TRADE AND FINANCE AT WTO, INCLUDING INVESTMENT, 14 December 1998, 16h00-18h00, Geneva Executive Centre, as above. Richard EGLIN, Director, Trade and Finance Division, WTO, will speak at this 'Café & Croissants' organised by ICTSD. For information, contact Miguel Jimenez-Pont, ICTSD, as above.

REGULAR SESSION OF THE JOINT PUBLIC ADVISORY COMMITTEE OF THE COMMISSION FOR ENVIRONMENTAL COOPERATION, 3-4 December 1998, Washington DC, USA. The public is invited to participate in a roundtable discussion on 3 December from 9:00 am to 12:00 am. For information, contact Joint Public Advisory Committee Commission for Environmental Cooperation, 393 St. Jacques West, Suite 200, Montreal, Quebec H2Y 1N9, Canada; fax: (1) 514 350 4314; email: mpepin@ccemtl.org

VIRTUAL SYMPOSIUM ON ENVIRONMENTAL LAW & POLICY, 15-30 January 1999. This symposium is being organised by the Colorado Journal of International Environmental Law and Policy (CJIELP) and will take place on the following website: www.colorado.edu/Law/CJIELP10. For information, contact William Shapiro, Editor-In-Chief, CJIELP, University of Colorado School of Law, Box 40, Boulder, CO 80309, USA.

• RESOURCES

ID21: THE NEW DEVELOPMENT RESEARCH REPORTING SERVICE. Hosted by the Institute of Development Studies, this initiative is known as ID21 - or Information for Development in the 21st Century, and its key feature is a searchable online collection of short, one-page (500-word) digests of the latest social and economic research studies across 30 key topic fields. ID21 is now online and can be found at: www.id21.org

INTERNATIONAL ENVIRONMENTAL LAW AND POLICY, by David Hunter, James Salzman and Durwood Zaelke, Center for International Environmental Law, 1998, 1564 pp. To order, call (1) 800 917 7377 or order on-line from www.amazon.com or Foundation Press at Steve.Errick@westgroup.com

ETUDES INTERNATIONALES, Vol 29, No 4, December 1998. Among the articles in this issue of Etudes Internationales is that by Afef Benessaïeh entitled "De l'Amérique du Nord au projet hémisphérique: les États-Unis, la clause sociale et l'art de la vertu démocratique" and the second by Louicius Michel et Zhan Su entitled "Analyse critique de la mondialisation: tendances et doctrine". For information, email rei@hei.ulaval.ca or go to www.ulaval.ca/iqhei/etudes_inter.html.

INTERNATIONAL TRADE IN HEALTH SERVICES – A DEVELOPMENT PERSPECTIVE, by S. Zarrilli and C. Kinnon, Geneva: UNCTAD, 1998. To order, contact Simonetta Zarrilli, UNCTAD, Palais des Nations, avenue de la Paix, 1211 Geneva 10, Switzerland; tel: (41) 22 907 5622; fax: (41) 22 907 0044.

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