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## **CORRIGENDUM**

This is a re-issue of Bridges Weekly Trade News Digest Volume 2, Number 7 which was sent out unedited and incomplete due to technical problems. Please disregard the previous version of Number 7. In addition, Issue 6, dated 23 February, has also suffered from technical problems and has been delivered late. It should be in your mailboxes by now. Kindly accept our apologies for any inconvenience all this may have caused.

## **HAZARDOUS WASTE EXPORT BAN TO STAY, EXACT PRODUCTS SPECIFIED**

Meeting in Kuching, Malaysia, Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes decided last week to continue limiting toxic waste trade amongst developed countries. In a move welcomed by industry, the delegates also adopted a list of compounds and chemicals considered hazardous under the Convention, and thus subject to trade measures. Another list specifies wastes considered non-hazardous.

Parties decided in 1995 to ban hazardous waste movements from OECD to non-OECD countries as of January 1998 in order to protect developing countries from toxic waste dumping, and to encourage the main producers of hazardous wastes to reduce the generation of such wastes to a minimum. A formal amendment to the Convention, expected to take up to five years to enter into force, limits hazardous wastes exports from "Annex VII" countries - OECD and EU countries, as well as Liechtenstein - to other Annex VII countries. Requests from Israel, Slovenia and Monaco to be added to Annex VII were rejected in Kuching as delegates, after heated discussion, agreed to leave Annex VII unchanged until the amendment enters into force. Among countries an enlargement of Annex VII were Canada, Australia, New Zealand, Israel, Chile and South Africa. Some green groups hailed the decision as a "victory" and called on countries "to rapidly ratify the ban amendment and implement it to provide industry with the necessary impetus to invest in clean production and avoid hazardous waste generation."

The adoption of the list of hazardous wastes subject to Basel Convention controls on trade ends years of uncertainty for waste recycling and disposal industries. The export ban concerns arsenic, mercury, lead, asbestos and other highly toxic chemicals and substances. Wastes that can be exported to non-OECD countries for recycling include scrap iron, non-hazardous chemical catalysts and solid plastics, as well as paper and textile wastes, among others. The specification of the wastes is expected to encourage countries to ratify the Convention (among notable non-Parties are the United States and Thailand). The amendment, currently ratified by EU members and Norway, needs over 65 ratifications to enter into force.

"Basel meeting on hazardous wastes ends on note of optimism," Basel Convention Secretariat Press Release, February 27, 1998; "Countries say 'No changes to Basel ban until entry into force'," Greenpeace Press Release, February 27, 1998; "Basel ban victory at COP4," Basel Action Network Report, March 1, 1998; "Pact on waste exports near," FINANCIAL TIMES, February 27, 1998; "Malaysia backs proper waste recycling," THE STAR (Malaysia), February 27, 1998; "Group: No way to make it safe," THE STAR (Malaysia), March 1, 1998; "Ban on Toxic Waste Trade Intact, For Now", IPS, March 3, 1998.

#### **WTO ACCESSION UPDATE: TAIWAN, RUSSIA, KAZAKHSTAN**

The U.S. and Taiwan reached a market access agreement for Taiwan's accession to the World Trade Organization. The agreement, concluded February 20, provides immediate market access for some agricultural products, including pork, beef and offal. Specialty pork cuts such as bellies and spare ribs will move to a tariff rate quota immediately: full market access for meat and poultry products will be complete by 2005. Taiwan committed as well to opening its rice market by lifting a ban on imports of U.S. rice and establishing an import quota. Taiwan made important concessions in telecommunications, agreeing to reduce interconnection fees by nearly half by October 1998, and then to a level "no higher than rates charged in major developed countries" by 2001. The Monopoly Board, which administers sales of wine, beer, distilled spirits and tobacco, will eliminate internal taxes that discriminate against imported products, to be replaced by value-added taxes.

The agreement does much to move Taiwan's accession bid forward, although Taiwan still needs to negotiate market access agreements with the EU and Switzerland before the final stages of the application process can get underway. In response to questions as to whether Taiwan will be admitted to the WTO before China, U.S. Trade Representative Charlene Barshefsky emphasized that Taiwan's accession is far from being concluded. China considers Taiwan a rebel province: Beijing last week said it would oppose any attempt to grant Taiwan WTO membership ahead of China. Foreign Ministry spokesman Zhu Bangzao said China agrees that Taiwan can enter the WTO as a separate tariff territory, as did Hong Kong, but that China's accession must be settled first. "The government of the People's Republic of China is the only legitimate government representing all of China, Zhu said. "This has been acknowledged by the United Nations, and the same attitude should be taken by the WTO."

For its part, Taiwan said it would like WTO accession as soon as possible. Informed sources say, however, that Taiwan is not likely to press for early accession and risk angering China, with whom Taiwan is beginning talks on shipping and telecommunications agreements. WTO director general Renato Ruggiero said last week that "Taiwan does not depend on China. The negotiations of Taiwan are progressing well," and that China will "have to hurry" if it wants to gain WTO membership in the near term. Ruggiero added that the WTO is "not, fortunately, ruled by political principles."

Mr. Ruggiero also said last week that concluding Russia's accession by the end of the year would be difficult but not impossible. "It will depend very much on the Russians and their ability to present [their plan] at the negotiations," he said. Russian Foreign Trade Minister told reporters February 20 that Russia had submitted its offer on market access for foreign goods and services to trading partners earlier that week. Mr. Fradkov recognized the difficult balance required for protecting domestic Russian industries while making necessary concessions to trading partners. "The size of these concessions will be Russia's price of admission to the WTO," he said. Russia is eager to join the WTO in time to join talks on a global agreement on agriculture.

Former Soviet republic Kazakhstan, currently holding observer status in the WTO, hopes to conclude its membership proceedings this year to gain full WTO membership. Before it can fully join the WTO however, Kazakhstan needs the agreement of Russia, Belarus and Kyrgystan, with whom Kazakhstan has pledged to form a customs union. None of the three countries have agreed to discuss Kazakhstan's WTO bid as of yet.

"Taiwan WTO deal includes early benefits from agriculture, telecom," INSIDE U.S. TRADE, February 27, 1998; "Beijing will oppose accession of Taiwan to WTO before China, Foreign Ministry says," INTERNATIONAL TRADE REPORTER, February 25, 1998; "WTO says China must 'hurry' on application,;" "WTO head sees Russia entry 'difficult' by year end," REUTERS, February 26, 1996; "Work on Russia's WTO membership protocol to begin," RUSSIA TODAY, February 20, 1998; "Kazakhstan hopes to join WTO before years end," AGENCE FRANCE-PRESSE, February 24, 1998.

#### **AFRICAN TRADE BILL HAS AN EASY TIME IN U.S. HOUSE; SENATE WILL BE TOUGHER**

The U.S. House Ways & Means Committee last week unanimously approved the Africa Growth and Opportunity Act, a bill aiming to increase trade with and promote economic development in sub-Saharan Africa. The bill would abolish U.S. import quotas and tariffs on textile and apparel imports from the region. In exchange, sub-Saharan trading partners would need to demonstrate they are moving toward free-market reforms, although that provision does not include opening markets to U.S. sexporters.

Opponents to the bill within the U.S. textile and apparel industries say the bill would open the door to Asian producers using African countries as transshipment points to avoid quota constraints. The House Ways & Means Committee added provisions to the bill to guard against transshipment: an amendment was added that would obligate the President to rescind duty-free benefits granted under the Generalized System of Preferences if a sub-Saharan exporter is found to have intentionally falsified documents to conceal a product's country-of-origin. However the bill does not call for the elimination of duty-free access for textiles as part of transshipment penalties.

The bill will be put to a full House vote within a few weeks, where it is expected to pass easily. But it is not expected to fare as well in the Senate, where members representing textile interests are gearing up for a fight. One source advised that the trade bill would not pass unless it provides that preferential market access be given only to finished textile goods produced from U.S. fabric. This provision is not considered feasible by many lawmakers given raw material transportation costs.

The bill is opposed by the U.S. interest group Transafrica, which argues the bill is aimed at "benefiting large, foreign private-investors and multinational corporations. Transafrica, which says it represents

African interests, contends that the bill's reform provisions will force governments to cut necessary social spending.

Sub-saharan Africa is the world's poorest region: 38 of its 48 countries have annual per-capita incomes of less than US\$765. The region accounted for less than one percent of the United States' \$46 billion in textile imports in 1996.

"Panel approves Africa bill with new textile transshipment curbs," INSIDE US TRADE, February 27, 1998;  
"African trade 1998; "Key U.S. House panel passes Africa trade bill," REUTERS, February 25, 1998;  
"Economy: Rush to Enact U.S.-Africa Trade Bill", IPS, March 3, 1998.

### **ASIAN CRISES CARRIES HIGH COST FOR WORKERS**

Thailand and the International Monetary Fund (IMF) agreed to more relaxed fiscal targets for the country last month, including an overall decline in growth of -3.5 percent in 1998 and a budget deficit of about 2 percent of GDP. Thailand will maintain its focus on structural reform in conjunction with the IMF fiscal bailout, announcing stricter loan requirements for commercial banks, aggressive privatization plans for Thai Airways, Bangkok Petroleum and Electricity Generation PCL, and maintaining high interest rates to bring down currency exchange rates. The Thai government estimates that the reform program will result in sustainable positive growth for the long term, with positive growth as early as next year. Analysts are optimistic about Thailand's ability to rebound from its disastrous financial crises, but are still anxious over how Thailand will handle short-term foreign debts.

The crises are taking their toll on Asian workers. The International Labor Organization (ILO) last week warned that as many as five million Asian workers could lose their jobs as the result of the economic crises. According to the ILO, Indonesian workers will be hardest hit-- three million workers there could see their positions eliminated. IMF prescribed reforms could cost 1.8 million Thai workers their jobs, a fate possibly awaiting 500,000 South Korean workers.

Meeting in London late last month the G-7 issued a communiqué saying the group would immediately undertake an in-depth study into long-term lessons learned from the Asia financial crises. Initially, G-7 attention will focus on five areas: promoting more efficient functioning of global markets via regulatory measures; increasing transparency and disclosure with regard to financial policy and foreign currency borrowing; strengthening financial systems; increasing the role of the private sector in sharing the burden of financial losses; and increasing the role of the international community in responding to financial crises. Overall, the G-7 issued a positive prognosis for medium term recovery in Asian economies, and said the rest of the world should experience manageable effects from the Asian financial crises in 1998.

"La Thaïlande annonce une récession pour 1998," LA TRIBUNE, February 25, 1998; "First in, first out?" FINANCIAL TIMES, February 25, 1998; "L'Asie va perdre 5 millions d'emplois en 1998," LE FIGARO, February 24, 1998; "G-7 Ministers see little need to sound alarm over Asia," FINANCIAL TIMES, February 23, 1998.

### **MEXICO MAKES PROGRESS WITH REGIONAL TRADE AGREEMENTS**

A Mexican trade official late last month said Mexico is close to concluding a free-trade agreement with Honduras, Guatemala and El Salvador, as well as an expanded trade agreement with Chile. The latter

agreement, which negotiators expect to conclude by April, will be expanded from just goods to include services, investment flows and intellectual property. The agreement between Mexico, Guatemala, El Salvador and Honduras will reduce tariffs in a number of sectors. Jaime Zabłudovsky, deputy minister for commerce and international trade, said Mexico is also working on negotiations with Peru, Panama, Ecuador and Israel. Talks for a free-trade agreement with the EU, Mexico's second-largest trading partner, should begin in the latter half of 1998 and take at least two years to complete, Mr. Zabłudovsky said.

In other regional trade news, negotiators for Chile and the Southern Cone Common Market (Mercosur) reached a tentative agreement to lower tariffs on more than 165 Mercosur exports to Chile, but could not reach agreement on Mercosur exports of hard wheat, oats, barley, soy and sunflower oils and oilseed cakes. Mercosur said these items are significant exports for its member countries, which include Argentina, Brazil, Paraguay and Uruguay. Chile is an associate member of Mercosur. Mercosur is going after tariff reductions to counter any potential negative impact Mercosur exports may suffer after a free-trade agreement between Chile and Canada takes effect.

"Mexico nears trade pacts with three Latin American nations;" "Mercosur, Chile don't reach deal on ag compensations," DOW JONES, February 20, 1998.

## **TWO INITIATIVES PROVIDE SUPPORT FOR LDCS**

The Swiss government last week launched the "Agency for International Trade Information and Cooperation" (AITIC), designed to help the world's least developed countries (LDCs) enhance their trade diplomacy. Swiss Ambassador Nicolas Imboden said at AITIC inaugural ceremonies last week that the agency would work "to define the needs of the developing countries so they can defend their interests in Geneva." Several developing nations have no or quite limited diplomatic resources in Geneva, home of the World Trade Organization and other international organizations. Part of the AITIC mission will be to provide countries without representation in Geneva with information and documents related to issues of interest to them.

Earlier last month, the International Chamber of Commerce (ICC) and the United Nations Conference on Trade and Development (UNCTAD) announced plans to release a series of business investment guides on investing in LDCs for use by private sector investors. An ICC statement said the agencies hope to promote economic growth in LDCs with the guides, which will contain accurate, objective investor-oriented information on investment opportunities in LDCs. The guides are part of an effort by the ICC and UNCTAD to promote private sector activity in the world's poorest countries. The ICC delegation-- comprised of 25 executives from major companies, and UNCTAD met in Paris early in February to scope out collaborative projects.

"La Suisse fournit un secrétariat aux petits pays qui négocient à l'OMC," TRIBUNE DE GENEVE, February 24, 1998; "Swiss launch trade diplomacy initiative," AGENCE FRANCE-PRESSE, February 23, 1998; "U.N., International Chamber of Commerce to prepare investment guides to LDCs," INTERNATIONAL TRADE REPORTER, February 25, 1998.

## **BASMATI CASE HIGHLIGHTS GEOGRAPHICAL ASPECTS OF TRIPS**

India continues to mull over how it will protest the U.S. decision to grant a patent on basmati rice to the U.S. company RiceTec which allows the company to market its long-grain American rice variety as "basmati" on domestic product and product for export. This poses a serious threat to the 480,000 tons of Indian basmati exported every year as it could lose market share in the premium rice category in the U.S. and EU to the RiceTec product.

Indian officials must decide if they should bring the case to the U.S. patent office for review, or complain to the WTO on the premise that the RiceTec patent is a prima facie violation of Article 22 of the international agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). Article 22 covers the protection of geographical indicators used in product names-- champagne or Roquefort cheese for example.

In a parallel story the WTO accepted an U.S. proposal last week requiring members to answer questions about their national rules regarding geographic indicators. The WTO Council on TRIPs would use the questionnaire or "checklist" as an information-gathering tool, to be used in deciding whether or not to create rules on the registration of geographical indications. The Council is to meet May 13 to decide on what questions to include. The U.S. has already submitted a list of questions, asking among other things whether rules on the protection of geographic indications exist within a countries' legislation, who can apply and use them, and how are rights enforced. As an aside, India has no legislation in place protecting geographical indications.

"India to fight US move on basmati rice," FINANCIAL TIMES, February 25, 1998; "WTO may send checklist to members on registration of geographical indications," February 25, 1998.

#### **ANTI-FREE TRADE GROUPS DENOUNCE WTO**

In a possible prelude to expected protests at the upcoming WTO ministerial in May, over 200 protesters came together outside WTO offices in Geneva to protest trade globalization driven by the WTO. The group clashed with Swiss police in a February 25 protest. Protesters included environmentalists, labor unions, human rights advocates and feminists, antagonistic to the concept of free trade, and coming from more than 70 countries all of whom had converged on Geneva for a conference held by the newly established People's Global Action (PGA) group.

The PGA called for an end to "anti-democratic development," and issued a manifesto charging that WTO-sponsored trade globalization is responsible for fallen wages, unemployment and landlessness, environmental degradation and the destruction of poor communities.

"Pour se roder, l'AMP a lancé sa première manifestation de rue," LE COURRIER, February 26, 1998; "La fronde mondiale contre le libre-échange et l'OMC est née à Genève," JOURNAL DE GENEVE, February 26, 1998; "Anti-free-trade protestors lock horns with police outside WTO's gates," JOURNAL OF COMMERCE, February 27, 1998; "Development: global struggle declared against liberalization," IPS, February 25, 1998.

#### **NO TAXATION FOR E-COMMERCE**

European companies last week pledged to remove obstacles to trading over the Internet and other electronic networks. The move comes as a debate over whether to regulate electronic commerce gains momentum. The memorandum of understanding signed by over 100 European companies looks to

ensure that self-regulation prevails. The chair of the group of 100 said: "The general impression is that [businesses] don't want legislation. They want cross-border, cross-national commerce to take place and are fairly committed to discussing self-regulation that stimulates confidence." The group of 100 said that governments could play an important role in electronic commerce through global agreements on telecommunications standards.

The U.S. is urging self-regulation and recently suggested that the WTO should agree on rules for Internet trade, including an agreement on duties. The Clinton Administration supports duty-free Internet trade, saying the global potential for prosperity is enormous and should be left unhindered.

The European Commission last week said it generally agrees with the U.S. proposal to keep Internet trade duty-free for digitally delivered goods, such as downloaded software, saying it would be too difficult to collect taxes on such items. The Commission pointed out that the U.S. proposal does not exempt Internet purchases from value added taxes.

Industry observers warn the era of Internet commerce could mean the erosion of important tax revenue bases for governments. Whether or not Internet commerce is duty-free, it would force governments to at least lower taxes to become attractive to companies looking to minimize transaction costs. This could ultimately result in governments losing out on their share of the gross domestic product (GDP) - instead of collecting 40 percent of GDP in taxes, the increase in Internet trading would reduce that tax base to 20 percent of GDP.

Meanwhile, in a war of words last week, Mexican and U.S. telecom companies traded threats of WTO action over market access. Two weeks ago, U.S. phone giants AT&T and MCI asked the U.S. Trade Representative and the Federal Communications Commission (FCC) to request disputesettlement proceedings against Mexico, contending that Mexico is using protectionist policies that favor Mexican telecommunications company Telefonos de Mexico SA de CV (Telmex). This week, Telmex chair Carlos Slim responded, saying that talk of WTO action on the matter should be directed at AT&T and MCI, which Telmex says have blocked access to U.S. markets.

If a trade battle should ensue, it could hurt Mexico's ability to attract foreign investment. "The Mexican government is trying to get foreign investment in Mexico, and if investors think they're not opening their largest market- the telecommunications industry- or that they're not creating a level playing field for foreign investors, that could affect foreign investment in other sectors," an industry analyst said.

"Europe to promote internet trade," INTERNATIONAL HERALD TRIBUNE, February 26, 1998; "Clinton advisor: Internet, regulate thyself," NET INSIDER, February 18, 1998; "Regole WTO sul commercio via Internet," IL SOLE, February 22, 1998; "EU in line with U.S. on Internet customs duties," REUTERS, February 24, 1998; "Tax exiles on the Web," THE TIMES OF LONDON, February 26, 1998; "Telecoms group hits back at US carriers," FINANCIAL TIMES, February 25, 1998; "Mexico hang-up," FINANCIAL TIMES, February 27, 1998; "Telmex may appeal to WTO on entering U.S.- Slim," REUTERS, February 23, 1998; "Phone giants cross wires in Mexico," INTERNATIONAL HERALD TRIBUNE, February 21, 1998.

## **EVENTS/RESOURCES**

INTERNATIONAL CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES: The Fortieth Session of the Standing Committee of the International Convention on International Trade in

Endangered Species of Wild Fauna and Flora (CITES) will meet in London, UK, from the 3rd - 6th March 1998. For information, tel: (44 171) 665 2054, fax: (44 171) 665 2067

WATER ENVIRONMENT FEDERATION ASIAN CONFERENCE (WEFTEC ASIA '98): This conference will be held from 7 - 11 March 1998 in Singapore at the Raffles City Convention Center. The Conference is co-sponsored by the Water Environment Federation and the Environmental Engineering Society of Singapore. For information contact: the Water Environment Federation, 601 Wythe Street, Alexandria, VA 22314-1994 US; tel.: +1 (703) 684-2400; fax: +1 (703) 684-2492; e-mail: [webfeedback@wef.org](mailto:webfeedback@wef.org); Internet: <http://www.wef.org> Also try Conference and Exhibition Management Services (CEMS), 1 Maritime Square 09-43, World Trade Centre, Singapore 099253; e-mail: [confinfo@wef.org](mailto:confinfo@wef.org); Internet: <http://www.wef.org/docs/weftecasia.html>

INTERNATIONAL CONFERENCE ON WATER AND SUSTAINABLE DEVELOPMENT: This conference will take place in Paris from 19 - 21 March 1998 and is sponsored by the French Ministry for Foreign Affairs and the Ministry of Environment. The main goal of the Paris Conference is to take part in the implementation of strategies aimed at improving water management, being in rural areas or in urban ones, to guarantee a better supply in drinking water, sanitation and irrigation. For information contact Anne Perrin, at S-Eau s/c GRET, 211-213 rue La Fayette 75010 Paris, France; tel.: +33 (0) 1 40 05 61 30; fax: +33 (0) 1 40 05 61 10/11; e-mail: [anne.perrin@gret.org](mailto:anne.perrin@gret.org)

ON-LINE CONFERENCE: The International Institute for Sustainable Development (IISD) invites you to participate in an Online Conference -March 9-13 - debating the trade impacts of changing patterns of production and consumption. Do Northern environmental concerns create obstacles or opportunities for Southern producers? Authors of a report on these impacts, drafted as part of a UNEP-funded project involving the Amsterdam Institute for Environmental Studies and partners in developing countries will moderate the Conference. The moderators/authors are meeting in Geneva on 13th March to review the draft report. To participate, register at <http://iisd.ca/susprod/> or contact Victoria Kellett, email: [vkellet@iisd.ca](mailto:vkellet@iisd.ca)

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