



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

BRIDGES

Weekly Trade News Digest

May 17, 1999

Volume 3, N°19

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WTO BEEF DEADLINE PASSES: U.S., CANADA TO SEEK RETALIATORY SANCTIONS

As anticipated, the EU on 13 May failed to meet the deadline to comply with a 1998 ruling against the EU ban on hormone-treated beef imports. The U.S. immediately confirmed it would seek WTO authorisation to impose punitive tariffs on EU goods. The U.S. Trade Representative's office announced it would seek to impose US\$202 million in retaliatory duties, much less than previous estimates of up to US\$900 million. The lower figure is thought to be closer to what WTO Members would approve. Canada is also expected to file for WTO authority to retaliate against the EU ban and has announced a 30 day public consultation period regarding the products which should be targeted for the estimated C\$70 Million lost in beef exports since the ban began.

The WTO Appellate Body in January 1998 ruled that the EU ban on beef treated with growth hormones was not based on adequate scientific evidence and so violates international trade rules. The U.S. and Canada brought the complaint to the WTO, estimating that U.S. and Canadian farmers lose a combined US\$250 million a year from lost trade due to the ban. The EU was given 15 months (until 13 May 1999) to either lift its import ban or provide scientific justification for it. (See *BRIDGES* Weekly Trade News Digest Vol. 3, No 6, 15 February 1999.)

The EU earlier this month said it would not lift the ban after two preliminary studies identified risks to health caused by hormones found in U.S. hormone-treated beef. This decision was backed by an EU farm ministers meeting in Brussels on the 17 May. According to acting EU Farm Commissioner Franz Fischler "...both sides must realise there are serious concerns and we have a new basis for discussion." He added, "If there is a clear risk to human health then labelling cannot be considered," in reference to the possibility of importing hormone treated beef under a labelling agreement.

The U.S. declined to specify what goods would be included on its retaliation list. The U.S. did this to avoid a shut down in trade of targeted products before getting WTO authorisation for imposing retaliatory duties. The EU argued in the WTO dispute over bananas that by publishing a preliminary list of goods on which 100% duties would be imposed, the U.S. effectively shut down trade in those goods before getting WTO approval for retaliation.

"EU faces retaliation if it keeps ban on beef says US," JOURNAL OF COMMERCE, 17 May 1999; "USTR may delay publication of hormone retaliation list against EU," INSIDE US TRADE, 14 May 1999; "US list EU exports with 100% duty," FINANCIAL TIMES, 15 May 1999; "US to ask about \$200 mln in damages in EU beef row," REUTERS, 14 May 1999; "Canada To Seek WTO Okay To Retaliate Against EU Beef Ban", DOW JONES, 17 May 1999.

QUAD MINISTERS MEET

Trade ministers from the so-called quadrilateral co-ordination mechanism (comprising the US, EU, Japan, and Canada, commonly known as "the Quad") met last week to discuss preparations for the Third WTO Ministerial Conference in Seattle later this year. Quad leaders failed to agree on a number of details for the forthcoming round- including whether or not the round should be comprehensive or sectoral in approach. Quad countries did agree that the proposed Millennium Round should be concluded in three years.

Quad ministers did not make any concrete recommendations with regard to what sectors would be included in the next round of talks, although the Quad statement did say talks should include all service sectors. Quad ministers continued to disagree over whether to press for talks on investment rules. The EU and Japan called for the inclusion of a global agreement on investment rules within the proposed round of talks. The U.S. thus far remains sceptical that an investment agreement could be concluded at the WTO. Talks on a Multilateral Agreement on Investment shut down late last year at the Organisation for Economic Co-operation and Development (OECD). (See *BRIDGES Weekly Trade News Digest* Vol. 2, No 48, 14 December 1998.) Much of the developing world, as well as environmental and consumer groups have expressed opposition to investment talks at the WTO.

Quad ministers agreed to conclude respective bilateral talks with China around its WTO accession in time for the Seattle ministerial. Further, Quad ministers issued a general statement of support for quick and perhaps more flexible accession for developing countries in the near-term. "We agreed that the WTO should become a more universal organisation. We therefore agreed that we should accelerate the negotiations to facilitate the early accession of applicants on the basis of mutually acceptable and commercially viable market access commitments and adherence to the WTO rules in time for the launching of the next round, and to maintain flexibility in addressing the particular circumstances of acceding least developed countries," according to the Quad statement.

"Chair's Statement, 33rd Quadrilateral Trade Ministers Meeting, Tokyo;" "Quad fails to bridge gaps over structure, scope of WTO talks," INSIDE US TRADE, 14 May 1999; "Quad ministers' WTO agenda includes completion of China accession talks," INTERNATIONAL TRADE REPORTER, 12 May 1999.

BANANAS: WTO MEMBERS ADOPT PANEL FINDINGS

WTO Members on 6 May approved the Dispute Settlement Panel findings against the EU banana import regime. The EU quickly announced it would not appeal the panel's findings. With that, Ecuador, one of the five successful complainants in the long running dispute (along with the U.S., Mexico, Honduras and Guatemala) said it would request consultations with the EU on the best way to implement the ruling. Ecuador's ambassador to the WTO said that Ecuador would not immediately pursue compensation for lost trade, adding that Ecuador was still assessing damages.

Meanwhile, the European Commission (EC) is this week expected to unveil its revised plans for complying with the WTO ruling against its regime, although it could take until late fall or early 2000 to implement any changes. "We are engaging in conversations with our American partners, with [African, Pacific and Caribbean (ACP)] countries, with Latin American countries, with all other interested parties, to see if we can find a solution in terms of changes to the EU regime which will be acceptable to our partners and which meet the requirements of the WTO decision," EC Vice President Sir Leon Brittan said.

The WTO panel recommended three possible choices for implementing its ruling, including a tariff-only scheme, which could include a preferential tariff for ACP bananas; a tariff-quota for ACP bananas under a WTO waiver; or country-specific quotas possibly combined with duty-free treatment for ACP bananas. ACP producers are keen for the EU to adopt a regime that would protect ACP banana-dependent economies from devastation. A tariff-only scheme, under which ACP bananas would enjoy a lower tariff than other bananas, is favoured by the U.S. ACP producers and exporters worry that this option, if the EU adopts it, could lead to dumping by large multinational producers such as Chiquita and Dole, which are already low cost producers.

While Caribbean banana producers warily await the EU revised regime, another ACP country, Côte d'Ivoire, could escape unbruised by impending changes. Côte d'Ivoire accounts for about 42 percent of all ACP banana production, having benefited from EU funded modernisation projects geared at improving production efficiencies, resulting in competitive production costs for the region. Ironically, however, Dole, one of the U.S.-based banana distributors which instigated the WTO case against the EU, is reportedly boosting production out of Côte d'Ivoire and Cameroon because of the competitive production conditions. It already controls about 60 percent of production in the region.

"WTO formally adopts EU banana ruling; Ecuador to seek compensation for damages, INTERNATIONAL TRADE REPORTER, 12 May 1999; "EU will make its own banana changes if no accord," RUETERS, 10 May 1999; "West African bananas make windfall gains," AFRICA ANALYSIS, 30 April 1999; "Les américains font main basse sur la banane ivoirienne," LA TRIBUNE, 22 March 1999; "Proposition de Bruxelles attendue pour fin mai," AGRA PRESSE HEBDO, 3 May 1999.

IFF-3: LITTLE HEADWAY ON TRADE AND ENVIRONMENT

The Third Session of the Intergovernmental Forum on Forests (IFF-3) met 3-14 May in Geneva. The IFF meets under the auspices of the UN Commission on Sustainable Development (CSD) to continue the dialogue begun under the Intergovernmental Panel on Forests (IPF), working toward the adoption of international legally binding mechanisms to facilitate and promote sustainable forest use.

Delegates were unable to make any headway in discussions around trade and environment, although some commented that the fact that delegates were able to agree on a draft text at all was an achievement. Observers noted that talks foreshadowed possible WTO negotiations on forestry products, with developing country exporters pressing for improved market access for its products and developed countries arguing that tariff discussions were beyond the competence of IFF. Other forest product importers urged trade-based measures supporting the aim of sustainably managed forests. North-South divisions were also evident in discussions around linkage to the Convention on Biological Diversity for financial protection with respect to technology transfer and traditional forest related knowledge. Developed countries were opposed to any such linkage. IFF-4 is scheduled for 31 January -11 February 2000 in New York.

"Summary of the Third Session of the Intergovernmental Forum on Forests: 3-14 May 1999," EARTH NEGOTIATIONS BULLETIN (IISD), ICTSD Internal Files.

VIETNAM WOOD CRISIS

Friends of the Earth-UK and Global Witness, two UK-based environmental groups, are calling for a boycott of hardwood garden furniture made in Vietnam. The groups allege that the furniture products, while bearing labels claiming the products were "Made in Vietnam," are actually derived from wood bought illegally from Cambodia, where the wood was harvested to fund Cambodian military operations. The groups are encouraging UK consumers to only purchase wood furniture bearing the Forest Stewardship Council logo, indicating the wood was derived from a sustainably managed forest system.

Cambodia had instituted a ban on the export of fresh-cut logs in May 1995 in response to international pressure led by Global Witness. Global Witness alleges that a deal endorsed by the Cambodian government allows the military to illegally profit from timber sales. The group also says that Cambodia's forest cover has declined from 70% of land area in the early 1970s to 30-35% today. "Cambodia's forests are being used as a personal bank account by Cambodia's and Vietnam's political, military, and Mafia style business leaders, with severe social, ecological and economic implications for the country and its people," according to Patrick Alley, director of Global Witness.

In 1997, alarmed about the growing environmental damage caused by logging in the country's Central Highlands, the Vietnam government announced restrictions on the export of wood products and introduced new controls on the logging of the country's remaining natural forest. With access to domestic supplies curtailed, Vietnamese processors have turned to alternative sources of supply, including illegally felled Vietnamese timber and illegal imports from Cambodia.

"Vietnamese furniture plundered from Cambodian forests," ENS, 6 April 1999; "Wood crisis hits Vietnam," FINANCIAL TIMES, 14 May 1999.

U.S. RELEASE LIST OF 'CERTIFIED' SHRIMP EXPORTERS

The U.S. State Department on 1 May issued its list of countries that meet U.S. requirements for turtle conservation in shrimp harvesting and are thus eligible to export shrimp to the U.S. market. The list includes 12 countries that require the use of so-called Turtle Excluder Devices (TEDs)

which allow sea turtles to escape from nets cast to harvest shrimp. 25 other countries were included on the list because their fishing practices do not put sea turtles at risk (e.g. manual harvesting or harvesting in cold waters).

The U.S. in 1996 instituted a ban on wild shrimp imports caught without the use of TEDs (based on the U.S. Endangered Species Act). The WTO has since ruled that the ban violates international trade rules (See *BRIDGES Weekly Trade News Digest* Vol. 2, No. 39, 12 October 1998.) India, Pakistan, Malaysia and Thailand brought the case against the U.S. ban to the WTO, which has evolved into a landmark case highlighting differences between the international trade, development and environment communities. The U.S. has until December 1999 to comply with the WTO ruling; however, the U.S. Court of International Trade, in a preliminary ruling issued last month, ruled that the Clinton Administration's proposal to comply violates domestic environmental law (see *BRIDGES Weekly Trade News Digest* Vol. 3, No. 15- 16, 26 April 1999).

Among the four successful complainant countries, all but Thailand were absent from last week's list of approved shrimp exporters to the U.S. Thailand had the ban lifted by the U.S. in 1996 after ensuring that its fleet was equipped with TEDs. Brazil, which last year was dropped from the list of approved countries, will be granted shipment-by-shipment access to the U.S. market, provided that Brazilian officials certify that each shipment has been harvested using TEDs. In related news, scientists have expressed alarm over the rapid decline in Southeast Asia's turtle population resulting from increased consumer demand for turtles in China. "Southeast Asia is being vacuumed of its turtles for China's food market," according to Dr. John Behler with the International Union for the Conservation of Nature and Natural Resources. According to Traffic, a conservation monitoring group, between 1994 and 1996 turtle exports from Vietnam to the Chinese market increased dramatically- from about 240 tons annual to over 700 tons. Scientists attribute China's increased income levels for the surge in demand.

"State Department certifies 37 countries to export shrimp to the U.S.," *USIA*, 3 May 1999; "China's new wealth creates growing demand for turtles," *NEW YORK TIMES*, 4 May 1999.

IN BRIEF

EU and Mexican trade officials are scheduled to meet this week for the next round of trade talks toward a bilateral free trade agreement. The EU last week asked Mexico to remove emergency import fees imposed earlier this year to close the gap on a budget shortfall of US\$500 million, brought on by collapsed prices for Mexican oil exports. EU officials contend the economic conditions necessitating the emergency trade measures have improved. "EU asks Mexico to scrap tariff hikes," *REUTERS*, 6 May 1999.

The International Organisation of French-Speaking Countries (La Francophonie) met in April in Monaco to discuss the grouping's role in globalisation. The meeting marked the first Conference of Ministers of Economy and Finance, where ministers discussed how to better incorporate La Francophonie's developing countries - 26 of whom are among the world's poorest countries, into the global trading system. Ministers also discussed forging a common position around the so-called cultural exception during the next round of global trade talks - which could include negotiations on a multilateral agreement on investment. France and Canada had pushed for a cultural exception to be included in now-defunct MAI talks at the OECD. "La Francophonie veut son exception économique," *LE MONDE*, 27 April 1999.

WTO IN BRIEF

WTO Members have cancelled their 19 May meeting, at which they were to have appointed a new Director-General (see BRIDGES Weekly Trade News Digest Vol. 3, No. 17, 3 May 1999). While neither of the two current candidates has withdrawn, new names are being offered up. Possible replacement candidates mentioned in separate press reports include Jose Miguel Insulza, Chile's foreign trade minister; Celso Lafer, Brazil's minister of development, industry and trade; Enrique Iglesias, former Uruguayan trade minister and now head of the Inter-American Development Bank; and Alec Erwin, South Africa's trade minister. "Trade ministers to discuss WTO crisis," FINANCIAL TIMES, 11 May 1999; "Barshefsky admits possibility of new WTO Director General candidates," INSIDE US TRADE, 14 May 1999; ICTSD Internal Files.

The first discussion in the EC courts of the legal effect of a post-Uruguay Round WTO dispute settlement report (as distinct from WTO rules themselves) can be found in an opinion delivered (in French only) on 6 May by Advocate-General Mischo, in *Atlanta AG v. the European Commission* (Case C-104/97). The case is available online from the European Court of Justice of the European Communities' website, via www.curia.eu.int or via <http://curia.eu.int/fr/jurisp/index.htm>

EVENTS & RESOURCES

▪ EVENTS

For a more complete list of events in coming months, please refer to ICTSD's web calendar at: <http://www.ictsd.org/html/calendar.htm>

WTO Meetings

An updated list of forthcoming WTO meetings is posted at <http://www.wto.org/wto/about/meets.htm>. Please bear in mind that dates and times of WTO meetings are often changed, and that the important informal meetings of different WTO bodies are not always announced.

19 May: INFORMAL MEETING ON REVIEW OF THE DISPUTE SETTLEMENT UNDERSTANDING. For information contact Nuch Nazeer, WTO, (41-22) 739- 5393.

26 May: DISPUTE SETTLEMENT BODY--Members will discuss, inter alia, the Beef-Hormone Dispute and proposed nominations for the indicative list of governmental and non-governmental panellists. For information contact Nuch Nazeer, as above.

1 June: GENERAL COUNCIL. Agenda not yet available. For information contact Nuch Nazeer, as above.

1-4 June: SPECIAL COURSE - DSB. For information contact Nuch Nazeer, as above.

Other Events

30 May-18 June, Lund, Sweden: EDUCATE THE EDUCATORS. Conference presented by the International Institute for Industrial Environmental Economics at Lund University and the UNEP

Cleaner Production Working Group. For information contact Jonathan Hobbs, UNEP Industry and Environment Centre, Tour Mirabeau 39 43 quai André Citroën, 75739 Paris Cédex 15, tel: (33-1) 4437-1450, fax: 1474, e-mail unepie@unep.fr, web: <http://www.unepie.org>

11-12 June, Brussels: POLICY FORUM: GENDER FOCUS ON THE WTO--Advocacy and Strategy Planning for the Third WTO Ministerial Conference. Jointly hosted by ICDA and Global Publications Foundation. The purpose of this Policy Forum is to focus on various angles of gender, human rights and sustainable development in relation to international trade. There is no Conference fee. For information contact ICDA, Rue Stévin 115, B-1000, Brussels, Tel: (32-2) 230-0430, fax: 5237, e-mail: icda@skynet.be, web: www.icda.be

18 June: A DAY OF PROTEST, ACTION, AND CARNIVAL IN FINANCIAL CENTRES ACROSS THE GLOBE. June 18th will be an international day of action aimed at the heart of the global economy: the financial centres, banking districts and multinational corporation power bases. The idea is to encourage as many movements and groups as possible to organise their own autonomous protests on the same day (June 18th), in the same geographical locations around the world. For information send an e-mail to listproc@gn.apc.org with the following request: subscribe J18DISCUSSION Your Email Address. Messages sent to the listserv will automatically go to other interested groups around the world to facilitate wider discussion. Or visit the website at <http://www.gn.apc.org/june18>

25-26 June, San Francisco, U.S.: CHINA'S AGRICULTURAL TRADE AND POLICY: ISSUES, ANALYSIS, AND GLOBAL CONSEQUENCES. Sponsored by the International Agricultural Trade Research Consortium. Registration fee is \$US 200. For information contact Laurie Treacher, Agricultural Issues Centre, University of California, Davis, CA 95616 USA, tel: (1-530) 752-2320, fax: 5451, e-mail: latreacher@ucdavis.edu, web: <http://aic.ucdavis.edu>

23-26 August, Bangalore, India: SECOND PGA CONFERENCE. The conference will launch a discussion process among peoples' movements from the around the world on the role and functions that an international co-ordination and communication network like the People's Global Action should play, and how it should fulfil those functions. Prior to the conference (20-22 August), a number of roundtable discussions will be held to allow participants to exchange information in issues such as biotechnology, the struggle of indigenous peoples, or the negotiations agenda in the WTO. For information contact the PGA, e-mail: pga@agp.org, web: <http://www.agp.org>

▪ RESOURCES

IISD'S BUSINESS AND SUSTAINABLE DEVELOPMENT SITE UPDATE. As of 22 April, the International Institute for Sustainable Development has launched a revised version of its Business and Sustainable Development Internet site (<http://iisd.ca/business>), BSD Online. New features include cases, interviews and video footage on, inter alia, the banking sector and sustainable development and four new Canadian company case studies on Emissions Trading. For information contact: Deborah Bakker, IISD, tel: (1-204) 958-7743, or Ron Duersksen, 7742, e-mail: bsd@iisd.ca

WTO WEBSITE TRADE STATISTICS UPDATE. The following statistics have been updated on the WTO website: * World merchandise trade by region and selected economies, 1980, 1985, 1990, and 1995-1998 -- value and volume in excel format or in .exe format - download at <http://www.wto.org/wto/statis/stat.htm> * World trade of commercial services by region and selected

economies, 1980, 1985, 1990 and 1995- 1998 - in excel or in .exe format download at <http://www.wto.org/wto/statis/stat.htm> * Also available in French and Spanish at <http://www.wto.org/wto/french/statisf/statf.htm>; <http://www.wto.org/wto/spanish/statisp/statsp.htm>

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AGROW'S COMPLETE GUIDE TO GENERIC PESTICIDES. This three-part report is an analysis of the generic pesticide industry, covering all aspects of trade, from major companies to the factors driving the shift towards off-patent pesticides. No 1: The Companies, February 1998. Brian R. Hicks. 201 pp. US\$1,050; No. 2: Products and Markets, April 1998. Brian R. Hicks. 220 pp. US\$1,260; No. 3: Successful Business Strategies- for R&D-based and Generic Companies. June, 1998. Brian R. Hicks. Examines strategies driving the global generic pesticide trade as well as strategies of those attempting to contain it. 113 pp. US\$945. For ordering information contact PharmaBooks Ltd., 1775 Broadway, Suite 511, New York, NY 10019, USA, tel: (1-212) 262-8230, fax: 8234.

BRIDGES Weekly Trade News Digest© is published by the International Centre for Trade and Sustainable Development (ICTSD) with support from the Institute for Agriculture and Trade Policy (IATP). This issue has been researched by Hugo Cameron and Marie Chamay; written by Judy Brienza (IATP) and edited by Caroline Dommen, cdommen@ictsd.ch. The Director is Ricardo Meléndez Ortiz, rmelendez@ictsd.ch.

ICTSD is an independent, not-for-profit organisation based at: 13, ch des Anémones, 1219 Geneva, Switzerland. Tel: (41 22) 917 84 92; Fax: (41 22) 917 80 93. Excerpts from **BRIDGES** Weekly Trade News Digest© may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

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