



INTERNATIONAL CENTRE FOR  
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DEVELOPMENT

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## **NEW WTO DIRECTOR-GENERAL CONFIRMED; SUPPORTS WTO-NGO DIALOGUE ON SUSTAINABLE DEVELOPMENT**

At a meeting of the WTO General Council on 22 July, Members confirmed Tuesday's agreement to appoint Mike Moore of New Zealand, and Supachai Panitchpakdi of Thailand to successive three-year terms as WTO Director-General (DG). Under the agreed succession plan, Mr. Moore will take over the DG post commencing 1 September. Mr. Supachai will then take over the post from 1 September 2002 through August 2005. Members agreed there would be no extension of either term.

The split-term agreement brought to a close a bitter yearlong selection process. (See *BRIDGES* Weekly Trade News Digest Vol. 3, No. 25, 28 June 1999, <http://www.ictsd.org/html/story5.28-06-99.htm> ) Still, the arrangement left a sense of dissatisfaction, prompting Members to agree to work towards establishing "a comprehensive set of rules and procedures for such appointments" by the end of September 2000.

WTO Members are still split, however, over how many Deputy DGs (DDGs) should be appointed and where they should come from. Support ranges for between one and four DDGs, and Members agreed to strive for an "equitable geographical balance" in filling DDG posts, although some countries warned that this should not lead to having too many DDGs. A number of Members have expressed their interest in having DDG representation from their country. African Members stated publicly that one DDG must come from Africa, noting that it was agreed during the 1995 appointment of former DG Renato Ruggiero that Africa would be included in the DDG group at the next appointment. It will fall to Mr. Moore to resolve the DDG issue when he takes up his post.

Much of the debate in the DG selection process focused on the role of developing countries in the WTO. Developing countries, which make up the majority of WTO Members felt strongly that the WTO must do more to recognise and enhance their role in the WTO, which is often perceived as dominated and steered by major trading powers' interests. Mr. Supachai's appointment was seen as a victory in this respect. In comments to the press last week, Mr. Moore noted that the DG race gave him a new appreciation for developing countries' concerns - concerns Mr. Moore promised to address during his tenure.

In an interview with *BRIDGES Weekly Trade News Digest*, Mr. Moore said that technical co-operation could be of help to developing and least developed countries as well as economies in transition, although such co-operation is not enough and other initiatives should also be pursued. In this context he said ". . . any broad-based dialogue would include appropriate input from non-governmental participants. The system exists for the people, not the other way around."

Mr Moore also said that he supports a similar dialogue on issues relating to trade and the environment. "I believe there is an ongoing need to ensure complementarity between free trade and environmental objectives. While the negotiation and implementation of environmental accords needs to remain within the competent international bodies, the WTO can play its part in the development of coherent environmental policy," he said. Mr Moore also told *BRIDGES* that "[g]reater transparency is needed to ensure a successful relationship with civil society," to help ensure support for the multilateral trading system.

"WTO member governments agree on director-general succession," WTO PRESS RELEASE (131), 22 July 1999; "WTO Members agree to split-term for DG; Moore to serve first," *INSIDE US TRADE*, 23 July 1999; "Council set to endorse deputies proposal," *BANGKOK POST*, 22 July 1999; "Coup dur pour la crédibilité de l'OMC," *LA TRIBUNE*, 21 July 1999; "WTO approves leadership," *INTERNATIONAL HERALD TRIBUNE*, 23 July 1999; "Thailand calls for flexibility over WTO deputies," *REUTERS*, 20 July 1999; "WTO's Moore vows to make trade issues easier for developing nations," *AGENCE FRANCE-PRESSE*, 23 July 1999; ICTSD Internal Files.

## **JAPAN TO TAKE FOOD SECURITY STANCE IN WTO AG TALKS**

Japan's Diet on 12 July approved a new basic law for food, agriculture and rural areas, replacing its 38-year-old Agricultural Basic Law. The new legislation addresses issues including securing a stable food supply, fulfilling agriculture's multifunctional roles (the multiple roles that agriculture plays e.g. with respect to the environment), sustainable agricultural development and the development of rural areas. The law signals that Japan's position in upcoming WTO talks on agriculture will include defending its food-security by allowing for tariff adjustments, import restrictions and other emergency measures if domestic production and long-term food supply is deemed threatened by imports.

Passage of the law, particularly those provisions dealing with food security, also indicates Japan's unwillingness to consider U.S. demands for lowering tariff rates on rice imports under the rice import tariffication regime. Earlier this year, Japan adopted a rice tariffication scheme which allowed it to slow its mandatory increase in foreign rice imports to 0.4 percent per year, while applying tariffs on rice imports within a WTO prescribed range. (See *BRIDGES Weekly Trade News Digest* Vol. 3, No. 25, 28 June 1999, <http://www.ictsd.org/html/story4.28-06-99.htm> ) "It is now written in stone; there is no room for negotiations," one Japanese official said.

Australia, also a rice exporter to Japan, criticised the Japanese stance on food security as "misguided" and "self defeating." "Australia is particularly concerned about pressure for 'food security' or greater agricultural self-sufficiency...Further opening of agricultural markets is vital for a comprehensive and balanced WTO package from which everyone will benefit," Australian Prime Minister John Howard said earlier this month. Mr. Howard was in Japan to - among other things - meet with Japanese officials to negotiate over Japan's rice tariffication regime and the role of Australian rice exports.

Mr. Howard was also expected to press Japan, the world's biggest food importer, to support full agricultural liberalisation in the upcoming round of WTO talks on agriculture set to begin later this year. Mr. Howard noted that despite the new agricultural legislation, he doesn't expect Japan to finalise its WTO negotiating stance until the Asia Pacific Economic Co-operation (APEC) forum meets in November in advance of the Third WTO Ministerial.

"Japan enacts new agriculture law aimed at food self-sufficiency, farming," INTERNATIONAL TRADE REPORTER, 21 July 1999; "Basic law for food, agriculture and rural areas clears the Diet," MAFF UPDATE Japanese Ministry of Agriculture, Forestry and Fisheries), 16 July 1999; "Australian PM tells Japan 'food security' calls are misguided," AGENCE FRANCE-PRESSE, 6 July 1999; "Howard's farm plea goes against Japan's grain," THE AUSTRALIAN, 8 July 1999; "Howard seeks greater access for farm products," KYODO NEWS INTERNATIONAL, 8 July 1999.

## **U.S. BEEF RETALIATION LIST TARGETS PORK**

The WTO's Dispute Settlement Body is expected on 26 July to authorise the U.S. and Canada's list of retaliatory tariffs against EU goods in response to the EU's failure to comply with a WTO ruling against its ban on hormone-treated beef imports. (See *BRIDGES Weekly Trade News Digest* Vol. 3, No. 28, 19 July 1999, <http://www.ictsd.org/html/story1.19-07-99.htm> )

The U.S. last week released its final list of goods against which 100 percent tariffs would be levied from 29 July. The list targets US\$116.8 million worth of goods from France (including Roquefort cheese, truffles and goose liver pate); Germany (pork, fruit juices, mustards and soups); Italy (canned tomatoes and fruit juices); and Denmark (pork). The remaining EU member-states account for about 16 percent of the goods on the U.S. list, with the exception of Britain, whose support of the U.S. in the dispute kept British goods off the list. Pork products were targeted heavily - accounting for US\$30 million of the total value of the retaliation

Danish pork producers reacted angrily at the U.S. decision to penalise pork products. "Denmark's pigmeat sector is the first direct victim of the dispute. Alone we must bear 15 percent of the total U.S. punitive duties on the EU," Federation of Danish Pig Producers and Slaughterhouses Chair Bent Claudi said last week. French farmers called for a boycott of U.S. products in response to the U.S. list. French Agriculture Minister Jean Glavany assured the U.S. the sanctions would not reverse the EU ban on hormone-treated beef, arguing that the EU has "formal, scientific proof that hormone-treated beef is dangerous."

EU Agriculture Commissioner Franz Fischler continued to urge the U.S. to accept compensation for lost trade to resolve the dispute. The U.S. is not willing to consider this option for the long term - instead the U.S. demands that the EU lift its ban on hormone-treated beef. Lifting the ban is

however not an option for the EU: the European Parliament will not agree to it, according to Mr. Fischler. EU sources said also that the U.S. sanctions are not likely to sway Parliament. "This is about more than dollars and cents," according to one source.

However, Special Trade Negotiator for the Office of the U.S. Trade Representative Peter Scher hopes the sanctions will have the desired affect. Mr. Scher said the U.S. hopes the economic impact of the sanctions and the position of the EU as "the lone outcast in the multilateral process" would force the EU to reconsider its ban on hormone-treated beef.

One option floated by the EU to redress U.S. losses was to increase the EU quota for non hormone-treated beef imports, U.S. imports account for about half of the 11,5000 tonnes currently imported annually. That plan was dropped this week after the U.S. Food Safety and Inspection Service (FSIS) said it cannot certify that the U.S. beef exports are hormone free. FSIS officials said it was having difficulty certifying beef producers' claims around the hormone-free status of product.

"EU gourmet foods targeted in U.S. beef quarrel," REUTERS, 19 July 1999; "EU unlikely to lift beef hormone ban; U.S. set to retaliate," INSIDE US TRADE, 23 July 1999; "U.S. announces final list of EU imports targeted for higher duties in beef dispute," INTERNATIONAL TRADE REPORTER, 21 July 1999; "U.S. French farm chiefs in heated food fight," REUTERS, 20 July 1999; "Comment l'Organisation a réglé le cas du boeuf aux hormones," LA TRIBUNE, 21 July 1999.

### **ASEAN CALLS ON DEVELOPED COUNTRIES TO EXPAND MARKET ACCESS**

Foreign ministers from the Association of Southeast Asian Nations (ASEAN) were expected to meet 25-28 July with their counterparts from North America, Asia and Europe. Meeting in advance of that gathering, ASEAN ministers agreed to press the U.S., Japan, EU and other developed countries to boost imports from ASEAN nations so to facilitate a more rapid recovery from the Asian economic crisis. In their joint communiqué, ASEAN foreign ministers called on industrialised countries "to resist the temptations of protectionism and open their markets further to ASEAN exports." ASEAN ministers also called on China to "further reduce barriers to ASEAN exports." ASEAN ministers also emphasised the need to protect the environment as an important factor in sustaining regional economic growth.

ASEAN ministers last week were also expected to consider how a proposed ASEAN Free Trade Area (AFTA) could move forward in the wake of the regional economic situation. Ministers were to discuss room for flexibility in meeting ASEAN tariff-reduction goals. ASEAN last year agreed to move forward with an ASEAN Free Trade Area (AFTA) partially ahead of its original 2003 implementation schedule. Under that agreement, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand agreed to implement a free trade area by 2002, while less-developed ASEAN countries have until 2006-2008 to come into the fold. ASEAN comprises Singapore, Malaysia, Indonesia, Brunei, Laos, the Philippines, Thailand, Vietnam, Cambodia and Myanmar.

Meanwhile, the Asia Pacific Economic Co-operation (APEC) Fisheries Working Group earlier this month agreed on collective steps toward preserving tuna stocks in the Asia-Pacific region. Members agreed to an immediate reduction in so-called long line tuna fishing boats operated by APEC member countries. Japan proposed a 20 percent reduction goal although no specific target was

specified in the groups' recommendation. Members also agreed to ban fishing by long line boats registered in countries that have not agreed to follow international tuna fishing rules.

"ASEAN's free-trade resolve goes on test," AGENCE FRANCE-PRESSE, 23 July 1999; "ASEAN communiqué stresses open trade, equal treatment," ASSOCIATED PRESS, 23 July 1999; "ASEAN wants developed countries to open their markets," KYODO NEWS INTERNATIONAL, 15 July 1999; "APEC nations decide to take tuna conservation action," PACIFIC ISLANDS REPORT, 16 July 1999.

## **WORLD BANK PROPOSES SUSTAINABLE ENERGY LENDING STRATEGY**

The World Bank is reportedly overhauling its lending policy for energy-related projects - moving away from oil and gas energy development toward projects focused on cleaner, more sustainable energy technologies (e.g. wind, solar and geothermal power). The new strategy is designed to help address how the energy needs of people in developing nations without contributing to further climate change. The World Bank's 24 executive directors are to review the proposed energy-strategy and decide on further action.

The World Bank is the largest public funder of fossil fuel projects in the developing world - fossil fuels are the single greatest contributor to climate change. At present only eight percent of Bank energy funding goes toward renewable-energy projects.

Environmental groups acknowledged that the Bank's proposed energy strategy goes farther than previous attempts to address sustainability, but failed to meet environmental groups' demand that at least 20 percent of Bank energy lending go toward renewable-energy projects. The Bank plan was also criticised for its lack of clarity around defining what projects would or would be considered sustainable, and for failing to include provisions for monitoring emissions of greenhouse gases (released by burning fossil fuels) related to Bank-funded projects. Environmental groups also criticised the Bank's strategy as being weak with respect to transparency and public accountability.

"World Bank to overhaul energy lending policy," IPS, 20 July 1999.

## **EU, U.S. SIGN VETERINARY AGREEMENT**

The EU and U.S. on 19 July signed the "veterinary equivalency" agreement - establishing that each other's sanitation and processing procedures provide equivalent levels of food safety. Talks for the agreement concluded in April 1997: signing the agreement had been delayed by an EU-U.S. disagreement over the principle of regional health status. The agreement signed last week includes a provision on so-called regionalisation, whereby an outbreak of disease in a defined and restricted region need not result in a ban on trade from the whole of the affected member state or neighbouring countries.

The agreement is expected to ebb the flow of EU-U.S. trade disputes related to food safety, although it will not help resolve the current EU-U.S. dispute over hormone-treated beef (see related story in this issue). The agreement covers about US\$1.5 billion in bilateral trade, including fish and fishery products, pet food, fresh meat and other meat products.

Also last week, European Commission president-designate Romano Prodi last week called on EU leaders to set up an independent EU food and drug regulatory body akin to the U.S. Food and Drug Agency. "The European public has lost confidence in both national and European food and drug regulators," Mr. Prodi told the European Parliament last week.

"U.S., EU sign vet agreement more than two years after completion," *INSIDE US TRADE*, 23 July 1999; "EU agrees meat standards with United States," *REUTERS*, 19 July 1999; "EU and US reach deal," *FINANCIAL TIMES*, 20 July 1999; Prodi urges EU to set up a U.S.-style food overseer," *INTERNATIONAL HERALD TRIBUNE*,

## **IN BRIEF**

Vietnam and the U.S. concluded a bilateral trade agreement this past weekend after three years of talks. The agreement is expected to help double Vietnamese exports to the U.S. to over US\$1 billion annually. The agreement is also expected to help Vietnam move closer to gaining admission to the WTO. "Un accord commercial entre Hanoi et Washington serait imminent," *L'AGEFI*, 23 July 1999; "U.S., Vietnam reach trade deal," *ASSOCIATED PRESS*, 25 July 1999.

Israeli trade officials last week said they would work with Palestinian trade officials to secure duty-free access to the EU market for goods jointly-produced by Israelis and Palestinians. "Lower EU duties sought on Palestinian-Israeli goods," *REUTERS*, 20 July 1999.

A group of U.S. environmental groups last week filed suit against the U.S. Trade Representative and the U.S. Department of Commerce for allegedly leaving environmental groups out of the advisory process on timber trade, giving timber industry representatives exclusive access on advisory committees. "Environmental groups file lawsuit against administration over forest products trade policy," *ENVIRONMENTAL MEDIA SERVICES*, 21 July 1999.

UK supermarket chain J. Sainsbury last week announced it had eliminated all genetically modified (GMO) ingredients from J. Sainsbury-branded products. The supermarket chain announced it had secured alternative supplies of non-GMO ingredients and products. (See *BRIDGES Weekly Trade News Digest* Vol. 3, No. 11, 22 March 1999, <http://www.ictsd.org/html/story8.22-03-99.htm> ) "UK supermarket goes GM-free," *BBC NEWS*, 19 July 1999.

## **WTO IN BRIEF**

The European Commission earlier this month said the Millenium Round of global trade talks should be used to clarify and agree on the appropriate use of the precautionary principle; e.g. with respect to food, health and environmental safety. "Bruxelles pour le principe de précaution," *AGRA PRESSE HEBDO*, 19 July 1999.

Kenya, Tanzania and Uganda, under the so-called Joint Integrated Technical Assistance Project (JITAP), are co-ordinating efforts to build the three nations' capacity to understand WTO regulations. JITAP work is also focused on improving the regional business environment, equipping businesses with trade management skills, and developing strategies around exports, access to financial facilities and quality management. "EA states in joint effort to implement WTO agreements," *EAST AFRICAN*, 14 July 1999.

## **ON THE MOVE**

The U.S. Grains Council last week announced it has enlisted former U.S. Trade Representative Carla Hills to lobby world leaders in support of genetically modified crops. Meanwhile, the North Dakota Wheat Commission and a coalition of state wheat commissions has hired former U.S. Trade Representative Mickey Kantor to represent their interests in the upcoming round of the WTO negotiations. "US group hires ex-trade rep to lobby on biotech," REUTERS, 20 July 1999; "Wheat coalition hires former USTR Mickey Kantor for WTO talks," INSIDE US TRADE, 23 July 1999.

## **EVENTS & RESOURCES**

### **▪ EVENTS**

For a more complete list of events, 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 WTO does not always announce the important informal meetings of different WTO bodies.

Since the WTO has its annual recess in August, no meetings are expected from early August until September.

### **Other Events**

29-31 July, New York. UNITED NATIONS FIRST GLOBAL FORUM ON HUMAN DEVELOPMENT. Organised by the Human Development Report Office, UNDP. The First Global Forum on Human Development is the first in a series of annual events intended to stimulate discussion and debate on the most recent innovations in human development concepts, measurements and policies. It will provide an opportunity for dialogue between the research community and policy makers and development practitioners. Attendance at the Forum is free, but registration is required. To register or for information contact the First Global Forum on Human Development, HDRO/UNDP, 336 East 45 Street, New York, NY 10017 USA, fax: (1-212) 906-3677, email: [maria.regina.milo@undp.org](mailto:maria.regina.milo@undp.org) or visit <http://www.undp.org/hdro/hdconf.htm>

16 August, New Delhi, India: CONSULTATION ON INDIA AND THE WTO: THE ROAD TO SEATTLE. Hosted by the Research Foundation for Science, Technology and Ecology. This endeavour is to articulate the Indian peoples' agenda for the WTO's Third Ministerial Conference at Seattle. For information contact Shalini Bhutani, email: [divwomen@ndf.vsnl.net.in](mailto:divwomen@ndf.vsnl.net.in)

16-17 September, Montreal, Canada: REGULAR SESSION OF COMMISSION ON ENVIRONMENTAL COOPERATION'S JOINT PUBLIC ADVISORY COMMITTEE. The public will be invited to comment on the Final Analytic Framework for Assessing the Environmental Effects of the North American Free Trade Agreement (NAFTA) and on the new CEC program. For

information contact Manon Pepin, CEC, tel: (1-514) 350-4305, email: [mpepin@ccemtl.org](mailto:mpepin@ccemtl.org), web: <http://www.cec.org>

24 September, London, UK: DUE PROCESS IN WTO DISPUTE SETTLEMENT. 3rd annual World Trade Law Association Conference. The Conference will concentrate on the international regulatory issues raised by the projected new WTO Millennium Round and on issues of due process in WTO Dispute Resolution. Cost: £646.25. Academic discounts of 50% are available. For information contact Cameron May Ltd, 69-71 Bondway, London SW8 1SQ, UK, tel: (44-171) 582-7567, fax: 793-8353, email: [conferences@cameronmay.com](mailto:conferences@cameronmay.com), web: <http://www.cameronmay.com>

11-13 October, Bad Honnef, Germany: SECOND MEETING OF DEBATE 21 - an international NGO dialogue project on trade/investment, finance and climate change issues. For information or registration contact Dirk Kreuger, email: [dirk.krueger@debate21.org](mailto:dirk.krueger@debate21.org)

25-26 October, Geneva: THE COMING WTO NEGOTIATIONS: PERSPECTIVES AND BENEFITS FOR THE BUSINESS COMMUNITY. Organised by the Foreign Trade Association. Inter alia, this conference will deal with market and trade-environment issues and the integration of the Least Developed Countries into the global trade system. For information contact FTA's Brussels office, tel: (32-2) 762-0551, email: [fta.knapp@pophost.eunet.be](mailto:fta.knapp@pophost.eunet.be)

## **CHANGE OF DATE**

The 2-3 August WIPO Roundtable Meeting on Intellectual Property and Indigenous Peoples listed in last week's issue has been postponed for organisational reasons until 1-2 November 1999.

## **RESOURCES**

UN CONFERENCE ON TRADE AND DEVELOPMENT HANDBOOK OF STATISTICS ON INTERNATIONAL TRADE AND DEVELOPMENT. June 1999. This handbook's main objective is to ensure the compatibility of data over a long period and the reliability of definitions and resources. It contains *inter alia*, data about New Independent States, a special study on interactions between trade in manufactures and apparent consumption in developed countries and a consolidated series on trade in services and foreign direct investment. 505 pp. To order contact Muriel Scibilia, UNCTAD, tel: (41-22) 907-5725, fax: 907-0043, email: [press@unctad.org](mailto:press@unctad.org)

FUTURE POSITIVE INTERNATIONAL CO-OPERATION IN THE 21ST CENTURY. 1999. By Michael Edwards. This publication examines co-operation at local, national, regional and global levels; provides a new formula for foreign aid and humanising capitalism; and describes the future of global governance. ISBN 1 85383 631 1. Earthscan publications, S London, £20.00. To order contact: Earthscan, Freepost 1, 120 Pentonville Road, London, N1 9BR, UK, fax: (44 -171) 278 1142, email: [nmoorthy@earthscan.co.uk](mailto:nmoorthy@earthscan.co.uk). Quote ESCB35 on all orders.

SOCIAL, GENDER AND ENVIRONMENTAL ASSESSMENTS OF THE WTO NEGOTIATIONS. 1999. Frederik Onsir and Line Sandzelius, eds. Report on the February conference sponsored by International Coalition for Development Action and others. Includes material on environmental impact assessments, analysis of gender impacts, Biosafety Protocol and special workshops on agriculture and textiles. 29 pp. For price and ordering information contact International Coalition for Development Action (ICDA), Rue Stevin 115, B-1000 Brussels, Belgium, tel: (32-2) 230-0430, fax: 230-5237, email: [icda@skynet.be](mailto:icda@skynet.be), web: <http://www.icda.be>



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