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AGREEMENT ON MINISTERIAL DECLARATION ELUDING NEGOTIATORS BEFORE SEATTLE

The process to draft a Ministerial Declaration to outline the scope of negotiations that will emerge from the 30 November - 3 December in Seattle, U.S., continues to be deadlocked. The most recent version remains the text released on 19 October (available at <http://www.ictsd.org/html/seattleministerial.htm>), which is essentially a compilation of tentative language distilled from Members' submitted proposals.

Sources of the impasse are the recurrent problem areas of implementation of existing agreements, draft language on agriculture (see related story this issue), and the reticence of developing countries to agree to the inclusion of new issues beyond the already-mandated negotiations on services and agriculture. The West remains solid in its wish to keep a number of issues (such as investment, labour, biotechnology, environment, and industrial tariffs) on the negotiating table, but it is not focused on implementation.

Director-General Mike Moore, who is committed to having the Seattle process focus on developing country concerns, has indicated to Members that implementation needs to be taken very seriously. In a 13 November statement to WTO Members, Moore identified implementation as a key division

point that required immediate attention from Members. Most developing countries claim that the implementation of previous agreements have not provided them with expected benefits.

A group of developing countries known as the Like-Minded Group (consisting of India, Egypt, Pakistan and Malaysia) have highlighted two key implementation issues that they want on the table at Seattle. The first is the question of textile market access; the second is the issue of export subsidies for industrial products. Though the EU has indicated that it could consider both as immediate implementation steps, the U.S. has yet to show any flexibility.

Such a diversity in agendas means that WTO Members are still not ready for an agreement at Seattle. In the words of one WTO official describing the drafting process: "It's not going well; there's no flexibility". Moore on 4 November sent out a communication through General Council Chair Ambassador Ali Mchumo asking Members to seek greater negotiating flexibility from their capitals on these contentious issues. Thus far, the response has been less than encouraging.

In Brussels, the Council of European Foreign Ministers met on 15 November and reiterated their support for a broad negotiating agenda. The Council underlined the benefits of a comprehensive trade round which involves a broad range of issues and responds in a balanced manner to the interests of all WTO Members, as well as those of civil society. Furthermore, the Council statement emphasised "the need for all WTO Members to be open and to respond to the concerns and interests of other WTO Members, in particular those of the least developed countries."

U.S. Agriculture Secretary Dan Glickman, on a visit to Geneva on 15 November to provide impetus to the negotiation process, said he does not expect the Ministerial would fail to approve a new round of trade negotiations. "I don't believe there is going to be a failure," he said. "I think that the countries will agree on a declaration. It may not be as specific as I would like, but, on the other hand, it is a beginning and not an end." He added, "We are not negotiating the entire round in Seattle. We are setting up the framework, and I think that will be done."

The more serious question, Glickman said, is whether trade ministers will agree to set a time frame for the negotiations. Most countries are looking to complete a new round within three years' time.

At an informal heads of delegations meeting on 13 November, Moore reported to the WTO Membership on ongoing talks between the WTO's 20-odd major Members in the so-called "Green Room" talks. "Big divergences still remain," he said. "We are not much closer to agreement on the scope of a possible negotiating agenda beyond the mandated subjects; nor have we resolved significant differences in agriculture; we do not yet have agreement on issues grouped under implementation." He also warned that "It is not too late to agree on a balanced package but it soon could be. What will make the difference will be realism -- a word I can't stress enough -- engagement and understanding of each other's positions."

Concern is growing around the Green Room process' ability to deliver results. Brazil's Ambassador to the WTO Celso Amorim said: "A crisis springs to mind with a moving target -- last week it was agriculture, this week it was implementation, it may be labour or the Singapore issues [i.e. of investment, competition, government procurement, and trade facilitation] in the next weeks." A number of countries are now saying that if there is no agreement on the issue of implementation then the Seattle Ministerial Declaration should only be a short document outlining the built-in agenda.

In addition, many developing countries -- particularly the smaller delegations -- are upset that they are excluded from much of the bargaining process going on in the Green Room negotiations. Such "arbitrary" procedures lead to "divisiveness" and resentment, stated a declaration signed by the representatives of Bolivia, Cuba, El Salvador, Guatemala, Honduras, Mauritius Panama, Paraguay, the Dominican Republic, Uganda and Djibouti.

WTO officials say a revised draft declaration is expected as early as Thursday, 18 November.

"WTO holds off on new declaration until key issue resolved," *INSIDE US TRADE*, 16 November 1999; "News from Geneva," *MARTIN KHOR (THIRD WORLD NETWORK)*, 14 November 1999; "Glickman On Agricultural Reform In WTO," *INSIDE US TRADE*, 16 November 1999; ICTSD Internal Files.

AGRICULTURE CONTINUES TO PLANT SEEDS OF DISCORD AMONG WTO MEMBERS

With less than two weeks left until the Third WTO Ministerial is to begin in Seattle, WTO Members remain unable to agree on a draft agenda for a new round of global trade talks. The scope of negotiations on agriculture -- together with implementation -- presents a major obstacle to the process.

Significant differences remain between the EU and Japan on one side, versus the Cairns Group of agricultural exporting countries and the U.S. on the other. First, the EU and Japan want the so-called multifunctional role of agriculture (e.g. environmental, rural development, and cultural concerns) to be taken into consideration during agriculture talks, while the Cairns Group Members argue that the EU-Japan argument is merely an attempt to protect their markets. EU farm groups met with WTO Director-General Mike Moore last week to press their case for multifunctionality, especially with regard to preserving European family farms.

The two sides are also at odds over the EU-Japan demand to introduce new issues for WTO negotiations, including talks on investment, competition, and government procurement. The Cairns Group, the U.S., and many developing country Members argue that it would be impossible to conclude agreements in those sectors within the three-year time frame generally agreed upon for WTO talks.

The Cairns Group comprises Argentina, Australia, Brazil, Canada, Chile, Columbia, Fiji, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay. As a group, the nations account for about 20 percent of global agricultural exports.

Australian Trade Minister Mark Vaile criticised the EU and Japan for insisting on broader liberalisation in essentially all areas except agriculture. "A balanced [WTO] agenda cannot ignore the one area where most WTO Members have a comparative advantage - and where continuation of fundamental reform was paid for in the Uruguay Round," Mr. Vaile said in a statement on 10 November. Mr. Vaile said further that "there is no basis," for the EU-Japan argument that non-trade concerns -- the broader term under which multifunctionality falls, should be given the same importance as eliminating subsidies and other trade protections.

Meanwhile, a split emerged from a meeting of Western hemispheric agriculture ministers in Brazil late last month. The Caribbean Community (CARICOM), comprised of 15 member countries, distanced itself from a joint statement on agricultural negotiating objectives for WTO talks. CARICOM delegates refused to support what they characterised as a strongly anti-EU sentiment behind the Declaration of Salvador, which called for an end to protectionist farm policies. CARICOM countries, many of which benefit from the EU's African, Caribbean and Pacific (ACP) trade support programs, balked at agreeing to the declaration. One CARICOM delegate noted that "When we came here we realised there was an agenda we weren't aware of," aimed at pillorying the EU. A CARICOM statement said that it was "unable to participate in the drafting of any document emanating from the [Salvador] meeting."

Still another split could emerge amongst developing countries over the issue of agricultural liberalisation. The Cairns Group, which includes a number of developing countries, has set out very detailed objectives for WTO talks on agriculture, including seeking deep cuts to all tariffs, the elimination and prohibition of export subsidies, reductions in levels of production and trade-distorting domestic support.

However, the Cairns Group position runs counter to the needs of net food-importing developing countries (NFIDCs). These countries worry that the Cairns' objectives would lead to a decrease in food availability and an increase in world food prices. This would result in higher food prices for NFIDCs which can ill-afford an increase. India, neither a member of the Cairns Group nor a NFIDC, has proposed a compromise solution, calling for "the complete abolition of export subsidies except as a special and differential provision for developing countries." However, India's proposal is not likely to win much support from either side, as it would achieve neither Cairns Group nor NFIDC objectives.

The Association of Southeast Asian Nations (ASEAN) late last month agreed to "forge a unified front" in the WTO agriculture negotiations. The agreement was "meant to ensure the success of ASEAN in pushing for the prohibition and elimination all trade distorting subsidies, domestic support measures, and other non-tariff barriers prejudicial to the products of interest to the region", according to an ASEAN statement. ASEAN comprises Brunei, Laos, Vietnam, Cambodia, Myanmar, Singapore, Malaysia, Indonesia, the Philippines, and Thailand. The latter five countries are also members of the Cairns Group.

Also in the news, Thailand Deputy Prime Minister Supachai Panitchpakdi (WTO Director-General in-waiting) last week suggested that developed countries' concessions in agriculture would be a good incentive to entice developing countries toward discussions on trade linkage to environment and labour. Mr. Panitchpakdi did not suggest however that developing countries were in any way willing to back off their opposition to such linkages at this time.

ACTIVISTS PREPARE FOR SEATTLE

With only two weeks to go until the third WTO Ministerial Conference, over 5,000 trade delegates and dignitaries are busy preparing; so are the over 50, 000 activists, civil society members, and other interested parties expected to converge on Seattle. These latter groups will be attending the protests, workshops, forums, and rallies being held immediately preceding and during the Ministerial, which has become a focal point for a broad range of organisations and interest groups wanting to have their voices heard. At least 750 WTO-accredited non-governmental organisations

(NGOs) will be on-hand for the events. Groups representing labour, environment, developing countries, anti-globalisation, consumer rights, women, and farmers will be on hand, as well as organisations for and against bioengineering, and for and against free trade.

Some groups, however, are not waiting until Seattle to get their message across. On 5 November, Greenpeace activists dressed in "safe-trade condoms suits" held a protest outside WTO headquarters in Geneva on the heels of the release of Greenpeace's "Safe Trade in the 21st Century" report, which argues that trade must be done safely, in accordance with the precautionary principle. The report argues that WTO rules as they now stand endanger the global environment. WTO Director-General Mike Moore agreed to meet with Remi Parmentier, senior official of Greenpeace. It was the first time a WTO Director-General had met with a Greenpeace representative.

The Greenpeace protest coincided with Moore's separate meetings with José Bové, the French left-wing farm activist and leader of France's Peasant's Confederation, and Luc Guyau, leader of the French farm group, FNSEA. Although often opposed on issues, both men voiced to Moore their support for the multifunctionality of agriculture and their fear that the new round of trade talks will end the European Union's farm support. Moore also met with Swiss farmers demonstrating over the WTO's potential to end agricultural subsidies.

On 16 November, a handful of protesters calling themselves Collectif "et paf!" gained access to the WTO headquarters. Sources say a handful of protesters secured themselves to the central stairway where they threw confetti and chanted, "The WTO kills; kill the WTO." Protesters outside hung banners and flags from the roof and chanted anti-WTO slogans.

Meanwhile, the events organised by activist groups and civil society for Seattle range from fair trade festivals, teach-ins, forums, and meetings to plays, marches, and rallies. Trade ministers and delegates may have to pass through swarms of giant puppets, human butterflies, street theater performances, and human chains to attend meetings. Activists are taking their work seriously. The Internet has played an instrumental role in allowing a multitude of groups to get their message out, gather support for their cause, and co-ordinate large-scale events.

In September, the Ruckus Society held a training camp where attendees were instructed in scaling buildings to hang banners and how to generally disrupt the WTO proceedings. Anti-WTO groups in both Canada and the U.S. are currently co-ordinating cross-country caravans which consist of buses of protesters making their way to Seattle, holding information sessions and rallies along the way. People's Global Action will be attempting a non-violent shut-down of the Ministerial, and a city-wide walkout is being urged by labour groups in order to clog up the Convention Centre where the Ministerial meetings are to be held. Trade unions and environmental groups, among others, have recently launched an anti-WTO ad campaign, asking, "WTO: What are we trading away?."

One thing is for certain: there is little cohesion among either the NGO groups or activists in their interests or message. Some activists hold the WTO responsible for undermining environmental protection, labour, and human rights standards. Many are anti-globalisation in general and view the WTO as the epitome of multinational corporate power. The WTO is being called "little more than a United Nations for transnational corporations and a global government for the rich", or a cover for Western protectionism". WTO delegates recognise that there is great discontent with the way the trade system functions, but say that change in the WTO takes time. "Some at the WTO are very proactive in seeking greater transparency," said one official, "but they can be held back by those,

particularly from an older generation, who have a much different perspective on openness." The pro-WTO and free trade contingent will also be out in full force.

Groups will be in Seattle with various objectives in mind. People's Global Action wants the WTO to be dismantled. The cross-country caravan wants to strengthen resistance to corporate rule and to educate people on the threats posed by the WTO. However, the more mainstream NGOs are interested in reforming the WTO and revising existing trade agreements. Many are demanding greater transparency and accountability in WTO workings. Some NGOs and interest groups are fighting to have new issues, such as labour and environment, included in the Ministerial agenda. Meanwhile, over 1200 organisations in almost 90 countries have signed a petition opposing the inclusion of any new issues within the WTO's scope. These civil society members want to review and rectify the deficiencies of the WTO system and the Uruguay Round Agreements before embarking on a new round.

Although activists are advocating non-violence during the Ministerial week, Seattle police are not taking any chances. Police have budgeted \$6 million to cover extra officers, overtime, and crowd control equipment, including tear gas.

The WTO organisers may well be trying to diffuse some of the anti-WTO sentiments by giving NGOs the opportunity to be involved in the Ministerial preparations. An NGO day will be held on 29 November, immediately preceding the opening of the Ministerial, in order to allow accredited NGOs to interact with the WTO officials and to voice their concerns directly to WTO key players. In an October speech, President Bill Clinton stated that dissenting voices were welcome. "We have got to allow every legitimate group with any kind of beef, whether they're right or wrong, to have some access to the deliberation process of the WTO", he said.

"Walk out on Summit, Seattleites urged," SEATTLE POST-INTELLIGENCER, 6 November 1999; "Tireless in Seattle," FINANCIAL TIMES, 10 November, 1999; "Storm is Brewing in Seattle over Trade," LOS ANGELES TIMES, 14 November 1999; "WTO chief invites critics for trade debate," REUTERS, 5 November, 1999; "Storm Awaits World Trade Talks," INTERNATIONAL HERALD TIMES, 3 November, 1999; "Lobbying by groups heating up ahead of WTO meeting," KYODO NEWS INTERNATIONAL, 15 October, 1999 29 October, 1999; "Critics of WTO launch ad blitz," SEATTLE POST-INTELLIGENCER, 12 November 1999; "Groups say WTO protesters denied US visas," REUTERS, 29 October, 1999; ICTSD Internal Files "Greenpeace et les agricultures vantent le commerce 'safe'," TRIBUNE DE GENEVE, 5 November, 1999; "Protesters Ready for WTO Meetings," by April Pedersen, www.voxcap.com/content/pc/db/item377.asp.

ATL SUFFERS UNCERTAIN FUTURE IN MINISTERIAL DECLARATION

WTO General Council Chairman Ali Said Mchumo last week announced that a so-called Accelerated Tariff Liberalisation scheme for eliminating tariffs in a number of areas did not have the support of most WTO Members, making ATL inclusion in the WTO Ministerial declaration uncertain.

The ATL essentially calls for an early harvest in proposed negotiations for eight sectors, including forest products, environmental goods and services, fishery products, chemicals, gems and jewellery, environmental goods and services, toys, energy, and medical equipment & scientific instruments. Annual trade in these sectors is worth about US\$1.2 trillion. The roots for ATL lie within a failed

attempt at liberalisation by the Asia Pacific Economic Co-operation (APEC) forum last year, where the so-called early voluntary sectoral liberalisation (EVSL) lacked the support needed for adoption and was referred instead to the WTO for broader agreement. (See *BRIDGES Weekly Trade News Digest* Vol. 3, No. 26, 5 July 1999, <http://www.ictsd.org/html/story2.05-07-99.htm>)

Countries opposed to including the ATL in the Ministerial Declaration were Argentina, Brazil, Cuba, the Czech Republic, the Dominican Republic, Egypt, India, Mexico, Slovakia, and Slovenia. Japan and the EU took no position on the issue, although they have previously been on record as opposing the ATL for running contrary to the single-undertaking approach toward a new round of global trade talks. Australia, Canada, Hong Kong and Singapore, the U.S., and New Zealand (all APEC members) were the only countries to support inclusion of ATL.

U.S. forest-products companies have pushed hard for ATL and increased liberalisation of forest products. These companies argue that liberalisation is necessary to level the playing field, noting that the U.S. grants very liberal market access to forest imports, yet U.S. forest products face high tariff barriers to other countries' markets. Environmental groups, on the other hand, have warned that increased liberalisation in forest products would have disastrous results for the world's forests as producers step up production. Moreover, these groups argue that increased liberalisation could threaten environmental protection laws by characterising such measures as non-tariff barriers.

Korea last month proposed that the WTO establish a separate negotiation group for fishery and forestry products, arguing that "in so doing, the important peculiarities of the sectors will receive more appropriate attention that will allow them, first, to be dealt with in a comprehensive manner and, second, to strike a balance of interests between importing and exporting countries." This is along the lines of the EU-Japan argument for considering the multifunctional role of agriculture, in this case specifically directed to fisheries and forests.

Meanwhile, a U.S. federal district court ruled that the U.S. Trade Representative must appoint at least one representative from the environmental community to each of two advisory committees that advise the USTR on wood and paper product negotiations. U.S. District Judge Barbara Rothstein ruled that limiting membership on the advisory committees to timber and paper industry officials violated the Federal Advisory Council Act, which requires to panels to represent a "fair balance" of viewpoints. The decision is a victory for Earthjustice Legal Defense Fund, a U.S. non-governmental organisation that filed the lawsuit on behalf of a number of U.S. environmental groups who argued that the USTR muted environmental perspectives by filling its advisory panels with industry representatives and excluding opposing viewpoints. The committees in question -- among more than two dozen that advise the government on international trade -- have pushed for elimination of tariffs on wood and paper products.

"U.S. proposals for transparency, APEC trade package in trouble at WTO," INTERNATIONAL TRADE REPORTER, 10 November 1999; "Trade powers split on tariffs," UPI, 9 November 1999; "WTO meeting: It's lumber companies vs. green groups," JOURNAL OF COMMERCE, 10 November 1999; "Clinton drive on wood tariffs may hurt forests," FINANCIAL TIMES, 3 November 1999; "Proposal for separate negotiation group on fishery and forestry products," WTO (WT/GC/W/368), 12 October 1999; "Court orders U.S. Trade Representative to include environmentalists on WTO advisory committees," EARTHJUSTICE PRESS RELEASE, 9 November 1999; SEATTLE POST-INTELLIGENCER, 10 November 1999.

ECUADOR, U.S. REJECT EU BANANA PROPOSAL. ECUADOR TO CROSS-RETALIATE

The European Commission on 10 November agreed to a revised banana import regime intended to comply with a 1997 ruling against its current banana import program.

The WTO ruled in April 1999 that the EU had not complied with a 1997 WTO ruling against its banana import regime (see *BRIDGES Weekly Trade News Digest* Vol. 3, No.13-14, 12 April 1999, <http://www.ictsd.org/html/story1.12-04-99.htm>). The new EU plan would establish an interim tariff-rate quota scheme for five years that would then transition to a single tariff system in 2005. EU officials said the plan would give African, Caribbean, and Pacific (ACP) countries time to adjust to a new import regime.

European Commission Deputy Secretary-General Bernhard Zepter, the official charged with forging a new regime, said the new plan would increase the number of non-ACP bananas on the EU market and could lower EU banana prices for consumers.

Specifically, the proposed regime would maintain two existing tariff rate quotas totalling 2,553,000 tonnes, carrying a tariff of 75 euros per tonne and open to all suppliers, except that ACP producers would not have to pay the tariff. The EU would also open up to all suppliers an additional tariff rate quota for 850,000 tonnes previously reserved exclusively for ACP producers. Again, ACP producers would pay no tariffs, while other suppliers would pay a maximum tariff of 275 euros per tonne. The issue of import licences was still left unsettled by the EC proposal.

Ecuador remained unimpressed by the EU proposal, arguing that the banana regime amended as proposed would continue to discriminate against its exports. "Not a single one of Ecuador's concerns has been taken into account by the [EC] in its latest intent to continue with its protectionist approach," according to a statement by Ecuador.

Ecuador, on 9 November, said it would seek WTO approval for retaliatory sanctions against the EU for the EU's failure to comply with the WTO ruling. Ecuador is expected to make its request at the 22 November meeting of the WTO Dispute Settlement Body (DSB).

Ecuador said it would request so-called "cross-sector" retaliation to maximise impact on the EU. As a developing country and a relatively small importer of EU goods, to impose punitive tariffs on EU imports would have little impact on the EU, but devastating effect on Ecuador's consumers. Instead, Ecuador said it would likely target intellectual property rights and services for retaliation.

The U.S. also rejected the proposal, arguing that the regime persists in discriminating in favour of ACP bananas to the detriment of all other producers. The EU and U.S. trade officials said they would continue attempts to broker an agreement in advance of the WTO Ministerial.

In related news, a WTO Dispute Settlement Panel is expected to issue its final ruling this week on whether the U.S.' Section 301 law violates international trade rules. The EU brought the complaint to the WTO in March 1999 in the context of the ongoing dispute between the EU and U.S. over the EU banana import regime. Section 301 is a mechanism used by the U.S. Trade Representative to identify what it deems to be unfair trade practices faced by U.S. exporters and demand reform - backed by the threat of sanctions. The EU argues that the law violates international trade rules with respect to unilateral measures (see *BRIDGES Weekly Trade News Digest* Vol.3, No.7, 22 February

1999, <http://www.ictsd.org/html/story2.22-02-99.htm>). The panel is expected to rule against the EU in the case.

"EU presents reform of banana import rules," THE HERALD (St. Vincent-Grenadines) 11 November 1999; "Ecuador seeks nod for EU banana sanctions," REUTERS, 9 November 1999; "Commission proposes to modify the EU's Banana Regime," EC PRESS RELEASE (IP/9/828), 10 November 1999; "EU proposes banana-import reform," WALL STREET JOURNAL, 11 November 1999; "U.S., Latin America reject EU banana proposal," REUTERS, 10 November 1999; "WTO Dispute Panel set to rule against EU on Section 301 complaint," INTERNATIONAL TRADE REPORTER, 10 November 1999.

CHILE, KOREA TO LAUNCH TRADE TALKS; EU, S. AFRICA TIPS OVER SPIRITS

The EU and South Africa missed a 31 October deadline for resolving outstanding issues around the EU-South Africa agreement on trade in wines and spirits. This annex agreement to a broader trade, development and co-operation agreement set to come into force in January 2000 will encompass 90 percent of the US\$20 billion in annual bilateral trade between the EU and South Africa (see *BRIDGES Weekly Trade News Digest* Vol. 3, No. 5, 8 February 1999).

The EU and South Africa on 11 October signed the broader agreement, despite disagreements over wines and spirits. Since then, the EU and South Africa have been unable to agree over how to draft the legal language of the wines and spirits annex agreement - in part due to the EU's insistence that South African producers cease the use of "geographical denominations" protected under EU law. South Africa argues that the latter issue should be addressed under multilateral agreements rather than bilateral agreements. South Africa said giving in to EU demands would set bad precedent for developing countries. Meanwhile, most observers note that both the EU and South Africa have lost confidence in each other's commitment to implementing the accord.

In other news, the U.S. Congress must still resolve differences between House of Representatives and Senate versions of an African and Caribbean trade bill. (See *BRIDGES Weekly Trade News Digest* Vol. 3, No. 44, 8 November 1999, <http://www.ictsd.org/html/weekly/story7.08-11-99.htm>) While resolution this year is unlikely, the Clinton Administration would like to get the bill finalised in time for the WTO Ministerial in Seattle in an effort to sound credible when stressing U.S. commitment to developing countries.

Chile, on 18 October, signed a framework free trade agreement with five Central American countries. The framework agreement allows Chile to negotiate separate trade agreements with Honduras, Nicaragua, Guatemala, El Salvador, and Costa Rica. Chilean President Eduardo Frei said the agreements would help the smaller Central American countries become more competitive on the global market. Trade between Chile and the five countries was worth about US\$108.9 million in 1998.

Meanwhile, Chile will begin trade talks with Korea in December towards the first trans-Pacific trade agreement. Through a Chile-Korea agreement, Korea could gain important entry into the Central and South American markets, thus benefiting from Chile's trade agreements with Honduras et al, as well as from Chile's associate membership in the Southern Cone Common Market (Mercosur, comprising Argentina, Brazil, Uruguay, and Paraguay).

"EU in move to find way round South Africa drinks impasse," FINANCIAL TIMES, 10 November 1999; "Regional trade bill, global implications," JOURNAL OF COMMERCE, 9 November 1999; "Central America, Chile sign free-trade agreement," REUTERS, 18 October 1999; "Chile, Korea in trans-Pacific talks," JOURNAL OF COMMERCE, 19 October 1999.

WTO MEMBERS PONDER BIOTECH WORKING GROUP

At a WTO Informal Heads of Delegation meeting on 6 November, the U.S. said it would seek the establishment of a WTO working group on biotechnology. While Canada and Japan have also called for similar working groups, the U.S. said its proposal called for a working group with a "well defined, narrow focus," which would only examine approval processes for products from emerging agricultural technologies, including biotechnology. The U.S. proposal does not include pharmaceutical products.

The U.S. made its recommendation for a working group after concluding that WTO Members would not support immediate negotiations on the approval process for biotechnology products (e.g. genetically modified (GMO) corn or soybeans). The U.S. proposal is more narrowly focused than the proposals put forward by Canada (supported by Japan). The U.S. argued that Canada's proposal was too broad and would delay the conclusion of the new round of WTO talks.

WTO Members are divided over the establishment of a biotechnology working group. The U.S., Canada, Argentina, Chile, and Uruguay support the establishment of a WTO working group (though they do not necessarily agree on scope of work) as growers and/or supporters of GMO crops. This position reflects these countries' collective liberal position as part of the so-called Miami Group in negotiations toward an international biosafety protocol (see *BRIDGES Weekly Trade News Digest* Vol. 3, No. 37, 20 September 1999, <http://www.ictsd.org/html/story1.20-09-99.htm>).

Asian countries led by Malaysia, and joined by Bolivia, Egypt, Nigeria, Norway, Peru, and Switzerland prefer to discuss the issue of biotechnology in forums outside the WTO, for instance through the ongoing negotiation process for a legally-binding biosafety protocol. However, some of these countries noted that the existing WTO Committee on Trade and Environment (CTE) could be an appropriate vehicle for biotechnology-related work.

Brazil and the EU have yet to take any position on the issue of a WTO working group on biotechnology. Australia, also a member of the Miami Group, said it would not support the establishment of a working group unless there is consensus among all WTO Members.

In other news, life sciences companies on 29 October offered a set of guarantees regarding the distribution and marketing of GMO products in Europe in an effort to end a de facto EU moratorium on the approval of GMOs.

The moratorium has been in place since June 1999 when EU environment ministers approved a revised 1990 Directive on the Deliberate Release of Genetically Modified Organisms (90/220). At that time Greece, France, Italy, Denmark and Luxembourg expressed strong support for a suspension of GMO approvals until changes to the existing GMO legislation are implemented, a process likely to take several years as the legislation makes its way through the European Commission and Parliament for approval. While ministers ultimately rejected the formal

moratorium proposal, one is effectively in place since no new authorisations have been delivered for a long time, nor are likely to be in the near future.

Two biotechnology companies, Monsanto and AgrEvo, on 29 October put forward a proposal under which the companies would: ensure that all GMO products are labelled through all processing stages; seek approval of GMO applications for only 10 years, after which the companies would re-apply for approval; and set up a system whereby GMOs could be traced by way of a coding system.

The companies' proposal essentially addresses the requirements agreed to by EU environment ministers under 90/220, which calls for, *inter alia*, a 10-year (renewable) licensing period for each GMO seed authorisation, post-marketing monitoring of GMO products, and required labelling of products containing GMOs above a certain threshold phases. The companies made their proposals at an EU experts meeting that was convened to address three applications for the distribution of the GMO seeds. The experts' panel is considered a test case to see whether the de facto moratorium will stay in place. The panel said it would put off its decision on the seed applications until after it had considered the companies' proposal.

Also in the news, the World Wide Fund For Nature International (WWF), a leading international environment organisation, released a report on 9 November warning of the increasing number of GMO trees being planted without adequate controls and research into the environmental impacts of GMO forests. The report notes that commercial planting of GMO forests could begin within two years, most likely in Chile, China and Indonesia. The WWF report calls for strengthened regulations for field tests, including the examination of long-term environmental impacts. Further, WWF urged governments world-wide to declare a global moratorium on the commercial release of GMO trees until adequate research has been conducted and proper safeguards have been put in place. For details on how to access the report, please see Events and Resources, below.

"U.S. to seek biotech working group in WTO, later negotiations," INSIDE US TRADE, 12 November 1999; "WTO Members oppose creation of biotechnology group at upcoming talks," INTERNATIONAL TRADE REPORTER, 10 November 1999; "Leading biotechnology firms offer to make environment guarantees on GMOs," INTERNATIONAL ENVIRONMENT REPORTER, 10 November 1999; "WWF exposes GM tree threat to world's forests," WWF PRESS RELEASE, 9 November 1999.

IN BRIEF

A grouping of European forest owners and industry groups have aligned to forge an alternative sustainable forestry management scheme to compete with the global Forest Stewardship Council (FSC). The Pan European Forest Certification Scheme (PEFC) is a European alternative certification scheme intended to be better suited to small-scale private foresters than FSC certification (see *BRIDGES Weekly Trade News Digest* Vol. 2, No. 34, 7 September 1998). The FSC is currently the only existing international forest certification scheme. This scheme allows products originating from FSC certified forests to bear the FSC label, indicating that the wood meets recognised standards. However, PEFC officials said their organisation is pursuing a mutual recognition scheme amongst producers world-wide to develop an international alternative to the FSC. "European body sets new forest certification scheme," REUTERS, 8 November 1999; "European forests en route to be certified," PEFC PRESS RELEASE, 5 November 1999. UK Eco-

Friendly Wood Label Wins International Approval", Environment News Service: WorldScan Weekly, 5 November 1999.

Ministers of Agriculture and Forestry from the Association of Southeast Asian Nations (ASEAN) on 28 October signed a Memorandum of Understanding aimed at improving the competitiveness of ASEAN agriculture and forestry products through joint efforts in negotiations and promotions. The agreement, which expands upon an earlier 1994 understanding, includes, *inter alia*, natural rubber, coffee, tea, palm and coconut oils, forest products, tapioca, and frozen prawns. "ASEAN expands co-operation in agriculture and forest products," GLOBAL TRADE COMPASS, 4 November 1999.

U.S. President Clinton on 16 November signed an Executive Order requiring the U.S. to conduct environmental reviews on all trade agreements it negotiates. The statement states that: "Trade agreements should contribute to the broader goal of sustainable development. Environmental reviews are an important tool to help identify potential environmental effects of trade agreements, both positive and negative, and to help facilitate consideration of appropriate responses to those effects whether in the course of negotiations, through other means, or both." Agreements requiring an environmental review include comprehensive multilateral trade rounds; bilateral or plurilateral free trade agreements; and major new trade liberalisation agreements in natural resource sectors. It is not clear whether the Executive Order will extend beyond the current administration's mandate, which expires at the end of 2000. ICTSD Internal Files.

WTO IN BRIEF

China and the U.S. on 14 November reached agreement on a bilateral market access package negotiated as part of China's application to the WTO. Among the key components of the deal, China agreed to reduce average import tariffs to 17 percent from 22.1 percent; eliminate export subsidies; and grant substantially improved market access for U.S. telecommunications and financial services firms. Environmental and labour groups quickly criticised the deal for lacking any protections for workers or the environment. While the U.S.-China deal brings China closer than ever in its 13 year bid to join the WTO, China must still conclude accession talks with the EU, Canada, and many developing countries before being admitted. It is likely that China will help to draw attention to the concerns of developing countries -- who it has traditionally supported in trade issues -- at the WTO. China will have observer status at the Third WTO Ministerial in Seattle from 30 November - 3 December. "WTO deal signed," SOUTH CHINA MORNING POST, 15 November 1999; "Deal opens door for WTO entry," JOURNAL OF COMMERCE, 16 November 1999.

The U.S. last week said that it would refuse to negotiate on the issue of food aid shipments in WTO talks on agriculture. The U.S. rejected criticisms that it had substantially increased food aid shipments in recent years as a way to supplant traditional commercial suppliers in certain countries. Food aid has traditionally not been negotiated in global trade talks. "US opposes food aid negotiations under WTO - aide," REUTERS, 9 November 1999.

Cuba on 9 November released its position on trade, environment and sustainable development for the Seattle Ministerial. In its statement, Cuba notes that developing countries see sustainable development as becoming increasingly unattainable due to the accelerated pace at which trade is being liberalised without the results of the Uruguay Round being properly implemented, particularly with respect to special and differential treatment for developing countries. Cuba's

proposal stressed the need for technology transfer, in particular providing developing countries access to environmentally clean technologies. Cuba called for the Committee on Trade and Environment to consider the consequences "for the sustainable development of the developing countries as the only way of ensuring their economic growth coupled with better environmental protection." Cuba also wants the Committees on Market Access and Technical Barriers to Trade to address sustainable development by ensuring that "no unnecessary barriers are imposed or unilateral measures taken in the name of environmental protection which affect market access by the developing countries." Cuba went on to say that the requirement to incorporate production methods and processes in the final product was unacceptable. "Preparations For The 1999 Ministerial Conference, Trade, Environment and Sustainable Development. Paragraph 9(d) of the Geneva Ministerial Declaration," Communication from the Permanent Mission of Cuba, 9 November 1999.

ON THE MOVE

St. Vincent and the Grenadines Trade Minister John Horne on 1 November took over the presidency of the African, Caribbean and Pacific (ACP) grouping of developing countries. His term will run through April 2000. "Horne takes presidency of ACP grouping," THE HERALD (St. Vincent-Grenadines), 10 November 1999.

Margot Wallström, EC Commissioner for the Environment, informed a group of members of the European Parliament in Strasbourg on 15 November that she will not come to Seattle as had been rumored. Her decision is intended to maintain unity in the EC negotiation team, which is traditionally led by the Commissioner responsible for external relations, in this case Pascal Lamy. ICTSD Internal Files.

International Monetary Fund (IMF) Managing Director Michel Camdessus announced on 9 November his intention to resign as of February 2000. Mr. Camdessus, who has held the position since 1987, cited personal reasons for his resignation. The IMF Executive Board is charged with naming a successor, and it is widely expected that a European will be named to the post. "Camdessus to step down from IMF in Feb," ECONOMIC TIMES, 11 November 1999.

WTO MINISTERIAL EVENTS

29 November, 17:30-19:30, Washington Athletic Club, Seattle: COCKTAIL RECEPTION WITH ENVIRONMENTAL LEGISLATORS FROM EUROPE, JAPAN AND THE UNITED STATES. GLOBE USA and Friends of the Earth will be hosting a reception attended by Parliamentarians, press and organisations from the United States, Japan and Europe. U.S. Members of Congress, Members of the European Parliament, and Members of Parliament from the UK, Belgium, Germany, and Japan will make brief statements. Invited guests will also have an opportunity to discuss the new trade round with the parliamentarians before and after the statements. For information contact Will Singleton, Director, GLOBE USA, tel: (1-202) 863-0153, email wsingleton@globeusa.org

30 November, Westin Hotel, Seattle: THE WORLD TRADING SYSTEM: SEATTLE & BEYOND. This day-long series of sessions will be co-ordinated by the Institute for International Economics. Sessions include: "The New Round of WTO Negotiations: What's in it for the

Developed and Developing Countries?"; "Trade, Finance, Labour, and the Environment"; "Balancing and Broadening the WTO Agenda"; and "Conclusions and Prospects". Among expected speakers are Rubens Ricupero, C. Fred Bergsten, Renato Ruggiero, Daniel C. Esty, and several members of the U.S. Congress. For information contact: The National Centre for APEC, 2200 Alaskan Way, Suite 420, Seattle, WA, 98121-1684, tel: (1-206) 441-9022, fax: 441-1006, email: ncapec@ncapec.org

30 November, 10:30-12:00, Renaissance Madison, Seattle: WORKSHOP ON TRADE IN GMOs AND GENETIC RESOURCES. Sponsored by the Expert Panel on Trade and Sustainable Development (EPTSD). A brief presentation by each of the experts will be made, followed by discussion. Speakers include Norine Kennedy, Peter Einnarson, Matthew Stilwell, Nick Mabey and Vicky Tauli Corpuz. For information contact Aimee T. Gonzales, EPTSD Co-ordinator, WWF International, 14a, Avenue du Mont-Blanc, 1196 Gland, Switzerland, tel: (41-22) 364-9002, fax: 364-8219, email: agonzales@wwfnet.org, web: <http://www.panda.org>

1 December, 14:00-16:00, Cavanaugh Hotel, Seattle: WHO/WTO JOINT INFORMATION SESSION ON TRADE AND HEALTH. Interested members and observers are invited to participate in this event. This session will also be open to participation by interested, registered, non-governmental organisations and the press, on a first-come-first-served basis. For information contact Gretchen Stanton, WTO, email: gretchen.stanton@wto.org

4 November – 3 December, Toronto – Seattle: CROSS-CANADA WTO CARAVAN. Sponsored by the Canadian Union of Postal Workers, Canadian Federation of Students, Canadian Union of Public Employees, Sierra Youth Coalition, Canadian Auto Workers and the Council of Canadians. The Caravan is driving across the country to raise awareness about the WTO, stopping in communities along the way to talk to farmers, unions, and activists. For information visit: <http://www.wtocaravan.org>

EVENTS & RESOURCES

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.doc>. 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. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, Rue de Lausanne 154, 1211 Geneva, Switzerland.

25 November: WORKING PARTY ON GENERAL AGREEMENT ON TRADE IN SERVICES (GATS) RULES. For information contact Nuch Nazeer, WTO, tel: (41-22) 739-5393.

▪ OTHER EVENTS

12 November - 17 December: **SMALL STATES: MEETING CHALLENGES IN THE GLOBAL ECONOMY, AN ELECTRONIC CONSULTATION.** Organised by the Secretariat/World Bank Joint Task Force on Small States, this electronic consultation is designed to seek comments from the development community on the issues and actions identified in the World Bank's interim report. Comments will assist the Task Force in preparing its recommendations in time for the April 2000 meeting of the Development Committee. The objective is to set out a continuing agenda for action and analysis by small states, international organisations, and donors. For information and sign-up instructions see web: <http://www.worldbank.org/devforum/smallstates.html>

18 November, Chicago; 30 November, Washington DC; 13 December, Oakland: **FDA HEARINGS ON BIOENGINEERED FOODS.** The U.S. Food and Drug Administration (FDA) will hold three public hearings on bio-engineered foods. Persons wishing to comment are asked to register in advance. For information contact Charles Margulis, tel: (1-410) 327-3770, web: www.greenpeaceusa.org

18 November: **WHAT DO "COPYRIGHTS" AND "PATENTS" HAVE TO DO WITH YOU?** The Environmental News Network (<http://www.enn.com/>) is staging a live chat featuring Tim Weiskel, Director of the Harvard Seminar on Environmental Values. He will be presenting the moral questions surrounding the biotechnology debate at the upcoming WTO conference. For information contact David Skillman, Interactive Director, ENN.com, email: Dskillman@enn.com, tel: (1-888) 311-3661 ext. 20, web: <http://ecoethics.net/enn-chat/biotech-links.htm>

22 November, Brussels: **INTERNET CHAT WITH MR. PASCAL LAMY** (EU Trade Commissioner). Pascal Lamy will participate in an Internet Chat from 19:00 to 21:00 Brussels time. For information see web: <http://europa.eu.int/chatlamy/index.htm>

8-10 December, Coconut Grove, Florida: **INAUGURAL MEETING OF THE INTER-AMERICAN FORUM ON ENVIRONMENTAL LAW.** Sponsored by the Dante B. Fascell North-South Center's Environmental Law Program. For information contact Eric Dannenmaier, tel: (1-202) 986-4264, web: elpmsn@msn.com

▪ RESOURCES

TRADE, THE ENVIRONMENT, AND THE WTO: A POLICY AGENDA. November 1999. By Gary Sampson. Published by the Overseas Development Council. Sampson, the former director of the WTO Trade and Environment Division, focuses on key issues in the debate on trade and the environment, several of which will be on the agenda of the Seattle WTO Ministerial. For each issue analysed, Sampson offers policy and negotiating recommendations that can help reconcile trade and environmental objectives. The analysis and recommendations in this paper will be elaborated in a book published early in 2000 by the Overseas Development Council. To view or download the document, go to: <http://www.odc.org/commentary/sampson3.html>

TRADE FOR DEVELOPMENT - MAKING THE WTO WORK FOR THE POOR. November 1999. By Brett Parris. This discussion paper points out the problems with both the provisions and the implementation of some of the Uruguay Round Agreements and suggests a number of initiatives and reforms that should be implemented by the WTO and the international community before the

next round takes place. 88pp. To order contact: Brett Paris, Global Economic Issues Group, World Vision, 1 Vision Drive, East Burwood, VIC, 3151, AUSTRALIA, tel: (61-39) 287-2233, fax: 287-2315, email: parrisb@wva.org.au, web: <http://www.worldvision.org.au>

INVISIBLE GOVERNMENT – THE WORLD TRADE ORGANIZATION: GLOBAL GOVERNMENT FOR THE NEW MILLENNIUM? 1999. By the International Forum on Globalisation. This briefing reports on the powers, structures, rules and values of the WTO. Included are analyses of the WTO regime and case studies concerning major recent decisions that affect the environment, agriculture, intellectual property rights, culture, human rights, food safety, finance and investment, and other issues. To order contact: International Forum on Globalisation, 1555 Pacific Avenue, San Francisco, CA 94109, tel: (1-415) 771-3394, fax: 771-1121, email: ifg@ifg.org, web: <http://www.ifg.org>

NOVEL FOODS: BEYOND NUFFIELD. November 1999. By the Food Ethics Council. This report analyses the social and ethical questions regarding genetically engineered foods and makes recommendations for the future. £10. To order contact: Dr. Ben Mephram, Executive Director, Food Ethics Council, Miniter Chambers, Southwell, UK, NG25 0HD, tel: (0-163) 681-2622, email: foodeth@globalnet.co.uk, web: <http://www.users.globalnet.co.uk/~foodeth/reports.html>

ECONOMIC PERSPECTIVES – BIOTECHNOLOGY: FOOD SECURITY AND SAFETY. October 1999. This Electronic Journal of the U.S. Department of State discusses many issues concerning biotechnology including: finding a practical approach to a promising technology; reshaping global agricultural markets; regulating the products of biotechnology; green revolution to gene revolution; and many others. To view contact: Economic Perspectives, U.S. Department of State, 301 4th Street, S.W, Washington, D.C. 20547, email: ejecon@usia.gov, web: <http://www.usia.gov/journals/ites/1099/ijee/bio-toc.htm>

TRADE LIBERALISATION AND THE ENVIRONMENT: LESSONS LEARNED FROM BANGLADESH, CHILE, INDIA, PHILIPPINES, ROMANIA AND UGANDA. By the United Nations Environmental Programme (UNEP). 1999. This synthesis report is a review of studies done in six countries commissioned under UNEP's "Capacity Building for Integrating Environmental Considerations into Development Planning and Decision-making" programme. The studies identify the environmental impacts of trade liberalisation and the economics instruments that can be used to sustainably manage these impacts. Focusing on trade-related environmental problems and their social and economic implications as they apply to diverse economic sectors, each study includes recommendations for practical actions. To order contact: Programme on Economics and Trade, Division of Technology, Industry and Economics, United Nations Environment Programme, 15, Chemin des Anemones, 1219 Geneva, Switzerland, tel: (41 22) 917-8298, fax: 917-8076.

GM TECHNOLOGY IN THE FOREST SECTOR. November 1999. By the World Wide Fund for Nature. This report reveals that a rapidly increasing number of genetically modified trees are being planted without proper controls around the world. It discusses the possible threats to natural forests from these trees, calls for strengthened regulations for field tests, which examine the long term environmental impacts of GM tree species, and demands the start of a comprehensive programme of research on which credible decisions can be based. For information contact: Jean-Paul Jeanrenaud, Head of Forests for Life Programme, WWF International, tel: (41-079) 653-2071, email: jpjeanrenaud@wwfnet.org

WEB RESOURCES

GLOBAL ACTION CENTER. 1999. Voxcap.com will be covering the WTO Ministerial in Seattle on the ground and in the meetings, providing up to date news and analysis on rallies and demonstrations as well as on the issues covered at the ministerial. For information on this electronic resource contact: April Pedersen, tel: (1-202) 737-4900, email: april@voxcap.com

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