



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

BRIDGES

Weekly Trade News Digest

24 November 1999

ISSN 1563-003X

Volume 3, N°46

TABLE OF CONTENTS

Page :

| | |
|--|---|
| Important Information For <i>BRIDGES</i> Weekly Trade News Digest Subscribers | 2 |
|--|---|

I. MINISTERIAL PREPARATIONS

A. MINISTERIAL

| | |
|--|---|
| - No Progress On Draft Declaration; Four Negotiating Areas To Structure Seattle Talks | 2 |
|--|---|

B. IMPLEMENTATION

| | |
|---|---|
| - No New Issues Without Redress Of Uruguay Round Imbalances | 3 |
|---|---|

C. NEW ISSUES

| | |
|-----------------------|---|
| - New Issues | 5 |
| - Biotechnology | 5 |
| - Labour | 6 |
| - Culture | 7 |
| - Investment | 8 |
| - Environment | 9 |

II. OTHER NEWS LAST WEEK

| | |
|--|----|
| - Bananas Take Centre Stage at WTO DSB Meeting | 10 |
| - China-U.S. Bilateral Deal Just The Beginning For WTO Accession | 11 |
| - GMO Labels Gaining Momentum | 12 |
| - In Brief | 13 |
| - WTO In Brief | 13 |
| - Ministerial Information | 14 |
| - WTO Ministerial Events | 14 |
| - Events & Resources | 14 |

IMPORTANT INFORMATION FOR BRIDGES WEEKLY TRADE NEWS DIGEST SUBSCRIBERS

ICTSD Staff will be attending the Third WTO Ministerial Conference in Seattle during the week of 29 November to 3 December. During this time, we will be producing a "BRIDGES Daily Update" that will cover the WTO negotiations and civil society activities. Subscribers to BRIDGES Weekly Trade News Digest will receive this publication daily via email. It will also be available on the ICTSD website in English, French and Spanish versions at http://www.ictsd.org/wto_daily/index.htm. This current issue provides a background in trade and sustainable development at the WTO in leadup to the Ministerial, and will be re-released in updated form just prior to the opening of the 30 Nov - 3 Dec negotiations.

BRIDGES Weekly Trade News Digest Vol. 3 Issues #47 and #48 will be released on 8 December and 15 December, respectively. #47 will carry a review of Seattle, and #48 will be the final issue for 1999.

BRIDGES Weekly Trade News Digest will resume publication in 2000 with Vol. 4 Issue #1.

We hope you enjoy our Seattle coverage and, as always, welcome your feedback.

■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
I. MINISTERIAL PREPARATIONS
■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

A. MINISTERIAL**NO PROGRESS ON DRAFT DECLARATION; FOUR NEGOTIATING AREAS TO STRUCTURE SEATTLE TALKS**

Bogged down by continuing disagreements over agriculture and implementation issues, WTO Members have decided to stay with a lengthy draft Ministerial Declaration that was released on 19 October (see <http://www.ictsd.org/html/seattleministerial.htm>) as a basis for negotiation at Seattle. At Seattle, trade Ministers from the WTO's 135 Member states will gather for the Third WTO Ministerial Conference from 30 November to 3 December. The outcome of the Conference will be enshrined in the Ministerial Declaration that will outline the direction and scope of future trade talks. Agriculture and services are already scheduled for negotiation as part of the WTO's built-in agenda.

As has been the case since haggling over the Declaration language began this summer, agriculture and implementation (on implementation, see next story) of existing agreements remain the stumbling-blocks. At a 23 November informal Heads of Delegation meeting, Ambassador Ali Mchumo, Chair of the General Council, warned that without some agreed-to texts on these key areas, "no revision" of the 19 October text "could be considered balanced."

The prospect of a compromise on the question of agriculture glimpsed last week went up in smoke over the weekend when Brussels rejected the draft of a possible accord on agriculture, "because it failed to reflect its minimum demands", said a source from the Cairns Group of agriculture-exporting countries (see *BRIDGES* Weekly Trade News Digest - Vol. 3, Number 45, 15 November

1999, <http://www.ictsd.org/html/weekly/story2.15-11-99.htm>). The EU "was only trying to find out how much we were willing to yield, in order to design its strategy for Seattle," the source added. Agreement was deemed unreachable by WTO Director-General Mike Moore, who reached the conclusion that there was "no more room for debate."

Over the weekend, new obstacles also emerged in the area of new issues -- which include trade and the environment, trade and investment, competition policy, transparency of public procurements, social clauses and electronic commerce.

WTO Members did agree, however, that negotiations in Seattle would take place in four working groups, open to all ministers. The groups will be agriculture, implementation, new issues such as environment and investment (see related section, this issue), and market access. A fifth group will examine administrative issues at the WTO, such as transparency and integration of developing countries, but it will not be a negotiating forum. A "permanent committee", led by U.S. Trade Representative Charlene Barshefsky and Mike Moore, will meet regularly with ministers to monitor progress.

Moore and Barshefsky remain confident that negotiations at Seattle will succeed in launching a new round of trade liberalisation. "I believe we can still do this at Seattle," Moore said following a General Council meeting this week. Stated Barshefsky, "This is a negotiation. It'll break down, and it'll resume. It'll break down, and it'll resume. I'm not in the least bit concerned." She predicted that the ministers will adopt a declaration that will clearly set the range of issues for negotiations as well as benchmarks for progress, especially a firm deadline for submitting proposals. Some officials have suggested the differences to overcome are so great that the ministers might not be able to agree to launch a new trade round.

"Agriculture Encumbers Talks in Run-Up to Seattle," IPS, 22 November 1999; "Barshefsky Predicts Successful Outcome for WTO Seattle Meeting," TRADE COMPASS, 24 November 1999; "Trade ambassadors abandon attempt to agree talks agenda," FINANCIAL TIMES, 24 November 1999.

B. IMPLEMENTATION

NO NEW ISSUES WITHOUT REDRESS OF URUGUAY ROUND IMBALANCES

Since former EU Trade Commissioner Sir Leon Brittan first floated the idea of a Millennium Round of trade talks, developing countries have remained steadfast in their demand that developed countries honour Uruguay Round commitments before moving forward full force with new trade negotiations.

Specifically, developing countries are concerned over developed countries' compliance with agreements on market access for textiles, their use of antidumping measures against developing countries' exports, and over-implementation of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs).

Regarding anti-dumping, developing countries have called for a review of WTO rules, hoping to make anti-dumping measures more responsive to their needs. These countries argue that some

developed countries misuse anti-dumping measures, which has resulted in significant trade barriers to developing countries' exports. Japan and South Korea, frequent targets of anti-dumping investigations, have thus far been the strongest proponents amongst developed countries for including a review of anti-dumping measures in the next round. Canada has also joined the chorus calling for a review, while the EU has yet to take a definitive position on the matter. The U.S., however, has become increasingly isolated in its opposition to re-opening the anti-dumping agreement, especially as developing countries join strong trade powers in calling for a review of anti-dumping rules. There is tremendous political pressure within the U.S. from labour and industry groups to keep the anti-dumping rules unchanged in order to protect struggling U.S. industries (e.g. steel) against import surges. The U.S. has strongly criticised Japan for its position on the issue, accusing Japan of having a less than admirable record on dumping.

With regard to textiles, developing countries argue that restrictive implementation of developed countries' commitments in textiles under the Uruguay Round Agreement on Textiles and Clothing (ATC), combined with the extensive use of trade remedies (such as anti-dumping measures), have resulted only in a minimal increase in market opening while reinforcing imbalances in competition between developed and developing countries.

India (for whom textiles account for more than 20 percent of total exports) intends to press developed countries to dismantle quotas in advance of the 2005 deadline. Under the ATC, textile-importing countries such as the U.S. and EU agreed to a ten-year phase-out period (until 2005) for restrictions on textile imports. Developing countries agreed to the phase-out period, even though developed countries back-loaded the most commercially meaningful products at the end of the period. Colombia, Egypt, Pakistan, and Bangladesh are among other Members pushing for improved implementation of the ATC.

Regarding the TRIPs Agreement, a number of developing countries have called for an extension of the implementation deadline for Art.27.3 (b) that calls for WTO Members to protect intellectual property (IPRs) over plant varieties either through patents, an effective sui generis system, or with a combination of the two. The deadline for implementation is 1 Jan 2000, but developing countries want to extend it to five years from the date of completion of the review of Art.27.3 (b) that is currently underway.

The U.S. has thus far rejected the idea of extending the TRIPs Agreement implementation deadline or of renegotiating aspects of the Agreement to address developing countries' concerns. The U.S. argues that it has yet to benefit from the agreement and that an effective intellectual property protection system would be beneficial in stimulating research and development.

Meanwhile, some developing countries intend to place on the table at the WTO Ministerial access to lower cost pharmaceuticals (particularly HIV/AIDS treatment). Countries such as South Africa, Thailand, and others dealing with large HIV/AIDS populations want to protect their rights to price control mechanisms under the WTO Agreement on Trade Related Aspects on Intellectual Property Rights. These mechanisms help ensure affordable access to pharmaceuticals. Pharmaceutical firms, on the other hand, fear that mechanisms such as compulsory licensing and parallel importing would lower world prices for HIV/AIDS treatments (and all pharmaceuticals) and lead to a deterioration of product quality and a loss of control over regulatory standards.

"India leads fight for developing nations market access," AGENCE FRANCE-PRESS, 16 November 1999; "The dumping, not the response, is the issue," JOURNAL OF COMMERCE, 19

November 1999; "Canada sees anti-dumping review in WTO trade round," REUTERS, 28 October 1999; "U.S. won't discuss dumping at WTO," WASHINGTON POST, 27 October 1999; "Japan defends its agenda at WTO," REUTERS, 25 October 1999; "EU hesitant to collaborate with Japan on anti-dumping," KYODO NEWS INTERNATIONAL, 9 November 1999; "Trade: implementation issues as important as agriculture," SUNS, 2 November 1999; "India will not be browbeaten in WTO talks," AGENCE FRANCE-PRESSE, 2 November 1999; "Traditional knowledge under commercial blanket," SUNS, 5 November 1999; "Developing nations see trade battle on HIV drugs," IPS, 27 October 1999.

C. NEW ISSUES

NEW ISSUES

WTO Members continue to debate over whether or not to expand the WTO built-in agenda, which includes negotiations on agriculture and services, to address so-called new issues (e.g. investment, environment). Below is a brief overview of these issues and a general outline of key differences between Members.

BIOTECHNOLOGY

Regarding biotechnology, the U.S. has proposed the establishment of a WTO working group on biotechnology. Canada and Japan have also called for similar working groups. Argentina, Chile, and Uruguay support the notion of a working group; 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.

The EU has yet to take a formal position on the issue of a working group but is expected to call for clearer general recognition of the precautionary principle within the WTO. The principle, often used in environmental policy, holds that where there are threats of serious or irreversible damage, lack of scientific certainty should not be used as a reason for postponing action. In a trade sense, the principle could be employed to allow preventive measures -- such as an import ban -- to be used when scientific evidence is lacking. Application of the principle is at the heart of trade disputes between the EU and U.S. over hormone-treated beef and genetically modified organisms.

In an 18 November letter to the U.S. Trade Representative Charlene Barshefsky, a grouping of non-governmental organisations expressed deep concern over the U.S. proposal for a biotechnology working group. The NGOs said the proposals could undermine "the development of new national and international safeguards for trade in agricultural biotechnology products" and further "could place excessive constraints on the rights of governments to regulate, hampering their ability to respond to scientifically uncertain threats on the basis of the precautionary principle", according to the letter. The NGO letter also warned that bringing biotechnology to the WTO could undermine the Biosafety Protocol (addressing the international movement of genetically modified organisms), and "could lead to new restrictions on right of governments to require labelling of GMO products to promote consumers' right-to-know", the letter said.

The NGO grouping is comprised of the Centre for International Environmental Law, Community Nutrition Institute, Consumer's Choice Council, Corporate Agribusiness Research Project, Defenders of Wildlife, Falls Brook Centre, Friends of the Earth, Sierra Club, Transnational Resource & Action Centre, and the Union of Concerned Scientists.

"NGO letter on WTO biotech proposals," 18 November 1999; "EU nervous of specific GMO talks at Seattle," REUTERS, 14 November 1999.

LABOUR

As part of the Seattle Ministerial preparations, the U.S. has put forward a proposal to establish WTO working group on labour issues (see *BRIDGES Weekly Trade News Digest*, Vol. 3 No. 43, 1 November 1999, <http://www.ictsd.org/html/weekly/story1.01-11-99.htm>). The proposal calls for a group to examine trade issues related to: labour, specifically trade and employment; trade and social protections; trade and core labour standards; positive trade policy incentives and core labour standards; trade and forced or exploitative child labour; and trade and derogation from national labour standards. The U.S. position is the result of a Congressional mandate that the U.S. should seek such a working group. Moreover, the request is politically expedient to assuage a very vocal labour movement in the U.S. whose support is necessary to maintain U.S. momentum toward further trade liberalisation.

The EU also submitted a proposal for a forum to address labour issues. However, its proposed Joint ILO/WTO Standing Working Forum would not have official standing within the WTO. Both the EU and U.S. proposals have met with strong opposition from developing country Members during the Ministerial preparatory process.

Developing countries' main concern is that the trade and labour linkage is a veiled protectionist mechanism sought by developed countries as a way to squash developing countries' comparative advantage in labour. At the First WTO Ministerial in Singapore in December 1996, WTO Members agreed that the International Labour Organisation was the appropriate agency to address trade and labour linkages.

Developing countries made their position clear in statements put forward by various groupings in advance of the Ministerial. The Group of 15 (G-15) developing countries said they "resolutely oppose any renewed attempt to raise [the issue of trade and labour linkage] in the WTO." The Group of 77 (G-77) developing countries echoed these sentiments in their joint declaration on the Ministerial, stating that it would "firmly oppose any linkage between trade and labour standards." Other smaller, regional groupings (which include an overlap of Members from the G-15 and G-77 groupings), also said they would reject any attempt at trade and labour linkages. These include the South Asian Association for Regional Co-operation (SAARC) comprised of India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and Maldives.

These Members are supported by a grouping of prominent Third World intellectuals and non-governmental organisations who called for the issue of linking trade with labour (and the environment) to be laid to rest at the WTO (see *BRIDGES Weekly Trade News Digest* Vol. 3, No. 36, 13 September 1999, <http://www.ictsd.org/html/story3.13-09-99.htm>). The list of signatories included Jagdish Bhagwati (Columbia University, USA), Muchkund Dubey, (Government of India), Arvind Panagariya (University of Maryland, USA), Pradeep S. Mehta (Consumer Unity and

Trust Society, India), Jasper Okelo (University of Nairobi, Kenya). The group of experts emphasised that "the WTO's design must reflect the principle of mutual gain; it cannot be allowed to become the institution that becomes a prisoner of every developed country lobby or group that seeks to advance its agenda at the expense of the developing countries."

Australia on 14 November said that it does not support inclusion of labour issues at the WTO. Australian Trade Minister Mark Vaile stated that Australia prefers labour issues be discussed at the ILO.

"Trade and labour at WTO," THE PROGRESSIVE RESPONSE, 5 November 1999; "Australia says WTO should not be distracted by labour," REUTERS, 14 November 1999; "Attempt to get labour on WTO agenda rejected," FINANCIAL TIMES, 9 November 1999; "U.S. proposal on labour splits WTO," THE STAR (Malaysia), 8 November 1999.

CULTURE

When WTO Members meet in Seattle next week, Canada is expected to call for a WTO agreement on trade in cultural goods and services. The agreement could be used to protect cultural industries, including the audio-visual sector, books, magazines, and broadcasting, by setting them apart from other goods.

In its negotiating position, the EU agreed to leave open the possibility for implementing safeguards related to cultural protections within the context of the WTO agreement on trade in services. The EU negotiating guidelines call for the EU to ensure "that the Community and its Member States maintain the possibility to preserve and develop their capacity to define and implement their cultural and audio-visual policies for the purpose of preserving their cultural diversity." (See *BRIDGES Weekly Trade News Digest* Vol. 3, No. 43, 1 November 1999, <http://www.ictsd.org/html/weekly/story3.01-11-99.htm>).

France has been the most outspoken proponent of protecting the so-called cultural exception, arguing that culture is not a commodity. Culture has figured in a trade dispute between the U.S. and Canada over magazine advertising content rules (see *BRIDGES Weekly Trade News Digest* Vol. 3, No. 6, 15 February 1999 <http://www.ictsd.org/html/story6.15-02-99.htm>). The cultural exception issue has also figured indirectly in the accession bids of Albania, Moldova and Croatia, as the three countries remain caught in the midst of an EU-U.S. dispute over market access regimes for the audio-visual sector.

In related news, the Information Society Forum, a group of 140 independent experts from across the European Union and Eastern European countries, have called on WTO Members to recognise the importance of cultural sustainability and acknowledge that cultural goods and services are significantly different from other products. In their Seattle Declaration, the Forum called on WTO Members to, *inter alia*, "refrain from applying the General Agreement on Trade in Services to services related to the communication of audio-visual content to the public, which are directly linked to the cultural, political and social interaction and sustainable development of societies".

"Cultural implications of the Millennium Round," Contribution of The Information Society Forum to the WTO Ministerial Conference in Seattle, September 1999; "Canada develops alliances to protect culture, fight farm subsidies," AGENCE FRANCE-PRESSE, 18 November 1999; "Canada

lists its priorities for Seattle," *FINANCIAL TIMES*, 17 November 1999; "Sheila Copps croisée de l'exception culturelle," *LIBERATION*, 2 November 1999; "EU seeks to protect cultural diversity of its states in WTO talks," *AGENCE FRANCE-PRESSE*, 14 November 1999.

INVESTMENT

The EU and Japan are pushing for inclusion of investment in a new round of global trade talks, intended to harmonise international investment rules and to dismantle barriers to foreign investment.

Talks for a Multilateral Agreement on Investment (MAI), conducted under the auspices of the 29-member Organisation of Economic Co-operation and Development (OECD), failed in late 1998 amid vigorous disagreement among governments and action by civil society groups who opposed it for not incorporating labour and environment standards, for its lack of transparency, and for the rights and power it would have given corporations vis-à-vis governments. The OECD was also strongly criticised for its failure to include developing countries in MAI negotiations. France ultimately withdrew from OECD talks over differences with respect to the so-called cultural exceptions, precipitating the end of the MAI at the OECD. France subsequently called for the transfer of talks to the WTO, in hopes that a broader group of countries could participate in the talks, rather than just the elite group of 29 OECD members.

During debate leading up to the WTO Ministerial, Bolivia, speaking on behalf of the Group of Latin American and Caribbean countries, said that negotiations on investment should not be undertaken, arguing that issues of agriculture and implementation are of greater urgency (see related stories in this issue). Other developing countries, including Indonesia, Haiti, Malaysia, Kenya, Pakistan, Argentina, Cuba, Australia, Uganda, Singapore, Thailand, and El Salvador, argued against negotiations on the ground that there was no consensus for an investment agreement at the WTO.

A number of developing countries supported continued study of investment under The Working Group on the Relationship between Trade and Investment, although some, notably India, said they would only support such work if it carried no commitments toward future investment negotiations. Developing countries are supporting provisions within the draft Ministerial that call on the Working Group to "focus on issues of interest to developing countries, in particular, the effects of foreign direct investment, positive and negative, on the development objectives of host countries, the obligations of foreign investors to host countries, and the obligations of home countries in respect of disciplines on their investors." The U.S. subsequently proposed removing the language regarding developing countries in the Working Group mandate.

For its part, the U.S. is opposed to investment talks at the WTO, arguing that the sector is not yet ripe for a multilateral agreement. Further, the U.S. has criticised the EU's support for investment talks, calling it the "anything but agriculture" approach to trade talks in reference to the EU's perceived reluctance to further liberalise its farm sector.

"Latest developments on investment in the WTO," *SEATINI BULLETIN*, 15 & 30 October 1999; "EU faces uphill battle in bid for wide trade round," *REUTERS* 15 November 1999; "US, India to oppose investment pact," *ECONOMIC TIMES*, 29 October 1999.

ENVIRONMENT

The debate over the trade and environment linkage at the WTO is as divisive as the debate over trade and labour, and again the division falls along North-South lines. Most notably, the EU and U.S. have pressed for various mechanisms to link trade and environmental protection. In addition to calling for a continuation of the Committee on Trade and Environment as a discussion forum for contentious issues and the promotion of trade and environment win-win situations, a U.S. proposal on Trade and Sustainable Development (WT/GC/W/304)* has pointed to the importance of institutional reform and a pursuance of liberalisation "in a way that is supportive of high public health and environmental standards."

In keeping with the objectives outlined in its proposal, the Clinton Administration on 17 November called on the U.S. Trade Representative to carry out an assessment of the potential environmental impact of major trade agreements "to ensure that our efforts to expand trade reflect our strong commitment to promoting environmental protection worldwide." The Clinton Administration said the review would be used to help shape the U.S. negotiating position in the next round of WTO trade talks and would include input from outside experts and the public. The review is intended to complement the U.S. objectives for the next round with respect to the environment, e.g. including ending subsidies that promote over-fishing and eliminating trade barriers to so-called clean technologies.

Developing countries argue that a trade and environment linkage could be used as a protectionist mechanism by developed countries (e.g. by establishing non-tariff barriers to trade). India's commerce and industry minister Murasoli Maran summed up developing country sentiments earlier this month, noting that India is a "signatory to a host of ecological treaties. We believe that...environment issues should be dealt with in those fora. The WTO should discuss trade issues only."

A number of other developing countries have also submitted proposals suggesting approaches to trade and environment. These include Kenya (WT/GC/W/233), Bangladesh (WT/GC/W/251), Pakistan (WT/GC/W/126), Dominican Republic-Honduras-Pakistan (WT/GC/W/255), Cuba-Dominican Republic-Honduras-Pakistan (WT/GC/W/163), and Cuba (WT/GC/W/387). For the most part, these have cautioned against the establishment of stronger links between trade and new issues such as environment and labour. They also reinforce the developing countries' demands for greater emphasis on special and differential treatment, particularly with respect to sustainable development. Many are also fearful that more stringent environmental language may allow process and production methods to be used as a basis for trade discrimination.

References to the environment are to be found throughout the 19 October draft Ministerial Declaration (available online at <http://www.ictsd.org/html/seattleministerial.htm>). It is included in various guises under the sections marked "Objectives and Priorities", "Implementation of Existing Agreements", "New Negotiating [Round]", "Structure, Organisation and Participation", "Subjects for Negotiation", and "Other Elements of Work Programme". Virtually all references are in square brackets, indicating areas where Members remain divided in their positions.

*Document available online at <http://www.wto.org/wto/ddf/ep/public.html>- "U.S. to review eco-impacts of trade agreements," ENS, 17 November 1999; "Turning over a green leaf?" ECONOMIC TIMES, 12 November 1999; "U.S. president orders environmental reviews of proposals to help develop

positions," INTERNATIONAL ENVIRONMENT REPORTER, 24 November 1999. ICTSD Internal Files

■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
II. OTHER NEWS LAST WEEK
■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

BANANAS TAKE CENTRE STAGE AT WTO DSB MEETING

At 19 November's WTO Dispute Settlement Body (DSB) meeting, one of the more contentious issues discussed was that of the EU's revised banana import regime. According to the U.S., Mexico, Honduras, Guatemala, Panama, and Ecuador, the regime still fails to comply fully with previous WTO dispute panel rulings. Panama argued that the new regime would actually reduce access by Latin American countries to EU markets. A ruling last April found that the EU had not complied with a 1997 ruling against its banana import regime. The EU's revised regime would replace import quotas and licenses with import duties.

The EU's non-compliance prompted Ecuador to request retaliatory sanctions totalling \$450 million for lost banana trade. A senior Ecuadorian official was quoted as saying, "Our sanctions are more of a political effect than economic." Objecting to the amount of compensation demanded, the EU asked that an arbitration panel be set up to examine the request and decide on the amount of compensation due. A ruling is expected early next year. Ecuador's regulatory sanctions would target intellectual property, industrial designs, sound recordings and wholesale distribution services -- areas that the EU would like to see fall under WTO rules. Ecuador may be setting a precedent for developing countries by withholding its WTO obligations on intellectual property, rather than imposing higher import tariffs on imported goods. Such cross-retaliation, if approved by the arbitration panel, could well increase developing countries' bargaining power. Although allowed under WTO rules, cross-retaliation measures have never before been imposed.

Also at the meeting, the DSB agreed to establish a panel to review Australia and New Zealand's complaints over U.S. restrictions on imports of lamb meat from the two countries. The U.S. claims that its imposed tariff and quota measures are strictly WTO compliant. The DSB also agreed to establish a panel to investigate South Korea's complaint that the U.S.' curbs on imports of steel plate and sheet violate WTO rules. The U.S. limited imports after invoking the WTO's agreement on anti-dumping.

CORRIGENDUM

Last week's story on Ecuador's cross-retaliation in the banana dispute was accidentally truncated in the electronic release process. The full story can be found at <http://www.ictsd.org/html/weekly/story5.15-11-99.htm>.

"EU, Ecuador at odds over bananas," EXCITE.NEWS, 19 November 1999; Ecuador: Retaliate in banana dispute sought," FINANCIAL TIMES.COM, 22 November 1999; "Australian Trade Min Hails WTO Panel On US Lamb Dispute," DOW JONES NEWSWIRE, 22 November 1999; "South Korea wins WTO panel versus U.S. over steel," 19 November 1999; "New EU banana policy hit by U.S., Latin Americans," REUTERS, 19 November 1999; ICTSD

CHINA-U.S. BILATERAL DEAL JUST THE BEGINNING FOR WTO ACCESSION

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. The deal, concluded after 13 years of negotiations, brings China closer than ever before to gaining admission to the WTO. However, there remain formidable obstacles to overcome before China's accession is assured. The major obstacle is the requirement for China to conclude bilateral deals with an additional 27 WTO Members, including the EU, Canada, Brazil, India, and Switzerland.

The EU is widely considered the most critical of China's accession. The U.S.-China deal is expected to go far to address EU demands, but EU negotiators noted it could take a number of months before any deal is concluded. "But we must point out that while the U.S. and the EU share about 80 percent of the same concerns over Chinese membership of the WTO, there are still differences", said Anthony Gooch, spokesman for European Trade Commissioner, Pascal Lamy. These differences lie in the areas of banking, life insurance, telecommunications, and in horizontal issues, such as export performance requirements of China-based EU companies.

The U.S.-China deal must also be approved by the U.S. Congress, which could prove a major battle. Labour groups promised to fight hard against the deal that they said would prove disastrous for American workers. These groups contend the U.S.-China deal lacks adequate protections against surges of Chinese imports, thereby putting U.S. workers at risk, and fails to secure China's agreement to ensure basic human and worker's rights.

Regarding agriculture, the U.S.-China deal calls for China (a major food importer) to reduce import tariffs on agricultural goods from an average 31.5 percent to 15 percent by 2004 and to phase out export subsidies. One Chinese economist, however, warned that 10 million farmers would lose their jobs as a result of liberalisation in the farm sector for they would be unable to compete with cheap foreign imports.

Regarding textiles, China being a major exporter, Chinese officials said last week that the expected increase in exports as a result of the deal would lead to the creation of 5.4 million jobs by 2005. Textile exports accounted for nearly one quarter of all China's export revenues in 1997. Under the bilateral deal, the U.S. agreed to phase out textile quotas on Chinese imports by 2005. This concession has met with strong opposition from U.S. textile manufacturers, who warn that increased textile imports from China will result in the loss of 150,000 fibre, textile, and apparel jobs in the U.S.

Meanwhile, observers note that China's accession to the WTO could help achieve a balance of power at the WTO between North and South. Though it remains to be seen whether China will accede to the WTO as a developed or a developing country, China has traditionally sided with developing countries on trade matters. Developing countries make up the majority of the WTO's 135 Members, but on a trade-weighted basis have been overpowered by the so-called Quad group of Countries (U.S., EU, Japan, and Canada). China could add the market-muscle needed by developing countries to exert more leverage on key issues at the WTO. At the Seattle Ministerial, China will attend as an observer.

"China sees 64 percent leap in textile exports from WTO agreements," AGENCE FRANCE-PRESSE, 17 November 1999; "Unions begin fight against permanent MFN for China in wake of deal," INSIDE US TRADE, 19 November 1999; "China's admission to WTO could favour South,"

IPS, 15 November 1999; "Beijing faces steep political price in deal with US," IPS, 18 November 1999; "More work stands between China and membership in world trade body," INTERNATIONAL TRADE REPORTER, 17 November 1999.

GMO LABELS GAINING MOMENTUM

A number of countries are reacting to consumer concerns over food derived from genetically modified organisms (GMOs) by creating policies and labels governing the usage of such products. Further liberalisation in agriculture as a result of WTO-mandated negotiations has made many groups and countries wary of opening markets to GMO imports.

The Australia-New Zealand Food Standards Council (ANZFSC) on 22 October agreed to implement a strict mandatory labelling for genetically modified foods and products containing GMO ingredients. ANZFSC rejected a proposal to allow a low-level threshold for foods free of GMOs -- a move welcomed by consumer groups. Manufacturers and producers would be responsible for reporting accurate levels of GM content, even in trace amounts.

In Canada, the Canadian Council of Grocery Distributors, representing about 80% of Canadian food industry retailers agreed in September to develop a voluntary GMO-labelling regime in partnership with the Canadian General Standards Board (CGSB), a government agency. CGSB will develop labelling standards in consultation with consumers, public interest groups, producers, manufacturers, distributors, retailers and government. Canadian Minister of Agriculture and Agri-Food Lyle Vanclief said, "The Government of Canada believes in the right of consumers to have access to information as it relates to biotechnology and food...Consistent codes of practices for voluntary labelling of foods derived from biotechnology will give consumers information to make choices."

South Korea is expected to announce a proposed GMO labelling regime by month's end. It is expected that the regime would call for the labelling of GMO corn and soybeans. South Korea imports nearly all of its corn and soybean demand.

Meanwhile in Thailand, Deputy Prime Minister Supachai Panitchpakdi (WTO Director-General in-waiting) said that Thailand could position itself as a major exporter of organic or non-GMO food products. "Amid the interlocking trade disputes between the United States, which is a strong proponent of the [GMO] technology, and the European Union which takes a conservative stand, Thailand will take a middle path and look for optimal alternatives," Mr. Supachai said earlier this month. Thailand on 18 October announced a partial ban on imports of GMO seeds pending clear scientific evidence on their safety. Thailand is a major exporter of agricultural exports.

A bill requiring labelling of genetically engineered foods was introduced in the U.S. Congress last week. The Genetically Engineered Food Right to Know Act, sponsored by Rep. Dennis Kucinich (D-Ohio) would also require additional research on the long-term health effects related to genetically modified food. About 48 Members of Congress offered initial support for the bill.

A coalition of 38 U.S. farm groups and food retail and manufacturing groups registered their strong opposition to the labelling initiative in a letter to President Clinton. The group said labelling would undermine U.S. attempts to encourage science-based regulatory regimes globally and would foster unwarranted suspicion of GMO foods. Environmental and consumer groups are eager to move

labelling legislation forward, insisting that the consumer's right to make informed choices about food is paramount.

"Bill seeking labelling, more research on genetically altered foods expected soon," INTERNATIONAL TRADE REPORTER, 17 November 1999; "Biotech food labels bad for trade, business - US industry," REUTERS, 17 November 1999; "Canada: voluntary GM labelling standards to be developed;" "Australia/ New Zealand to adopt strict labelling rules," LABELS: LINKING CONSUMERS & PRODUCERS, 4 November 1999; "S.Korea to prepare proposal for GMO labelling," REUTERS, 4 November 1999; "Sensational debate seen as damaging genetic modification," BANGKOK POST, 5 November 1999.

IN BRIEF

The UN Conference on Trade and Development (UNCTAD) earlier this month held the second in a series of five roundtable discussions on trade and environment in developing countries. The discussions are aimed at strengthening research and policy making capacity in the 10 participating countries: Bangladesh, Brazil, Costa Rica, Cuba, India, the Philippines, South Africa, Tunisia, Uganda, and Tanzania. UNCTAD this month will also host a conference focusing on the role of business partnerships in promoting sustainable development in India. The conference aims to encourage development of private partnerships and "environmentally friendly" products. "UNCTAD: promotes trade, enviro standards in Asian forums," UN NEWSWIRE, 19 November 1999.

On 15 November, the Clinton Administration announced plans for a Southeast Europe Trade Preference Act (SETPA) which, if passed by the U.S. Congress, would extend duty-free treatment to 80 percent of exports from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Slovenia, Kosovo and Montenegro. Duty-free access to U.S. markets under SETPA would be contingent upon, inter alia, meeting U.S. requirements on intellectual property protection, labour rights, and certain anti-corruption measures. "White House reveals Southeast Europe trade bill," TRADE COMPASS, 15 November 1999.

Action Aid, the U.K.-based aid organisation, issued a report earlier this month warning that EU milk export subsidies threaten the livelihoods of dairy farmers in developing countries. The report cites the example of Jamaica, where subsidised EU milk powder exports are pushing local producers off the market, rendering them unable to compete with the flood of cheap imports. "Action Aid warns over milk subsidies," FINANCIAL TIMES, 17 November 1999.

WTO IN BRIEF

Recently-created "mimic" WTO websites have raised the ire of WTO Director-General Mike Moore. "I am deeply concerned about the recent appearance of anonymous websites which copy important design features of the WTO's official websites." Stated Moore in a 23 November press release. "This causes confusion among visitors looking for genuine information from the WTO, disrupting a much-needed democratic dialogue. It's illegal and it's unfair to those who have a genuine case in criticising the WTO, an organisation that only functions with the authority of sovereign governments." The websites, such as <http://www.gatt.org>, have been posted by protest

groups in leadup to the Third WTO Ministerial Conference in Seattle. "WTO DG Moore deplores fake WTO websites," WTO PRESS RELEASE, 23 November 1999.

MINISTERIAL INFORMATION

For non-governmental organisations travelling to Seattle for the Third WTO Ministerial, the basement of the United Methodist Church at 811 5th Ave. will be a central repository for NGO information. Space will be available for groups wishing to display information. If you would like to reserve space, contact darci@citizen.org or fax (1-202) 547-7392.

The Institute for Agriculture and Trade Policy (IATP) has set up an International Media Centre at the Town Hall, located two blocks away from the WTO Ministerial Convention Centre at 8th and Seneca. The telephone number is (1-206) 262-0188. For information on up-to-the-minute TV and radio coverage during the Ministerial visit: <http://www.wtowatch.org> or <http://www.iatp.org>

WTO MINISTERIAL EVENTS

ICTSD's list of events taking place around the WTO's Third Ministerial Conference in Seattle from 30 November - 3 December 1999 is now fully updated and available online at: <http://www.ictsd.org/html/seattlecalendar.htm>. 25-30 additional events have been posted this week.

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.

27 - 30 November: COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPs). For information contact Peter Ungphakorn, WTO, tel: (41-22) 739-5412.

1 December: COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPs). For information contact Peter Ungphakorn, WTO, tel: (41-22) 739-5412.

6 - 7 December: GENERAL COUNCIL MEETING. For information contact Nuch Nazeer, WTO tel: (41-22) 739-5393.

❑ OTHER EVENTS

10-11 December, PROTESTING GLOBALISATION: PROSPECTS FOR TRANSNATIONAL SOLIDARITY. Sponsored by the Asia-Pacific Peoples Forum for Peace and Development, The Centre for Transnational Studies, University of Newcastle, the Research Centre in Intercommunal Studies, UWS Nepean, and the Centre for Citizenship and Human Rights, Deakin University. Coinciding with International Human Rights Day, this conference of workshops and discussions will explore the problems and possibilities of transnational solidarity. Academics and NGOs representatives will speaker at both the plenaries and workshops. For information contact: Transforming Cultures, Faculty of Humanities and Social Sciences, University of Technology Sydney (UTS), PO Box 123, Broadway, NSW 2007, tel: (61-2) 9514-2309, fax: 9514-2332, email: transforming.cultures@uts.edu.au, web: <http://www.transforming.cultures.uts.edu.au/>

❑ RESOURCES

TRADE AND THE ENVIRONMENT: LAW & POLICY. 1999. Edited by James Cameron, Mark Jacobs, and Geert Van Calster. This book has an authoritative introduction with comprehensive documents essential for those studying, advising on, or negotiating in the trade and environment field. Included are international environment agreements, European Community documents, GATT/WTO cases, and other regional agreements. To order contact: Cameron May Ltd, 69-71 Bondway, London SW8 1SQ, UK, tel: (44-0171) 582-7567, fax: 793-8353, email: orders@cameronmay.com

DEVELOPMENT POLICIES IN NATURAL RESOURCE ECONOMIES. 1999. Published in association with the United Nations Conference on Trade and Development. This book examines factors that influence economic growth and sustainable development in countries with a significant natural resource sector. It also addresses the key issue of how to help the primary sector provide for investment in both itself and other sectors of the economy. To order contact: Edward Elgar Publishing, 6 Market Street, Northampton, MA, 01060, USA, fax: (1-413) 584-9933, email: rehnning@e-elgar.com

DIRECTING WTO NEGOTIATIONS TOWARDS SUSTAINABLE AGRICULTURE AND RURAL DEVELOPMENT. November 1999. By the World Wide Fund for Nature (WWF). This paper suggests that instead of allowing fights between the U.S., the EU, and the Cairns group to dominate the agriculture agenda, the WTO Ministerial should focus on increasing developing country market access, ensuring that domestic support has positive and not negative social and environmental effects, and ensuring that food security and environmental protection is not threatened by trade liberalisation. To download visit: http://www.panda.org/resources/publications/sustainability/wto-papers/wto-sard_download.doc or for information contact: Mireille Perrin, Trade & Investments Officer, WWF International, Avenue du Mont Blanc 27, 1196 Gland, Switzerland, tel: (44-22) 364-9026, fax: 364-8219, email: mperrin@wwfnet.org

INTERNATIONAL TRADE AND CLIMATE CHANGE POLICIES. 1999. By Duncan Brack, Michael Grubb and Craig Windram. This book analyses the conflicts now intensifying over climate change. 168pp. ISBN 1 85383 620 6, £15.95. Published by the Royal Institute of International Affairs and Earthscan Publications. To order contact: Plymbridge Distributors Ltd., tel: (44 175)

220-2301, fax: 220-2333. For North American orders contact: The Brookings Institution, tel: (1-202) 797-6258 or 1-800-275-1447, fax: 707- 6004. For review copies or for information contact: Nikki Kerrigan, Energy and Environmental Programme, tel: (44-171) 314-3639, fax: (44-171) 957-5710, email: nkerrigan@riia.org

TRADE, INVESTMENT AND THE ENVIRONMENT. 1999. Edited by Halina Ward and Duncan Brack. This book provides a comprehensive benchmark to measure progress on the relationship between trade, investment and environment and will be invaluable to environment and trade policymakers and students of international environmental issues. 336pp. ISBN 1 85383 628 1, £18.95. Published by the Royal Institute of International Affairs and Earthscan Publications. To order contact: Plymbridge Distributors Ltd., tel: (44 175) 220-2301, fax: 220-2333. For North American orders contact: The Brookings Institution, tel: (1-202) 797-6258 or 1-800-275-1447, fax: 707- 6004. For review copies or for information contact: Nikki Kerrigan, Energy and Environmental Programme, tel: (44-171) 314-3639, fax: (44-171) 957-5710, email: nkerrigan@riia.org

❑ **WEB RESOURCES**

WTO POLICY PAPERS. 1999. By the World Wide Fund for Nature. For a complete listing of the WTO's papers dealing with Trade and Sustainable Development visit: <http://www.panda.org/resources/publications/sustainability/wto-papers/>

VIRTUAL NETWORK FOR ETHICAL TRADING (VINET) IN THE HORTICULTURE INDUSTRY. October 1999. By the Natural Resources Institute. This innovative internet site provides: baseline information necessary to monitor and verify ethical standards in producer countries; a confidential forum for discussing ethical sourcing issues; and an up-to-date source of information on current developments in ethical sourcing worldwide. For information contact: Dr. Zoë Bainbridge, Horticulture Department, Medway University Campus, Central Avenue, Chatham Maritime, Kent ME4 4TB, UK, tel: (44-0163) 488-0088, fax: 488-0066, web: <http://www.nri.org>

THE OFFICIAL WTO MINISTERIAL CONFERENCE WEBSITE. November 1999. This site includes background briefing notes explaining the issues for the public, the text (in English) of the new booklet "Seattle: What's at stake", programmes for the conference, other meetings and live webcasting, press releases, official documents, and other material. To view visit: <http://www.wto-ministerial.org>

❑ **POSITION VACANCY**

Focus on the Global South, a non-profit policy analysis and advocacy organisation based in Bangkok and working on the impact of alternatives to globalisation, is looking for a Publications, Resources & Communications Manager. The candidate should be fluent in written and spoken English, have a knowledge of database management and computer systems, have experience in using websites and other information technologies and experience in advocacy and campaigning. Experience in journalism and/or editing are distinct advantages. Please send your letter of application, resume, and recent writing samples to Nicola Bullard, Focus on the Global South, c/o CUSRI, Wisit Prachuabmoh Building, Chulalongkorn University, Phayathai Road; Bangkok, Thailand; 10330, fax: (66 2) 255-9976, web: <http://www.focusweb.org>. Applications close 30 november 1999.



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 at ICTSD by Joe DiMauro and Dara Edmonds; written by Judy Brienza (IATP) and edited by Hugo Cameron, hcameron@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- 8492; fax: (41-22) 917-8093.

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.

To subscribe to *BRIDGES* Weekly Trade News Digest©, send an email to: listserv@iatp.org Leave the subject line blank. In the body of the message type: subscribe bridges To unsubscribe, please send an email to listserv@iatp.org. In the body of the message type: unsubscribe bridges

BRIDGES Weekly Trade News Digest© can also be found at the ICTSD web page: <http://www.ictsd.org/html/newsdigest.htm> and at the IATP web page: <http://www.newsbulletin.org>

