



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

BRIDGES

Weekly Trade News Digest

February 15, 1999

Volume 3, N°6

TABLE OF CONTENTS

- EU, ACP Meet For Lome Talks
- G-15 Calls For Rethinking of Globalisation
- EU Offers Interim Compliance Plan In WTO Beef Case
- European NGOs Strategise on Input to WTO Work
- Dispute Settlement Review Moves Ahead
- U.S. Warns Canada On Magazine Bill
- U.S. Trade Agency Restricts Lamb Imports
- In Brief
- WTO In Brief
- Events & Resources

EU, ACP MEET FOR LOME TALKS

Negotiations resumed last week for Lome V, the successor trade and aid agreement to the current Lome IV Convention between the EU and 71 African, Caribbean and Pacific (ACP) nations. Negotiators agreed on a declaration of intent regarding EU-ACP work, but did not agree on the format of the Lome IV successor arrangement.

The WTO has previously ruled that the favourable trade terms the EU affords ACP countries under Lome countries are not in line with international trade rules, but the WTO allowed the current Lome Convention to operate under a temporary waiver. The EU and ACP will now seek to reform the Lome accord to be WTO compatible while still affording ACP countries development opportunities intended by the spirit of Lome.

One reform option proposed by the European Commission calls for a shift to reciprocal, inter-regional free-trade areas to be phased in over five years beginning in 2000. ACP nations want at least 10 years to implement regional free trade areas. Meanwhile, observers within the EU and ACP countries note that reciprocal free-trade areas could impose heavy administrative burdens on poor developing economies, and fear that the poorest economies would not be able to compete effectively within their own regions (BRIDGES Weekly Trade News Digest, Vol. 2, No 21, 8 June 1998).

EU and ACP negotiators clashed last week over the issue of linking EU aid to ACP nations with "good governance." The EU argues that it is merely suggesting mechanisms that facilitate a development model that guarantees human rights and social progress. ACP leaders do not take issue

with the philosophy of good governance, but are unhappy with EU attempts to impose European social and political standards as a contingency for Lome benefits.

Also last week, a group of ACP non-governmental organisations (NGOs) called on EU and ACP negotiators to formally include NGOs in the negotiating process, following the model of other multilateral organisations. "The pervasive poverty in Africa can only be remedied when the civil society is integrated into the development agenda," according to an official with an African NGO. The NGOs said they supported the position of the ACP states on trade issues and the need to negotiate a transitional period of at least 10 years for the establishment of regional trade areas.

"Lomé V: l'Union et les ACP engagent les négociations," LES ECHOS, 10 Feb. 1999; "EU, ACP states clash over trade and aid pact," AGENCE FRANCE-PRESSE, 10 Feb. 1999; "NGOs Seek Role In ACP-EU Cooperation," "ACP-EU Talks Fail To Reach Consensus On Key Proposals," PANAFRICAN NEWS AGENCY, 10 Feb. 1999.

G-15 CALLS FOR RETHINKING OF GLOBALISATION

Leaders from the so-called Group of 15 developing countries (G-15) met last week in Jamaica for their ninth summit. Among other things - including talks on the financial crises affecting its members, the G-15 addressed this year's WTO Ministerial Meeting, affirming the need for a fair, transparent multilateral trading system, and addressing the difficulties some G-15 members have had with implementing WTO agreements.

India announced it would host a pre-Ministerial meeting to prepare G-15 countries to take a more proactive role in setting the agenda for WTO work. India's International Trade and Industry Minister Rafidah Aziz noted that developed countries have dominated WTO negotiations in the past and that the G-15 needs a strategic direction to protect developing countries' interests in WTO talks.

India's Commerce Minister Ramakrishna Hegde asserted that the WTO had yet to effectively facilitate "a meaningful integration of the less developed countries," into the world economy. With respect to upcoming WTO talks on agriculture - scheduled to begin later this year, Mr. Hegde said that developing countries should be given flexibility to address food security and employment security for the agrarian poor.

Jamaica's Prime Minister P.J. Patterson told G-15 ministers that, "The pace and direction of globalisation, which threaten and endanger millions of vulnerable people, will have to be curbed." Mr. Patterson called on the WTO to respond to a "resurgence of protectionist measures by developed countries . . . which threaten the very survival [of many developing countries]." Jamaica holds the rotating-presidency of the G-15.

The G-15 is comprised of 17 countries: Argentina, Algeria, Brazil, Chile, Egypt, Jamaica, Kenya, Nigeria, Zimbabwe, Senegal, Sri Lanka, India, Indonesia, Malaysia, Mexico, Peru and Venezuela.

"G-15 set to zero in on global reform," THE STAR (Canada), 10 Feb. 1999; "G15 Developing nations go in search of solutions," IPS, 7 Feb. 1999; "India Trade Min Criticises Role of Developed Nations in WTO," DOW JONES, 7 Feb. 1999; "G-15 seeks slowdown in drive to globalisation," REUTERS, 11 Feb. 1999.

EU OFFERS INTERIM COMPLIANCE PLAN IN WTO BEEF CASE

The EU last week proposed three options for complying with a 1997 WTO ruling against an EU ban on hormone treated beef imports (see BRIDGES Weekly Trade News Digest Vol. 3, No 4, 1 February 1999). At the same time, the EU signalled it would not be able to meet the May 13 WTO deadline for compliance with the ruling. The EU proposal was however a bid to head off a potential trade dispute between it and the US that could serve to undermine the credibility of the WTO dispute settlement process, bruised as it is by the ongoing dispute over bananas (see BRIDGES Weekly Trade News Digest Vol. 3, No 1-2, 18 January 1999).

The three options are to 1) Commence immediately to negotiate compensation with WTO members for not lifting the ban; or 2) reclassify the ban as a "provisional measure" until the scientific evidence can be gathered to demonstrate the harm associated with hormone-treated beef; or 3) lift the ban on hormone treated beef imports with the caveat that hormone treated beef must be clearly labelled stating that the product has been treated with hormones. The European Parliament and EU member states are to decide quickly which option they wish to pursue and then start discussions with the U.S.

With regard to the "provisional measure" option, the EU said in its proposal that such an option was allowed under the WTO agreement on Sanitary and Phytosanitary Measures (SPS). Article 5.7 of the SPS allows provisional measures to be adopted when "relevant scientific evidence is not sufficient" provided such evidence could be provided within a reasonable (undefined) amount of time. With regard to the labelling option, U.S. cattle industry sources said last week that while the proposed labelling was not desired or fair, it could be tolerated as a mechanism to gain access to the estimated US\$100 million market for U.S. cattle products.

"Beef ruling puts pressure on Brussels," FINANCIAL TIMES, 10 Feb. 1999; "Delay on beef hormone studies unacceptable to US," REUTERS, 9 Feb. 1999; "Decision time on banned beef imports," EUROPEAN VOICE, 11-17 Feb. 1999; "Bruxelles évoque un compromis sur les hormones," LA TRIBUNE, 11 Feb. 1999; "EU acts to avert trade war over beef hormones," JOURNAL OF COMMERCE, 11 Feb. 1999; "EU outlines three options for compliance in WTO hormone dispute," INSIDE US TRADE, 12 Feb. 1999.

EUROPEAN NGOS STRATEGISE ON INPUT TO WTO WORK

Two major civil society information and co-ordination meetings, attended by over 50 NGO and civil society groups, were held in Brussels from 5-7 February on issues related to the multilateral trading system. These meetings were significant as they represent the efforts of a broad group of European civil society organisations working on trade and sustainable development issues to co-ordinate amongst themselves and interact with the multilateral trading system. Similar processes are also underway in North America, Asia and Africa.

On 5 February participants in a Co-ordination of European NGOs Networking on Trade (CENNT)/Informal Working Group of Gender and Trade (IWGGT) meeting exchanged information on a number of topics related to trade including the forthcoming High Level Symposia on Trade and Environment and Trade and Development at the WTO; the effective participation of developing countries in the multilateral trade system; and the terms of reference and transparency of the

European Commission's tender process for launching an environmental assessment of trade agreements.

On 6-7 February many of the same organisations and others gathered for a Conference on the Social, Gender and Environmental assessments of the WTO negotiations hosted by the International Coalition of development Action (ICDA), the World Wide Fund for Nature (WWF - International), Oxfam GB and Greenpeace. The conference included a day of information exchange and workshops, and a second day aimed at developing a co-ordinated strategy toward the High Level Symposia and the Third WTO Ministerial Conference. A range of concerns was addressed with consensus among many participants that there should be no further trade liberalisation without adequate assessment of the impact of the Uruguay Round and any future trade liberalisation. Most organisations supported this approach along with additional emphases on the need for the WTO to be accountable to existing international legal norms and standards (such as those on human rights and labour); mainstreaming issues such as gender, human rights, environment and labour in the WTO; and improved transparency and opportunities for input and dialogue in the WTO.

Follow-up meetings and opportunities for co-ordinated action and input into the trade agenda were identified in the meeting. Among these include a meeting between European NGOs and WTO Director General Ruggiero on 18 February, and a possible co-ordination meeting of NGOs prior to the High Level Symposia. Many of those attending the conference planned to keep in contact with each other and share trade-related information through the "WTO Impact" listserve. To join this list send an email to icda@skynet.be During the conference ongoing information exchange groups were also established on Agriculture and on Textiles. The agriculture group will be co-ordinated by Sophia Murphy at IATP (smurphy@iatp.org) with messages distributed via the Global Forum on Sustainable Food and Nutrition (agora@tba.com.br). The textiles group will be co-ordinated through Aimée Gonzales at WWF International (aimee.gonzales@wwfnet.org). Other email contacts for meeting organisers are: caclarke@wwfnet.org, mmehra@oxfam.org.uk, svoogd@ams.greenpeace.org ICTSD encourages readers to submit notices of important meetings and events for inclusion in this and other ICTSD publications.

ICTSD Internal Files.

DISPUTE SETTLEMENT REVIEW MOVES AHEAD

The Dispute Settlement Body convened on 11 March in an informal session dedicated to the review of the Dispute Settlement Understanding (DS Review), underway since last year. While last week's meeting revealed some progress in the Review, one of the major issues to have emerged in recent months - the relationship between Articles 21.5 and 22.6 in the implementation of WTO dispute settlement decisions - is likely to take centre stage in the Review.

This issue was brought to light by the controversy between the U.S. and the EU on the revised EU banana-import regime (See BRIDGES Weekly Trade News Digest, Vol 3, No 1 & 2, 18 January 1999). The role of the DS Review on clarification of this issue may depend in part on whether the decisions of the two panels set up in January to rule on the implementation by the European Union of the Appellate Body ruling in the banana case bring any clarification. It is worth noting here that the issue of the relationship between Articles 21.5 and 22.6 was also discussed at the WTO General Council meeting underway as BRIDGES Weekly Trade News Digest goes to press. The EU asked

for an interpretation of the DSU under Article IX.2 of the Agreement establishing the WTO, but WTO Members were not prepared to deal with the issue in this context and thus sent it back to the DS Review for resolution.

On other issues before the DS Review, WTO Members last week completed their examination of the document containing all the proposals that States have made for changes or clarifications to the DSU. A possibility of consensus was reached on three issues: (1) on the need (in the context of Article 3.6) to notify mutually agreed solutions to matters raised in consultations as early as possible; (2) that a request for a panel can only be submitted after the 60-day period; (3) and on the possibility of adjusting time-tables to give the State who is being complained against more time to deposit its submission. Current rules give the complaining party longer than the party complained against, which is perceived as unfair.

Members also agreed to focus, in the DS Review, on the following issues between now and July: (1) Panel proceedings; (2) Rights of third parties; (3) Appellate Body procedures; (4) transparency; (5) implementation and the relationship between articles 21.5 and 22.6 of the DSU; (6) developing country issues; (7) whether the second request for establishment of a panel has to be at the meeting consecutive to the first request.

The date of the next meeting of the DSB on the DS Review has not yet been fixed - it is expected to be set by the new Chair of the DSB, whose appointment is expected by the end of this month.

ICTSD Internal Files.

U.S. WARNS CANADA ON MAGAZINE BILL

In another instance of lack of clarity regarding implementation of a WTO Appellate Body decision, the U.S. last week said it would retaliate against Canada if Canada moves ahead with domestic legislation to protect its domestic magazine industry. An U.S. State Department official said the U.S. was prepared to impose retaliatory sanctions against steel, textiles and other goods if Canada's Bill C-55 is passed by the House of Commons. Bill C-55 bans Canadian advertising in so-called split run magazines -- foreign magazines which include minimal Canadian content but sell Canadian advertising at cheaper rates than those afforded to Canadian-only publications. Canada has called the ban a "cultural matter."

The WTO ruled in July 1997 that Canada's split-run ban violated global trade rules. C-55 is a Canadian attempt to achieve the same ends as the previous law, but within its rights under global trade rules.

Meanwhile, Canadian Heritage Minister Sheila Copps last week proposed an amendment to C-55, which would effectively hold the bill in reserve after passage, after which the bill could only be implemented by the Canadian Cabinet. Canadian officials note that the amendment would give Canada time to present C-55 to the WTO for review as to its compliance with international trade rules. Canadian officials noted that the amendment would give both the U.S. and Canada time to negotiate a compromise solution. Talks between the two sides have thus far yielded no progress.

The U.S. argues that C-55 is mere legal manoeuvring around WTO rules and does not comply with the spirit of the 1997 WTO ruling against split runs. U.S. officials warn that implementing C-55 would undermine the WTO dispute settlement process by effectively rejecting the WTO ruling with a thinly veiled legal manoeuvre. U.S. officials posture that this is the same tact the EU is taking in disputes over bananas and beef (see related story, this issue), putting the WTO in jeopardy.

"US warns Canada of heavy sanctions," REUTERS, 10 Feb. 1999; "Ottawa to amend magazine bill," GLOBE & MAIL, 10 Feb. 1999; "US threatens trade sanctions against Canada," WALL STREET JOURNAL, 11 Feb. 1999; "Canada softens stand in magazine row with US," REUTERS, 11 Feb. 1999.

U.S. TRADE AGENCY RESTRICTS LAMB IMPORTS

The International Trade Commission (ITC), an U.S. government agency, last week ruled that restraints could be placed on lamb meat imports, noting that New Zealand and Australian lamb imports pose a serious threat to the well being of U.S. lamb producers. The ITC is to recommend by April 5 tariff and quota measures designed to remedy the situation. The ITC ruling could open the door to anti-dumping law suits brought under Section 201 of the U.S. Trade Act of 1974. Unlike other anti-dumping provisions, Section 201 does not require an industry to show that unfair trade practices exist; rather, an industry needs to show that an import surge has caused serious damage or posed a substantial threat to that industry.

U.S. lamb producers note that Australian and New Zealand lamb producers are able to sell their lamb at almost 70 percent below U.S. prices -- forcing the closure of a few U.S. lamb meat packing plants. New Zealand and Australia are able to produce lamb at lower cost mainly because of the availability of wide expanses of grassland for raising sheep compared to the U.S. U.S. sheep growers say they will use any remedy period to better prepare for foreign competition, including improving production efficiencies, product quality and cost-effectiveness, as well as increasing demand for U.S. product.

An Australian Trade official noted that the U.S. cannot on the one hand call for greater trade liberalisation in almost every area and then on the other hand hide behind mechanisms such as Section 201. The official noted that as the largest economy in the world, the U.S. has to accept both the good and bad aspects of trade liberalisation.

The ITC declined to include Canada and Mexico lamb meat products in its decision, adhering to the North American Free Trade Agreement (NAFTA). Under NAFTA, Canada and Mexico are exempt from Section 201 action unless Canada and/or Mexico are among the top five suppliers to the market and they make an important contribution to serious injury.

"NZ exporters to fight US lamb ruling," FINANCIAL TIMES, 11 Feb. 1999; "Australia, NZ attack US lamb ruling," REUTERS, 11 Feb. 1999; "US lamb producers' import protection allowed," JOURNAL OF COMMERCE, 11 Feb. 1999; "ITC unanimously finds threat of injury in section 201 on lamb," INSIDE US TRADE, 12 Feb. 1999.

IN BRIEF

The Swedish government last week called on the European Commission to extend a ban on certain antibiotics used in animal feed - urging an outright ban on all antibiotic feed additives. The Swedish government argues that use of some antibiotics used in animal feed could create resistance to the drugs in humans. Farmers use the antibiotics to promote growth and to build resistance to disease in pigs and poultry. (See BRIDGES Weekly Trade News Digest Vol. 2, No 48, 14 December, 1998.) "Sweden urges extension of antibiotic feed additives ban," EUROPEAN VOICE, 11-17 Feb. 1999.

Japan last week signalled its readiness to pursue a so-called "dual-track" approach to free trade by dropping its long held opposition to regional free trade agreements. A Japanese trade official noted that 26 of the world's 30 largest economies were partners in regional agreements. The same official noted that China had rebuffed informal advances from Japan on a regional agreement. "Japan ready to consider free-trade accords," AGENCE FRANCE-PRESSE, 10 Feb. 1999.

Thailand last week announced its formal withdrawal from the International Rubber Organisation (INRO). Thailand wants better control over the global price of natural rubber and complained that INRO has played an insignificant role in bolstering prices which have fallen dramatically in the last year. The future of INRO is unclear with Thailand's withdrawal: Thailand is the world's largest producer of rubber. "Thailand pulls out of rubber agreement," FINANCIAL TIMES, 10 Feb. 1999.

Documents released last week revealed that Russia has sought to engage the U.S. in the transfer of spent fuel from U.S. nuclear power plants to Russia for long-term storage and reprocessing. Environmental groups noted that Russian law forbids the import of foreign radioactive wastes for reprocessing without the return of reprocessing wastes to the country of origin. Greenpeace last month also revealed secret Russian efforts to secure contracts for the illegal dumping of nuclear waste in Russia from European countries. "Russia Offers to Import U.S. Nuclear Waste," ENVIRONMENTAL NEWS SERVICE, 8 Feb. 1999.

Singapore Environmental officials are denying reports that it has reached an agreement with Indonesia to import 15 million cubic meters of waste earth from Singapore. Singapore reportedly offered US\$2 per tonne for Indonesia to import the dirt, to be used to rehabilitate coastal Indonesian woodlands. Environmental groups in both countries are crying foul over the deal: the groups allege the soil from a Singapore transit project is toxic, and transfer of the material would be illegal under the Basel Convention. "Singapore, Indonesia talk dirty in waste dispute," IPS, 10 Feb. 1999.

WTO IN BRIEF

Japan and the EU last week announced they had suspended their WTO complaint against the U.S. regarding the Massachusetts state law penalising foreign firms that do business with Myanmar. (See BRIDGES Weekly Trade News Digest Vol. 2, No 31, 17 August, 1998.) The panel was established in October 1998. The EU said it would reserve its right to re-open the complaint for one year (per WTO rules), pending U.S.-court action against the state law in which the EU previously filed amicus brief. EU officials denied its move to drop the Myanmar complaint was a quid-pro-quo measure to encourage U.S. leniency in the ongoing U.S.-EU dispute over bananas. "Focus: EU suspends panel probing U.S. state law," REUTERS, 8 February 1999; "Japan, EU ask WTO to halt Massachusetts' law probe," KYODO NEWS INTERNATIONAL, 9 February 1999.

EVENTS & RESOURCES

- **EVENTS**

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

WTO Meetings

16-17 February 1999: Council for TRIPs. For information, contact Peter Ungphakorn, WTO, tel: (41-22) 739-5412.

8 March 1999: Committee on Trade-Related Investment Measures. For information contact Luis Ople, WTO, tel: (41-22) 739-5374.

10-11 March 1999: Committee on Sanitary and Phytosanitary Measures. For information contact Peter Ungphakorn, as above.

Change of dates

The Brazil/UNCTAD/ITTO SEMINAR ON TRADE-RELATED ASPECTS OF SUSTAINABLE MANAGEMENT OF ALL TYPES OF FORESTS (scheduled to be held on 23-25 February in Geneva) has been postponed. The most likely dates for it are 6-8 April. Topics planned for the Seminar are: market access, illegal trade and harmonisation of certification and labelling. For further information contact David Elliott, UNCTAD, at fax: (41-22) 917-0247, tel.: (41-22) 907-5760 or e-mail: david.elliott@unctad.org

Other Events

24-26 February 1999, Puerto Vallarta, Mexico: ILUMEX SEMINAR ON HIGH EFFICIENCY LIGHTING PILOT PROJECT. Comisión Federal de Electricidad, the main electric public utility of Mexico, is organising an international seminar to disseminate the results of ILUMEX (High Efficiency Lighting Pilot Project) with emphasis on commercial aspects, laboratory tests, and impacts on the electric system and the environment. For information contact Mr. Francisco Rodriguez, fax: (3) 12443-98, e-mail: filumex@mail.udg.mx

11-13 March 1999, Ahmedabad, India: WORKSHOP ON CRITERIA AND INDICATORS OF SUSTAINABILITY OF RURAL DEVELOPMENT: A NATURAL RESOURCE PERSPECTIVE. Organised in collaboration with UNESCO. For information contact Prof. Anil K. Gupta, IIM, Ahmedabad 380015, India, e-mail: Anilg@iimahd.ernet.in web: <http://www.iimahd.ernet.in/~anilg/unesco>

20 March 1999, Washington, DC: FOURTH INTERNATIONAL WILDLIFE LAW CONFERENCE. The annual International Wildlife Law Conference brings together members of the academic, governmental and non-governmental communities to address critical issues related to the role of international legal regimes to protect endangered species of flora and fauna. For information contact the Washington College of Law, American University, 4801 Massachusetts Ave., NW, Washington, DC, e-mail: JIWLP@earthling.net, web: <http://www.eelink.net/~asilwildlife/>

25-26 March 1999, Leeds, United Kingdom, FIFTH ANNUAL INTERNATIONAL SUSTAINABLE DEVELOPMENT RESEARCH CONFERENCE. The conference provides a forum for discussion and debate on how to move forward toward a more sustainable future. For information, contact: ERP Environment, P.O.Box 75, Shipley, West Yorkshire BD17 6EZ, United Kingdom, tel. (44-1274) 530-408, fax: (44-1274) 530-409.

- **RESOURCES**

The November 1998 issue of PUENTES Entre el Comercio y el Desarrollo Sostenible, the Latin American version of ICTSD's BRIDGES Between Trade and Sustainable Development monthly review, is now posted online. It can be accessed via ICTSD's homepage at <http://www.ictsd.org> PASSERELLES entre le commerce et le développement durable--the French-language version of BRIDGES--will be available online by March 1999.

MANUAL OF EUROPEAN ENVIRONMENTAL LAW. By Alexandre Charles Kiss and Dinah Shelton, Cambridge University Press, U.K., 1997. This manual provides a detailed overview of European environmental law. Written for a multi-disciplinary audience, the book will prove of value to the legal, business and scientific practitioner or researcher, as well as to all those interested in environmental law, science and policy. To order or for information contact Gill Hall at tel: 44 (0) 1223-325-577, fax: 1223-325-151, e-mail: intcustserve@cup.cam.ac.uk

THE OWNERSHIP OF LIFE: WHEN PATENTS AND VALUES CLASH. By Martin Teitel and Hope Shand. Produced by Kristin Dawkins (IATP), with Harriet Barlow (HKH Foundation). This easily-accessible briefing book is part of its contributors' effort to increase awareness of the issues surrounding patenting of life forms. To order or for more information contact The Institute For Agriculture and Trade Policy (IATP), 2105, First Avenue South, South Minneapolis MN 55404.

BRIDGES Weekly Trade News Digest© is published by the International Centre for Trade and Sustainable Development with support from the Institute for Agriculture and Trade Policy. Editor: Caroline Dommen, ICTSD, Geneva Executive Center, 13 ch. des Anémones, 1219 Geneva, Switzerland; email: cdommen@ictsd.ch; tel: (41-22) 917 8497; fax: (41-22) 917 8093. Executive Director: Ricardo Meléndez-Ortiz, address as above, email: rmelendez@ictsd.ch.

Excerpts from BRIDGES Weekly Trade News Digest© may be used in other publications with appropriate citation. Comments and suggestions are welcome and should be directed to the editor.

To subscribe send email to: majordomo@igc.org. Leave the subject line blank. In the body of the message say: subscribe tradedev. BRIDGES Weekly Trade News Digest© can be found at the ICTSD web page: <http://www.ictsd.org>