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G-8 MEETS: CALLS FOR NEW TRADE ROUND

Leaders from the Group of Eight leading industrialised countries (G-8, comprising Canada, France, Germany, Japan, Italy, the United Kingdom, US and Russia) met from 21-23 July for their annual summit. Meeting in Okinawa, Japan, leaders discussed a range of issues, including a new round of global trade talks, globalisation, debt reduction for poor countries, biotechnology, bridging the so-called digital divide that exists between rich and poor countries with regard to information technology, and certain environmental issues - including forest policy and the Kyoto Protocol.

New Trade Round

The G-8 called for a new round of global trade talks to be launched. "We must ensure that the multilateral trading system is strengthened and continues to play its vital role in the world economy. Recognising this responsibility, we are firmly committed to a new round of WTO trade negotiations with an ambitious, balanced and inclusive agenda, reflecting the interests of all WTO members," the G-8 Communiqué said. "We agree that the objective of such negotiations should be to enhance market access, develop and strengthen WTO rules and disciplines, support developing countries in achieving economic growth and integration into the global trading system, and ensure that trade and social policies, and trade and environmental policies are compatible and mutually supportive," the Communiqué said.

Some observers noted that the G-8 language regarding the need to "ensure that trade and social policies, and trade and environmental policies are compatible and mutually supportive," would send a red flag to developing countries opposed to any linkage between trade and labour and/or environmental policies.

WTO Director-General Mike Moore welcomed the call for a new round of trade talks, but cautioned that a new round would only be realised by the consensus of all WTO Members, the majority of which are developing countries. "[T]he WTO makes all of its important decisions by consensus and while agreement on a package of negotiations from the Group of Eight is welcome, there can be no launch of talks without support from the world's developing countries," Mr. Moore said in a statement. "It is through a round that our organisation can achieve a balanced agreement that enables us to tackle the many problems and concerns affecting the world's citizens. Only through a round can you get the trade-offs that benefit the smallest and most vulnerable societies," Mr. Moore said.

EU Trade Commissioner Pascal Lamy said in advance of the G-8 meeting that the G-8 was the wrong forum for discussions on a new round, saying, "it might have been in the '80s but not today." Mr. Lamy noted that, in addition to the fact that Russia is not a WTO Member, "the days are over when the Quad could set the agenda for the whole world." The Quad is the informal coordination mechanism on multilateral trade grouping the EU, Canada, US and Japan.

Globalisation & Developing Countries

Regarding globalisation, the G-8 called for increased cooperation between G-8 countries and the developing world. "In a world of ever-intensifying globalisation, whose challenges are becoming increasingly complex, the G8 must reach out. We must engage in a new partnership with non-G8 countries, particularly developing countries, international organisations and civil society, including the private sector and non-governmental organisations (NGOs). This partnership will bring the opportunities of the new century within reach of all," according to the G-8 Communiqué.

The G-8 said, *inter alia*, it would commit itself to put "a higher priority on trade-related capacity-building activities" in developing countries. "In particular, in view of the critical importance of trade for the development of developing countries, trade-related capacity building should be substantially expanded, which would be conducive to the more effective participation of developing countries in the system, and especially to fuller utilisation of improved market access in their favour," according to the G-8 Communiqué.

GMOs

The G-8 called for the continuation of a global policy dialogue on genetically modified organisms (GMOs) (see related story, this issue). "Policy dialogue, engaging all stakeholders and including both developed and developing countries, must be intensified to advance health protection, facilitate trade, ensure the sound development of biotechnology, and foster consumer confidence and public acceptance," the G-8 Communiqué said.

"The commitment to a science-based, rule-based approach remains a key principle underlying these endeavours," the G-8 said. The G-8 Communiqué endorsed the work of the CODEX Alimentarius

Commission (CAC), the only international food standards body recognised under WTO rules, and called for continued progress from the CAC's Ad Hoc Intergovernmental Task Force on Foods Derived from Biotechnology. The task force is charged with devising -- by 2003 -- standards, guidelines, and other principles for foods derived from biotechnology. (See *BRIDGES* Weekly Trade News Digest Vol. 4, No. 13, 4 April 2000, <http://www.ictsd.org/html/weekly/story3.04-04-00.htm>)

Regarding environment issues, the G-8 stated, *inter alia*, that it would "endeavour with all our partners to prepare a future-oriented agenda for Rio+10 in 2002. We are strongly committed to close co-operation among ourselves and with developing countries to resolve as soon as possible all major outstanding issues, with a view to early entry into force of the Kyoto Protocol," according to the G-8 Communiqué.

Reactions

In general, the G-8 summit was criticised for failing to specifically commit - financially and otherwise, to the grand aims laid out in its Communiqué. In particular, many NGOs and officials from developing countries noted strong disappointment over the lack of progress toward reducing/forgiving the heavy debt loads carried by the world's poorest countries. Critical observers noted that Japan spent about US\$750 million on the G-8 summit and related activities - a sum aid campaigners noted could have been better spent on debt relief. However, Britain's Prime Minister Tony Blair cautioned against too much pessimism. "For many who work hard in the developing world, progress is often agonizingly slow," Mr. Blair said. "But we have made some significant steps."

"G8 Communiqué Okinawa 2000," G8 PRESS RELEASE, 23 July 2000; "G-8 pledges help for poor nations," ECONOMIC TIMES (India), 24 July 2000; "Rich countries pledge to do more on debt relief," HERALD (St. Vincent-Grenadines), 23 July 2000; "Trade: G-7 call for a new round with 'inclusive' agenda," SUNS, 24 July 2000; "DG Moore welcomes G-8 statement on launch of new trade round," WTO PRESS RELEASE, 23 July 2000; "G-8 to address rules for GM foods," NIKKEI WEEKLY, 10 July 2000; "Europe says Group of Eight is wrong place to launch new trade round," AGENCE FRANCE-PRESSE, 18 July 2000.

GENERAL COUNCIL FINALLY TALKS EXTERNAL TRANSPARENCY

Following up from the 17 July General Council meeting (see *BRIDGES* Weekly Trade News Digest, Vol. 4 No. 28, 18 July 2000, <http://www.ictsd.org/html/weekly/story1.18-07-00.htm>), WTO Members met on 21 July to discuss, *inter alia*, external transparency, document de-restriction, and the Integrated Framework for Technical Assistance for Least-Developed Countries (LDCs).

Despite the fact that external transparency was brought up under the 'Other Business' section of the agenda and therefore was not officially up for discussion, Members engaged in a spirited debate over whether or not consultations should go forward on this issue. Many civil society groups and some (mostly industrialised) Members are pushing for the WTO to open up its practices to greater public scrutiny under the rubric of external transparency. General Council Chair Kåre Bryn

prompted the discussion by announcing that he would begin consultations on external transparency in the fall based on proposals already submitted by Members.

Mexico, India, Hong Kong-China, Cuba and Uruguay all urged that it not find its way onto the formal agenda, as "there are more important issues to be discussed first". These issues likely refer to developing country concerns around internal transparency, which developing countries feel should be addressed before talks on external transparency begin. Conversely, the Quad (Canada, the US, the EU and Japan) -- from whom most of the push and proposals to address external transparency comes from -- welcomed Bryn's initiative, and looked forward to the forthcoming consultations.

It is now likely that external transparency will find its way onto the General Council agenda, though trade sources speculate that the issue may be unlikely to move forward substantially outside of a new round where the topic could be used as a trade-off.

On document de-restriction, the Chair presented a statement describing the outcomes of consultations on the topic. Bryn indicated that since there remains a widely-held view among Members that the procedures for circulation and de-restriction of WTO documents adopted in Singapore in 1996 have been working reasonably well, "we cannot make any significant changes to the 1996 decision as has been proposed by some delegations." However, he did indicate that there is scope for further improvements through a more expeditious procedure for the derestriction of restricted documents, for instance releasing minutes of meetings and background notes by the Secretariat to the public.

Translation of documents into the WTO's three official languages continues to hold back speedy de-restriction. Most developing countries are still reluctant to allow the public release of panel decisions before they are available in all three languages. Trade officials note that the difficulty in this domain is the lack of resources to fund translation services. Bryn indicated in his statement that "the demand for translation has grown enormously in the past five years in relation to the resources available to meet this demand. While Bryn will continue consultations on this issue, the fact that Members remain unwilling to come up with new resources for translation will remain a challenge.

The ongoing issue of the Integrated Framework (see *BRIDGES Weekly Trade News Digest* Vol. 4, Number 27, 11 July 2000, <http://www.ictsd.org/html/weekly/wtoinbrief.11-07-00.htm>) was also addressed at the meeting. Several Members welcomed the initiative, but at the same time cautioned against raising expectations for its success too high, particularly with respect to the new Framework trust fund and the fact that the funds for it have yet to be found.

As expected, Members decided to push the agenda item on procedures for appointment of the Director-General (D-G) to the next General Council meeting, currently scheduled for 10 October. The chair did, however, outline the issues at stake on this point, namely qualification criteria for the D-G; length of term; renewal of contract; selection Committee; and decision-making process if consensus is not feasible.

ICTSD Internal Files.

DEVELOPING COUNTRIES CRY FOUL OVER TEXTILES

Textiles became the subject of heated debate last week as the International Textiles and Clothing Bureau (ITCB), a consortium of 24 developing countries, accused developed countries of failing to grant meaningful market access concessions under the WTO's Agreement on Textiles and Clothing (ATC). Following heated discussions at the WTO General Council's implementation special sessions earlier this month and a confrontational trade policy review that exposed the EU's textiles import regime to extensive criticism, the ITCB's accusations highlighted growing tensions between developed and developing countries over the distribution of benefits from trade liberalisation.

The ATC -- brokered as part of the Uruguay Round agreements -- obligates WTO Members to integrate textiles and clothing into the normal trade regime by eliminating all quota restrictions on these goods by 2005. According to the ITCB, however, the ATC has yielded disappointing results for developing countries in the first five years of its implementation. Part of the problem is "backloading" by industrialised nations, who are withholding the most significant market access concessions until the last possible moment.

Industrialised nations have defended their integration programmes, claiming that they have complied with the ATC's liberalisation schedule. Nevertheless, ITCB members recently unveiled a proposal demanding that industrialised countries liberalise 50 percent of all restrictions to trade in textiles and clothing by 2002. "It is not unrealistic or unreasonable to expect liberalisation of 50 percent of restrictions after 70 percent of the 10-year transitional period," said an ITCB representative. In letters to the EU, US and Canadian delegations, the ITCB also noted that developing countries would remain reluctant to engage in further trade liberalisation until concerns over textiles were resolved.

The EU on 12 July responded by announcing a proposal to liberalise 62 categories of textiles and clothing products by 2002, corresponding to approximately 18 percent of imports in fulfilment of the third stage of the ATC's liberalisation schedule. The European Commission also published a report that exposed high tariff and non-tariff barriers blocking its own textiles and clothing exports to other countries. "In parallel with our own liberalisation, we want our own industry to be able to develop and compete internationally," said Pascal Lamy, EU Trade Commissioner. "Other countries must open up their markets to our exports to provide for a balanced liberalising outcome." The Commission has made its demands explicit, informing developing countries that greater access to their markets is a "precondition for liberalisation of quota restrictions."

Reaction to the EU's third-stage liberalisation proposal was less than enthusiastic. One developing country representative called the EU announcement a "timid proposal" that "doesn't go any distance at all toward credible liberalisation." Developing country governments pointed out that the EU's proposed concessions primarily affect sectors that have already been liberalised, making its proposal only marginally significant to exporters. Some countries, such as India, also argued that the EU has yet to liberalise the product lines of greatest interest to their producers.

Developing countries were also quick to respond to the EU's demands for greater access to their markets. In a speech to the WTO General Council's Special Session on Implementation on 22 June, the Chairman of ITCB blasted industrialised countries' attempts to demand greater market access in developing countries as a condition for further liberalisation. "The notion of reciprocal market

access in textiles and clothing is totally without a shred of credibility," said Stuart Harbison. "Developing countries, rightly in our view, regard the rhetoric about reciprocity as insubstantial and purely tactical." Rather than attempting to exact reciprocal concessions from poorer countries, said another representative from the ITCB, industrialised countries should undertake meaningful liberalisation to "restore credibility in the process."

A spokesperson for the European Union, however, held fast to her Commission's demand for broader market access. "We have fully complied with the ATC," she said when pressed about developing countries' accusations of EU backloading. "Our markets, on average, are much more open than many other countries." According to sources in the European Commission, greater market access for European textiles remains a major priority, and the EU will continue to seek liberalisation through a series of bilateral negotiations. The EU remains open to the possible re-examination of the ATC, but only within the context of a comprehensive new round of trade negotiations where, as one spokesperson noted, "anything is possible."

"EC to Liberalise 18 Percent of Its Textiles and Clothing Imports," EUROPEAN COMMISSION PRESS RELEASE, 12 July 2000; "European Commission Unveils Cuts in Textile Tariffs; Geneva Reaction Chilly," WTO REPORTER, 17 July 2000; "EU Move to Scrap Import Restrictions on Textiles Does Not Help India," DECCAN HERALD, 14 July 2000; "Developing Countries Call For More Free Trade on Textiles," DOW JONES INTERNATIONAL NEWS SERVICE, 18 July 2000; "Developing Nations Say Their Confidence Undermined in WTO System," DECCAN HERALD, 20 July 2000; "Developing Nations Urge US, Canada and EU to Act on Textiles," AGENCE FRANCE-PRESSE, 18 July 2000; "Statement by Hong Kong, China on Behalf of ITCB Members," 22 June 2000; ICTSD Internal Files.

DISPUTE SETTLEMENT UPDATES

EU Seeks Consultations With Chile In Trade and Environment Conflict

In what many observers believe could become an important trade-environment dispute, the EU has requested consultations with Chile at the WTO over Chile's bans on access to its ports to foreign fishing vessels catching swordfish inside and outside its 200-mile exclusive economic zone.

According to Chilean authorities, the bans under Article 165 of their countries fisheries law, are needed to conserve threatened swordfish stocks. Chile has responded to the EU arguing that such measures are permitted under GATT Articles XX(b) and XX(g). Article XX allows WTO members to adopt and enforce measures "necessary to protect human, animal or plant life or health" or "relating to the conservation of exhaustible natural resources".

The EU announced that it would request a WTO panel in the next Dispute Settlement Body (DSB) meeting in September to review the Chilean conservation legislation in light of GATT's Article V (Freedom of Transit), primarily. Article V seeks to guarantee the free transit of goods and vessels when the "passage across (other member's) territory is only a portion of a complete journey beginning and terminating beyond the frontier (of the transit territory)." Swordfish is captured by EU vessels in international waters, then landed and processed in Chilean ports, for export to the U.S. market. Article V also refers to the obligation of WTO members to "accord to products which

have been in transit [...] treatment no less favourable than that which would have been accorded to the (products had they been transported directly from their place of origin to their destination)." The EU complain seems to highlight the lack of swordfish conservation laws in the US similar to those in Chile. In turn, Chile has already requested a formal specialised arbitration at the International Court of Justice under the UN Convention on the Law of the Sea (UNCLOS). Thus there will be two jurisdictional fora hearing the case in parallel. The case is all the most interesting as this would be the first time in the WTO where a developed party will be questioning the trade effects of an environmental law of a developing member.

In this context, the head of trade policy in the Chilean Ministry of Foreign Affairs' WTO Department remarked, "even the EU's internal legislation says that when there is a clash between trade and environmental legislations they are required to privilege environment over trade. They are violating their own laws."

EU Handed a Victory in Banana Dispute

In the ongoing banana dispute saga, a WTO panel has ruled in favour of the EU with a decision that US sanctions against the EU in early 1999 were imposed prematurely. The US required importers of certain goods from the EU to post bonds to cover anticipated duties on 3 March 1999, almost seven weeks before the duties were officially authorised by the WTO.

While more of a sideshow to the central dispute, the panel decision has been welcomed by the EU, which has often found itself on the wrong end of panel decisions in the 3-year old WTO dispute. According to EU trade spokesman Anthony Gooch, the decision shows that the US "cannot act as judge, jury and executioner. That's the job of the WTO." Gooch also said that the EC would take no further action on the matter, but that EU companies hit by the sanctions before WTO authorisation were now free to take up the matter in US courts and claim damages. US Trade Representative Charlene Barshefsky has stressed that the decision does not affect the duties themselves, which will remain in place.

EU to Request Panel on US Carousel Provision

An American bill passed earlier this year containing so-called "carousel provisions" which force the US to rotate the items on which new tariffs are imposed (see *BRIDGES Weekly Trade News Digest* Vol. 4, Number 21, <http://www.ictsd.org/html/weekly/story3.13-06-00.htm>) may wind up in a dispute settlement panel itself. The EU raised questions when the law was first passed; now that the US seems intent on pressing ahead with carousel rotation against EU exports in the ongoing banana and beef-hormone retaliations, an EU source has said that "if the US goes ahead with current plans, we will call for a meeting of the WTO's DSB sometime around the middle of August to ask for a panel. We already have Member states' approval".

John Richardson, the deputy head of the EC delegation in Washington, has said that "carousel will not affect what happens in Europe in either bananas or beef-hormones." Trade officials have indicated, however, that due to holidays it would be highly unlikely for the WTO to hold a meeting in August, and the meeting will probably be postponed until September.

In related news, the US Trade Representative has acted to limit the number of countries that can participate in WTO consultations on the carousel provisions as third parties. It has accepted requests from Canada, Ecuador, Honduras and Panama and challenged the requests of Japan, Australia, St. Lucia, Jamaica and the Dominican Republic. On paper, the rejections are based on the argument that the countries do not have a "substantial interest" in the dispute. However, according to trade sources, the US has rejected the requests of countries that have been critical of its positions in the past. According to Article 4.11 of the Understanding on Rules and Procedures Governing the Settlement of Disputes, a country targeted in a complaint has the discretion to reject third-party participation requests if the country applying does not have a substantial trade interest.

Appellate Body Upholds Ruling Against Brazil in Aircraft Dispute

Canada is once again celebrating a victory at the WTO in the four-year old battle with Brazil over subsidies paid to their respective regional aircraft firms, Bombardier and Embraer. The Appellate Body upheld an earlier panel decision that Brazil was continuing to provide export subsidies through its "Programa de Financiamento as Exportações" (PROEX) program. In a separate same-day decision, the Appellate Body also upheld a panel finding that Canada had effectively amended its export subsidy program to bring it into line with WTO subsidy rules. The two rulings mean that a separate arbitration panel can proceed to rule on the amount of trade sanctions Canada can impose on Brazilian imports. However, according to one Canadian governmental official, Canada still remains prepared to reach a negotiated resolution of the dispute with Brazil.

"EU Seeks WTO Consultations With Chile Over Fishing Limits and Access to Ports," INTERNATIONAL TRADE REPORTER, 20 July 2000; "EU to Seek WTO Probe on U.S. Duties in Beef, Bananas Dispute," BLOOMBERG, 14 July 2000; "EU to call for WTO panel on US trade retaliation," REUTERS, 13 July 2000; "U.S. Limits Third Party Participation in WTO Carousel Consultations," INSIDE US TRADE, 21 July 2000; "Carousel Retaliation Will Not Affect Response of EU in Beef, Bananas Case, Official Says," WTO Reporter, 14 July 2000; "Appellate Body Upholds Ruling in Brazil-Canada Aircraft Dispute," WTO REPORTER, 24 July 2000; "Canada expects Brazil to honor WTO subsidy ruling," REUTERS, 21 July 2000; ICTSD Internal Files.

GMOs CONTINUE TO CREATE A STIR

China mandates GMO seed labelling

On 8 July, China passed a law that will take effect on 1 December 2000 that will require the labelling of genetically modified seeds. The law requires seeds for genetically modified crops to be clearly labelled and have instructions for safe use of the product. The law only pertains to genetically modified seeds, not to food products made from genetically modified crops. This is the country's first restriction of the technology, and has already run into opposition in Europe and Asia on food safety concerns, and from US industry groups that have attacked similar proposals elsewhere. China currently does not commercially produce any genetically modified food products, but it does produce cotton that has been modified to resist insect pests.

According to officials and researchers, China will grow genetically modified crops commercially in 2001. A 300 million Yuan (\$US36.25 million) government-backed project is moving from research to production. GM crops of corn, soybeans, and rice seeds developed by the Jilin branch of the China Research Institute of Agricultural Science would be resistant to pests. According to Liu Depu, one of the experts participating in the project, "GM crops would help solve the pest problem." In addition, he added, "It's very important for China to secure a stable grain supply for its growing population."

European Union

On 13 July, the European Commission outlined a new plan that it hoped would put an end to the current moratorium on new GMO licenses in the EU. However, when the plan was presented at an informal meeting of EU environment ministers, ministers agreed to maintain the moratorium, mainly because certain key elements -- such as the tracking and labelling of biotechnology and an environmental liability regime -- still must be worked out.

Ministers said that they would review their position in the fall, after the EC had presented full proposals for tighter laws on GMOs, including the aforementioned key elements.

United States

The US budget for the year 2001 is currently being debated in Congress; one of the bills on the calendar in the Senate is the "Foreign Operations" bill, which proposes \$310 million for USAID work in Central and Eastern Europe and in developing countries for agriculture and rural development. This amount will include no less than \$US30 million for promoting the use of GMOs. Environmental groups in Eastern Europe are angered that their countries should be the target of biotech promotion. "In the Ukraine, we already have to live with the legacy of Chernobyl. In the last decade, we have become the dumping ground for nuclear technologies. Now, we see the transfer of another hazardous technology, unwanted in the West -- ag-biotech," said Tamara Malkova, from the group Green Dossier, based in Kiev, Ukraine.

Groups in Eastern Europe and the Newly Independent States have drafted a statement addressed to the US Senate. The statement expresses their concerns and states that the aid money would be better spent on assessing the environmental, health and socio-economic risks of genetically engineered crops, or else promoting organic agriculture. The statement has been signed by over 20 organisations, and has been sent to Senators and the US embassies in several countries, including Russia, Ukraine, Georgia and Moldova.

Australia & New Zealand

Ten state and national health ministers are scheduled to meet in New Zealand in late July, where they are expected to agree on labelling standards for foods with GM ingredients. According to Peter Leihne, the general manager of standards of the Australia New Zealand Food Authority, "there is a lead time to allow products on the shelves to be used up before the new requirements become mandatory. We would expect about a 12 month period." However, ant-GMO campaigners think that this is too little, too late, as processed foods containing GM commodities have been for sale in Australia for about 10 years. "The ANZFA is not taking a sufficiently precautionary approach...we

think industry should now begin labelling genetically engineered products without government requirements," according to Bob Phelps, the director of the Australian Conservation Foundation GeneEthnics Network.

Tasmania has once again emphasised its hard line against genetically modified crops. The state government has labelled them a forbidden pest and has imposed a moratorium against their trial for one year. The state is also setting up its own expert advisory group and foreshadowing a wider state inquiry. According to the Primary Industries Minister David Llewellyn, "this is something we need to address ourselves. On a national basis they don't tend to take our needs in to account."

Canada

The Canadian government insists that labelling of GM products is only useful if it announces something "measurable and scientifically proven." According to Minister of Agriculture Lyle Vanciel, "the government is committed to exploring how labelling can best serve the public. The government is not opposed to labelling, but it has to be credible, meaningful, and enforceable." The Bloc Quebecois -- a federal political party -- are dissatisfied with the stance of the Canadian government, and insist on mandatory labelling. Meanwhile, citizens' groups have begun making their own recommendations and creating their own labels and standards.

South Korea

The South Korean government has developed GM labelling regulations that will be implemented in March 2001. The labelling rule will initially only apply to soybeans, corn and soybean sprouts; labels on potatoes will be required in March 2001. Violators are punishable by fines up to 30 million won (\$27,000) or three years in prison.

"GMO Labeling Updates," LABELS: LINKING CONSUMERS AND PRODUCERS, Vol. 4, Number 4, 13 July 2000; "China Law Requires Labels for Gene-Modified Seeds by December," BLOOMBERG, 11 July 2000; "China to grow GM crops in 2001 - officials," REUTERS, 19 June 2000; "US Federal Money to Push Agriculture Genetics in the East and South," from FOOD FIRST, 23 June 2000; "Eastern Europe Opposes US Budget Proposals to Push Agricultural Biotech," ENVIRONMENTAL GROUPS IN EASTERN EUROPE AND THE NEWLY INDEPENDENT STATES PRESS RELEASE, 11 July 2000; "European Commission Outlines Plan to Break Moratorium on GMO Licenses," INTERNATIONAL ENVIRONMENTAL REPORTER, 19 July 2000; "EU commission hopes to end GMO curb before 2001," REUTERS, 15 July 2000; "European Commission Faces Obstacles on Biotech Approvals," INSIDE US TRADE, 21 July 2000; "Australia, New Zealand expect to label GM product by mid-2001," REUTERS, 20 June 2000; "Tasmania brands GM crops as pests," THE AGE, 21 July 2000; "GMO Labeling Updates," LABELS: LINKING CONSUMERS AND PRODUCERS, Vol. 4, Number 4, 13 July 2000.

POOR COUNTRIES TACKLE AG CONCERNS AT UNCTAD SESSION

From 24-26 July, the UN Conference on Trade and Development (UNCTAD) hosted an Expert Meeting on the Impact of the Reform Process in Agriculture on Least-Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs). The meeting was generally well received

by government representatives. Its main objective was to exchange views on the impact of the agricultural reform process -- in particular the implementation of the WTO Agreement on Agriculture (AoA) -- as experienced by individual LDCs and NFIDCs.

While expressing how their concerns could effectively be addressed in the continuation of the reform process, several countries pointed out their experiences with ratios of food imports relative to agricultural exports. There appeared to be some consensus that surges in imports and negative impacts on crop area and production were due to the elimination of non-tariff barriers and fixing of applied tariffs on agricultural commodities. Trinidad and Tobago and Mali attributed difficulties in meeting reform obligations under the AoA to conditionality requirements under loans.

Regarding issues of concern to LDCs and NFIDCs in the next round, some countries, including Sri Lanka, pointed out that increasing production costs (due to a lack of technologies and improved management practices causing crop yield stagnations) and increasing input costs of import-competing products are among the reasons for increasing support to domestic agriculture in the short to medium run. Ethiopia called for initiation of negotiations toward a global "Food Security Convention" to elevate food security to a high level in international law thereby allowing LDCs and NFIDCs to pursue national food security plans, including the exemption of staple foods from WTO rules and disciplines.

Lesotho requested that future negotiations review the WTO Agreement on Trade-Related Intellectual Property Rights (TRIPs) to protect the rights of breeders and farmers alike, and that Bretton Woods and other development institutions should comply with WTO and not pressure developing countries to introduce market reforms at a pace that is detrimental to their economies. Many countries asked that up-coming agriculture negotiations take into account the need for increased technical and financial support to enable LDCs and NFIDCs to expand production of exportable commodities and service export markets. The meeting continues through to Wednesday, 26 July.

ICTSD Internal Files.

NEWS FROM THE REGIONS: EAST ASIA

Foreign ministers from the Association for Southeast Asian Nations (ASEAN) are meeting from 24-26 July for their 33rd annual summit. Ministers are expected to discuss, *inter alia*, regional economic integration, human resource development, trade, and health issues.

ASEAN comprises Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. Together the economies account for 1.5 percent of world gross domestic product.

At the summit's opening session, Thailand's Prime Minister Chuan Leekpai urged ASEAN to expand trade within and beyond the region. Mr. Chuan said ASEAN must find ways to build alliances, and said the proposed creation of the so-called ASEAN+3 comprising ASEAN plus China, Japan and South Korea was a step in the right direction. The first ASEAN+3 summit is scheduled for November, when ministers will focus discussions on three sectors: trade and

investment promotion; information technology and e-commerce; and strengthening of small and midsize enterprises.

Singapore's foreign minister S. Jayakumar warned ASEAN ministers that the grouping would become "irrelevant" unless member countries accelerate economic reforms and ASEAN moves forward with its planned ASEAN Free Trade Area (AFTA). "[We must] prove that we are confident enough to submit ourselves to market discipline," lest the grouping become "a hollow shell that cannot keep up with the fast-growing new economies of north-east Asia," Mr. Jayakumar told ministers.

In 1998, ASEAN agreed to move forward with a free trade area by 2003- 2008. Under that agreement, the six founding ASEAN members (Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) agreed from 1 January 2000 to reduce import tariffs on about 85 percent of agricultural and manufacturing goods to five percent and implement a free trade area by 2002. Less-developed ASEAN countries (Laos, Cambodia, Myanmar, and Vietnam) have until 2006-2008 to come into the fold.

ASEAN ministers were also expected to discuss a feasibility study undertaken to assess a possible free trade agreement between ASEAN and New Zealand and Australia. New Zealand and Australia are already linked via a Closer Economic Relations (CER) accord. An ASEAN-CER accord would link the regional economies in an estimated US\$1 trillion dollar free trade zone by 2010. Both ASEAN and CER are looking to forge strategic trade alliances to counter the expected competition from China once China joins the WTO. "We do not want Australia and New Zealand to be isolated because they might form a trade link with other regions, particularly the United States," a Thai official said.

Ministers were also expected to discuss a proposal to create an ASEAN Human Rights Commission.

"Talks on for a new ASEAN, Australia, New Zealand trade block: report," AGENCE FRANCE-PRESSE, 13 July 2000; "Focus on confidence and new challenges," BANGKOK POST, 25 July 2000; "Thai-Burma drug-busting pledge as meeting opens," BANGKOK POST, 24 July 2000; "Australia and New Zealand may join ASEAN," AGENCIA EFE, 13 July 2000; "ASEAN sets areas to boost growth with China, Japan, S. Korea," KYODO NEWS AGENCY, 19 July 2000; "Singapore warns of Asean irrelevance," FINANCIAL TIMES, 25 July 2000.

IN BRIEF

JAPANESE POLICY TO PROMOTE MORE US TIMBER EXPORTS. The US Trade Representative (USTR) on 19 July welcomed progress toward the deregulation of Japan's housing market, outlined in the Third Joint Status Report of the US-Japan Enhanced Initiative on Deregulation and Competition Policy. The USTR said Japan's measures to reduce restrictions on four-story wood frame buildings and change its land and lease laws would likely expand new housing starts within an hour's drive of Tokyo by 17 percent. It is expected that US companies, in turn, will increase timber product sales to Japan by hundreds of millions of dollars. Japan is the world's second-largest building materials market. The US is the world's largest exporter of wood

products and currently sells approximately US\$3.3 billion in building materials to Japan each year. "Barshefsky hails significant achievements under enhanced deregulation initiative," USTR PRESS RELEASE, 19 July 2000; ICTSD Internal Files.

EGYPT-KENYA DISPUTE RESOLVED. A trade dispute that had soured relations between Egypt and Kenya has reportedly been resolved. The dispute, which began over import tariffs on key goods from each country (see *BRIDGES Weekly Trade News Digest* Vol. 4, No. 28, 18 July 2000, <http://www.ictsd.org/html/weekly/story5.18-07-00.htm>), has ended with a Kenyan agreement to apply preferential tariffs to Egyptian rice and other commodities. Egypt has said that it will remove measures against Kenyan tea. "Kenya, Egypt again agree to end trade dispute," REUTERS, 17 July 2000.

WTO IN BRIEF

MEMBERS CONSIDER "NON-STATE" CONTRIBUTIONS. The WTO Committee on Budget, Finance and Administration met on 24 July in a Working Group on "non-governmental" contributions to the WTO (contributions have only been received in the past from Members, at the State level). The session was prompted by previous offers of technical assistance for Least-Developed Countries from USAID. According to trade officials, Members want to be fully involved in any discussion about contributions to the WTO, and expressed at the meeting that any such transactions be available for scrutiny by all Members and the public. They also called for a review mechanism for such contributions, and limited qualifying contributors to foundations only. For conflict of interest reasons, Members emphasised that financial contributions from the private sector would not be allowed. No decisions were taken, but Members indicated there will be many more meetings on this topic and that they wanted to keep looking at it as a possible funding option. ICTSD Internal Files.

TBT WORKSHOP ON TECHNICAL ASSISTANCE. From 19 to 20 July, WTO Members met in a workshop to explore Technical Barriers to Trade (TBT)-related aspects of technical assistance and special and differential treatment for developing countries. At the technical assistance workshop, developing country delegates identified specific problems they had encountered with the implementation and operation of the TBT Agreement, including lack of technical expertise and capacity and de facto exclusion from the standards-setting process. Discussion focused on identifying specific solutions for these problems. In particular, Members discussed the potential role of information technology and the Internet in enabling the participation of developing countries in the creation and implementation of standards. Developing countries took interest in the discussion, but emphasised that they require better access to basic computer resources before they can take advantage of these technologies. A representative from one national delegation noted that the workshop was "very helpful, very educational, and helped us identify areas for future progress." ICTSD Internal Files.

LDC COMMITTEE ADDRESSES INTEGRATED FRAMEWORK. The WTO Sub-Committee on Least-Developed Countries (LDCs) held its 20th meeting on 21 July 2000. Members focused on the review of the Integrated Framework, which is an inter-agency initiative undertaken by six international organisations to provide a coherent approach to poverty reduction in the least-developed countries. Following a meeting of the heads of all six agencies, it was decided that the

WTO would assume a coordinating role for the Integrated Framework, which will now address trade policy mainly through the lens of national development frameworks. Though Members expressed concern that too much of the Integrated Framework's budget was earmarked for the preparation of this "mainstreaming" process, the Chairman remained optimistic that the WTO could effectively pursue two sets of objectives: "a narrower focus on providing information on and promoting implementation of the WTO Agreements" and "a related role in support of broader trade and development strategy, in which the WTO's technical cooperation should be coordinated with and reinforce development assistance provided by other organisations and institutions." The Sub-Committee's next meeting is scheduled for 16 October 2000. ICTSD Internal Files.

EVENTS

Coming Up This Week

24-28 July, New York, NY, US: UNCTAD INTERGOVERNMENTAL PREPARATORY COMMITTEE FOR LDC III (first part). The Committee is expected to consider the following matters: a. Review of progress in the preparatory process of the Conference; b. Substantive preparation for the Conference; c. Assessment of progress in the implementation of the Programme of Action during the 1990s at the country level; d. Provisional agenda and organisation of work for the Third United UN Conference on the LDCs. For information contact: UNCTAD secretariat, Intergovernmental Support Services, Palais des Nations, CH-1211 Geneva 10; tel: (41-22) 907-5007; fax: 907-0056, email: correspondence@unctad.org; Internet: <http://www.unctad.org/en/special/ldc3p1no.htm>.

25 July, Geneva: WTO COMMITTEE ON CUSTOMS VALUATION. For information contact: Luis Ople, WTO Information and Media Relations, tel: (41-22) 739-5374.

27 July, Geneva: WTO WORKING PARTY ON THE ACCESSION OF CHINA. For information contact: Hans-Peter Werner, WTO Information and Media Relations, tel: (41-22) 739-5286.

27 July, Geneva: WTO DISPUTE SETTLEMENT BODY. For information contact: Nuch Nazeer, WTO Information and Media Relations, tel: (41-22) 739-5393.

31 July, Mexico City, Mexico: CONFERENCE ON E-COMMERCE IN LATIN AMERICA, presented by LatinTrade.com and UPS. This conference will feature industry experts and case studies from successful Internet companies already operating in Latin America, and will take an in-depth look at what makes an e-commerce business successful. For information contact: Mari Naranjo, tel: (1-305) 702-5756; email: mari@latintrade-inc.com; Internet: <http://www.latintrade.com>.

3 August, Geneva: WTO DISPUTE SETTLEMENT BODY -- SPECIAL SESSION. For information contact: Nuch Nazeer, WTO Information and Media Relations, tel: (41-22) 739-5393.

WTO Events

An updated list of forthcoming WTO meetings is posted at http://www.wto.org/english/news_e/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.

Please note that due to holidays the WTO will not be holding meetings over the month of August.

13-15 September, Geneva: TEXTILES MONITORING BODY. For information contact: Luis Ople, WTO Information and Media Relations, tel: (41-22) 739-5374.

14 September, Geneva: DISPUTE SETTLEMENT BODY. For information contact: Nuch Nazeer, WTO Information and Media Relations, tel: (41-22) 739-5393.

Other Forthcoming Events

13-20 August, Central America (Location to be announced): SEMINAR ON ENERGY AND SUSTAINABLE DEVELOPMENT IN LATIN AMERICA AND THE CARIBBEAN. This is a sub-regional seminar for Central America on Energy and Sustainable Development in Latin America and the Caribbean and the approaches to Energy Policy. For information contact: Francisco Figueruera; email: figueroa@olade.org.ec. From IISD Linkages, <http://www.iisd.ca/linkages>.

17-19 August, Ottawa, Ontario, Canada & Montreal, Quebec, Canada: NORTH AMERICAN YOUTH CONFERENCE, sponsored by Carleton University's Centre on North American Politics and Society. Themes include: Cultures in the New North America, Governance Across Borders, Sustainable Development. For information contact: Dr. Laura Macdonald, Department of Political Science, Carleton University, 1125 Colonel By Drive, Ottawa, Ontario, Canada K1S 5B6; email: lmacdona@ccs.carleton.ca.

24-27 August, Georgetown, Guyana: GUYEXPO2000 TRADE AND INVESTMENT EXPOSITION, "SHOWCASING GUYANA FOR THE NEW MILLENIUM," organised by the Ministry of Trade, Tourism & Industry and the Office for Investment (GO-INVEST). This event will showcase opportunities for trade and investment in Guyana in a variety of sectors and industries, with seminars on "Doing Business in Guyana" and the participation of key business executives, trade operators, and government representatives. For information contact: GUYEXPO Secretariat, National Exhibition Centre; tel: 5922-74346/56164/70653/50658; email: gepc@sdp.org.gy.

RESOURCES

If you have a relevant resource (book, paper, bulletin, etc.) you would like to see announced in this section, please forward a copy for review by the *BRIDGES* staff to hcameron@ictsd.ch.

Submissions of publications to ICTSD's documentation centre would also be welcome (contact mgalvin@ictsd.ch).

FOOD OUTLOOK, No. 3, June 2000. Highlights of this issue include analyses of the state of world cereal production, sugar production, and fertilizer production. To obtain contact: Mr. Abdur Rashid, Chief, Global Information and Early Warning Service, Commodities and Trade Division (ESC), FAO - Rome; fax: (39-06) 5705-4495; email: giewsl@fao.org. To access visit: <http://www.fao.org/giewsl/english/fo/fotoc.htm>.

HARMONIZATION HANDBOOK: ACCOUNTABLE GOVERNANCE IN THE ERA OF GLOBALIZATION, THE WTO, NAFTA AND INTERNATIONAL HARMONIZATION OF STANDARDS. June 2000. Published by Public Citizen. The handbook discusses the current push towards the harmonisation of international standards since the passage of the North American Free Trade Agreement and the creation of the WTO in 1994. To obtain contact: Public Citizen, 215 Pennsylvania Avenue, SE, Washington, DC 20003, tel: (1-202) 546-4996.

INTEGRATING THE LEAST-DEVELOPED COUNTRIES INTO THE MULTILATERAL TRADING SYSTEM: NEED FOR A BOND BETWEEN PROMISE AND PERFORMANCE. SAWTEE Briefing Paper, No.1, February 2000. This paper makes an attempt to examine issues surrounding the active participation of LDC members in all WTO processes with a view to identifying an appropriate course of action for the future. To obtain contact: Ratnakar Adhikari, General Secretary, South Asia Watch on Trade, Economics and Environment (SAWTEE), P.O. Box 14307, Gautam Buddha Marg, Anam Nagar, Kathmandu, Nepal; tel: (977-1) 268681; fax: 268022; email: rmadi@propublic.wlink.com.np or propublic@wlink.com.np.

Electronic Resources

LAND vs LABOUR - DIVERGING PATHS OF EXPORT GROWTH. 7 June 2000. This paper asks the question: What can Africa and South Asia sell most of in world markets over the next few decades? There is a particularly striking difference between the world's two poorest regions, which is likely to persist into the future: Africa exports mainly unprocessed primary products, whilst South Asia exports mainly labour-intensive manufactures. To access this document visit: <http://www.id21.org/insights33/art3.htm>.

A LATIN AMERICAN PERSPECTIVE ON THE NAFTA MODEL FOR TRADE AND ENVIRONMENT ISSUES IN THE FTAA CONTEXT, by Eduardo Gitli and Carlos Murillo, May 2000. The purpose of this article is to express a Latin American viewpoint of the NAFTA model for Trade and Environment issues in order to draw conceptual and operational conclusions for the Free Trade Area of the Americas negotiation process. To access this document, visit: <http://www.inca.or.cr/publicaciones/>. A Spanish version is also available.

NEW WORLD TRADE ORGANIZATION DECISION MAY WIDEN OPPORTUNITIES FOR AMICUS BRIEFS, by Steve Charnovitz. On 10 May 2000, the Appellate Body of the WTO issued a procedural holding that it may accept an *amicus curiae* brief from the public. According to the author, this ruling is significant because it has the potential to broaden input into the Appellate Body. This may improve decisions and engender greater trust by business and civil society of the

WTO dispute settlement process. To access this document, visit:
<http://www.eli.org/elrinternationalna/articles/generalarticles.htm>.

Calls For Donors

4-11 October, Amman, Jordan: WORLD CONSERVATION CONGRESS (IUCN). The IUCN has requested donor support for its interactive sessions, Congress activities, the publication of Congress documentation, and travel bursaries. For information contact: Lucy Deram-Rollason, Donor Relations Coordinator, fax: (41-22) 999-0200; email: lur@hq.iucn.org.

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