



INTERNATIONAL CENTRE FOR  
TRADE AND SUSTAINABLE  
DEVELOPMENT

BRIDGES

# Weekly Trade News Digest

16 January 2001

ISSN 1563-003X

Volume 5, N°1

## TABLE OF CONTENTS

• WTO Appellate Decision Revives Calls for DSU Review ...	1
• China Accession Talks Stall over Agriculture .....	3
• US Rejects Trade Sanctions Against Japan on Whaling .....	5
• Organic Farming and GMOs in The News .....	6
• US Begins Free Trade Negotiations with Singapore, Chile ...	7
• 'Everything but Arms' Initiative under Fire from EU Farm Lobby .....	9
• In Brief .....	9
• WTO in Brief .....	10
• On the Move: New USTR and Company .....	11
• Events .....	12
• Resources .....	14

## WTO APPELLATE DECISION REVIVES CALLS FOR DSU REVIEW

A WTO Appellate Body (AB) ruling on the US' use of sanctions in the longstanding US-EU banana dispute adopted on 10 January failed to resolve the ongoing debate on the sequencing issue regarding Articles 21 and 22 of the WTO Dispute Settlement Understanding (DSU). This has led several WTO Members to renew their calls for a review of the DSU (see *BRIDGES* Weekly 12-12-00; <http://www.ictsd.org/html/weekly/story1.12-12-00.htm>).

The decision is related to the ambiguity contained in the DSU as to the right of a WTO Member to impose unilateral sanctions against a fellow Member before a panel has established that the targeted country has actually failed to implement a WTO ruling. In the present case, which is yet another link in the long chain of disputes in the EU banana-import affair (see *BRIDGES* Weekly 21-11-00; <http://www.ictsd.org/html/weekly/story1.21-11-00.htm>), the AB overruled a panel decision which had found that the US was within its rights to retaliate in spite of the fact that a compliance panel had not established the EU's failure to adequately reform its banana regime. At the time, the panel had decided that compliance with WTO obligations could also be determined by the arbitrators appointed under Article 22.6 of the DSU (see *BRIDGES* Weekly 03-10-00; <http://www.ictsd.org/html/weekly/story3.03-10-00.htm>).

Rather than resolve the issue, however, the AB's ruling overturned the panel's report solely on the grounds that the WTO Dispute Settlement panel had overstepped its authority, i.e. its scope of competence, stating that "determining what the rules and procedures of the DSU ought to be is not our responsibility nor the responsibility of panels; it is clearly the responsibility solely of the Members of the WTO."

The AB decision thus failed to resolve the longstanding dispute over the relationship between the Article 21.5 compliance review and the retaliation provisions of Article 22. The DSU text is ambiguous on the sequencing of the two provisions. An effort to reform the DSU was launched before the 1999 Seattle WTO Ministerial, but fell apart partly due to the fact that the US and EU could not bridge the gap between their diverging opinions. A proposal to amend the Articles 21 and 22 of the DSU was also submitted by Japan and several other Members and discussed at the General Council on 10 October 2000 and on 7-8 December 2000, but there was little progress on the issue (see *BRIDGES Weekly* 12-12-00, <http://www.ictsd.org/html/weekly/story1.12-12-00.htm>).

The legal uncertainty once again revealed by the affair, together with the AB statement, has led the countries pushing for a review to renew their calls for reform that would clarify the controversial section. Thus, whilst the US declared its disagreement with the AB decision and stated that "the DSU does not currently require sequencing", Japan, Chile and Colombia seized the occasion to make statements expressing their concern with the need to address the sequencing issue. According to these countries, this important systematic problem "should be urgently resolved by Members". Situated in between these opposed opinions, the EU expressed its regrets that the AB had not solved the sequencing question in its decision.

The AB's cautious approach could be linked back to the harsh reactions provoked by its decision to publish procedures for non-party submissions (amicus briefs) in the Canada-EC asbestos case (see *BRIDGES Weekly* 28-11-00; <http://www.ictsd.org/html/weekly/story1.28-11-00.htm>). Convening for a special meeting of the WTO General Council on 22 November 2000, Members sent a strong signal to the AB exhorting it to proceed with "extreme caution" in the future with respect to how it deals with non-governmental participation in the dispute settlement process.

#### TRIPs: US seeks WTO ruling on Brazil's "local working" patent requirement

In related news, the US is expected to ask that a panel be set up at the next meeting of the DSB on 19 January to rule on whether a Brazilian patent protection law conforms to the WTO Agreement on Trade-Related Intellectual Property Rights (TRIPs). At issue in the dispute is Article 68 of Brazil's 1996 industrial property law, according to which the holder of a patent in Brazil must ensure that the subject matter of a patent is "worked" in Brazil, either by producing the patented good in the country or allowing the patented process to be used in Brazil. If this requirement is not met, the government can issue a compulsory license allowing others to use the patent against the patent holder's wishes. The US claims that Article 68 is discriminatory and thus contrary to the non-discrimination provisions of TRIPs Arts. 27.1 and 28.1.

"WTO appellate decision prompts renewed push for changes to DSU," *INSIDE US TRADE*, 12 January 2001; "Intellectual Property: U.S. to Seek WTO Ruling on Brazil's "Local Working" Patent Requirements," *WTO REPORTER*, 11 January 2001; ICTSD Internal Files.

## **CHINA ACCESSION TALKS STALL OVER AGRICULTURE**

The WTO China Accession Working Party last week reconvened its negotiations leading towards an acceptable China accession protocol. However, the positive momentum characterising the Working Party's negotiations in early fall 2000 has been replaced by an atmosphere of cautious optimism as several outstanding issues have yet to be resolved. Among these, agricultural subsidies to 900 million Chinese farmers continue to be a source of friction among the negotiating parties, leading to a breakdown of talks on 12 January on the topic of agriculture. The Working Party consists of the US, EU, Canada, Japan, and others with a significant interest in China's accession.

China's chief trade negotiator, Long Yongtu, labelled the unrelenting pressure by the US and the Cairns Group of agricultural exporting countries to limit Chinese agricultural subsidies as "absolute nonsense." As the talks faltered, Paul-Henri Ravier, acting Chair of the China Working Party, encouraged Members to consult with their capitals over the weekend for additional direction.

The main sticking points preventing agreement on the accession protocol remain essentially unchanged from those outstanding last year (see *BRIDGES Weekly* 03-10-00, <http://www.ictsd.org/html/weekly/story2.03-10-00.htm>). The most pressing of these correspond with the WTO's built-in agenda to liberalise world agriculture and services markets.

### Agriculture

On Agriculture, China continues to press the Working Party for access to domestic support subsidies as a developing country under the so-called blue box. In particular, China is seeking access to Article 6.4(b) of the Uruguay Round Agreement on Agriculture (AoA) which assigns a de minimis threshold of 10 percent to developing countries. A de minimis threshold, expressed as a percentage, is the amount of domestic support a country may exempt from its calculation of total domestic supports and therefore further reductions. For developed countries, the de minimis threshold is limited to 5 percent, while for developing countries the de minimis threshold is 10 percent.

The US and the Cairns Group, however, insist that China's de minimis threshold be restricted to 5 percent, assigning China the de facto status of a developed country. The US and Cairns Group fear that giving China access to Article 6.4(b) would confer an unnecessary competitive advantage to Chinese agriculture, thereby threatening the US' and Cairns Group's share of the global agricultural commodities market. In contrast, the EU has taken a middle ground position, stating that China should not be held to a regime different than other WTO Members. Some speculate that the EU, in taking this stance, is attempting to broker the impasse between China and the US and Cairns Group.

### Services

In area of services, it is expected that China will release a draft text later in the week that will put to rest the question of market access for foreign providers of services. This will be in response to repeated concerns expressed in the Working Party that conditions placed on foreign insurance providers in China limit their access to the Chinese services market. In particular, China insists that foreign insurers must purchase 20 percent of their reinsurance -- a hedging tactic used by insurers -- from Chinese suppliers. The US argues that no such stipulation was made in the original US-China

bilateral agreement and should therefore be excluded from the accession protocol. Again, in contrast, the EU has expressed its willingness to accept a phase-out period for this condition.

The Chinese are also seeking to limit domestic-foreign joint ventures in the insurance and telecommunications sectors by limiting the number of domestic firms permitted to maintain affairs with foreign partners. Both the EU and US are opposed to such a condition.

Also outstanding in the accession talks are issues pertaining to China's use of transitional safeguards; its dual-standard system of product approval, one foreign and one domestic; China's anti-dumping price calculation methodology; industrial subsidies; the frequency of Chinese transitional trade policy review at the WTO; and restrictions on trading rights for foreign firms.

### Outlook for Accession Talks

With such a list of outstanding issues, no party is willing to assign a date to China's accession. However, most have ruled out the possibility that the presidential transition in Washington will slow down the Working Party's progress, and observers note that the US appears committed to China's WTO accession, regardless of which party is in power.

In contrast, some trade analysts have speculated that talk of a June US Congressional vote on Chinese Most Favoured Nation (MFN) status may pressure the Bush administration to resolve the China accession quickly. In last year's controversial Chinese Permanent Normal Trading Relations (PNTR) vote, the US Congress was assured that a vote favouring PNTR would put an end to the annual MFN vote since it was assumed China would accede to the WTO expeditiously. Since this has not been the case, a June MFN vote in Congress, particularly if China appears to be slowing the accession process in order to extract more concessions from WTO Members, would lend well to anti-trade interests in Congress while weakening the business lobby's argument that China accession is crucial and must be completed as soon as possible.

China must also still sign bilateral trade deals with Mexico and five other Latin American countries -- Panama, Bolivia, Dominican Republic, Guatemala and Honduras. Mexico competes with China directly in textile and telecommunications and office equipment and fears that its producers may suffer once China enters the WTO. Trade sources speculate that Mexico is waiting for the accession deal before completing its bilateral with China.

The results of current China Accession Working Party sessions, which conclude this week, will be reported on in next week's *BRIDGES* Weekly Trade News Digest.

"China-WTO Talks Face New Problem Amid Farm Dispute," WALL STREET JOURNAL, 15 January 2001; "Setback For China Over WTO," FINANCIAL TIMES, 14 January 2001; "Fears Heighten Over Annual NTR Vote As China WTO Talks Lag," INSIDE US TRADE, 12 January, 2001; "China Talks Resume This Week With Limited Prospects For Progress," 12 January 2001; "China Puts Mexican Trade In Line Of Fire," FINANCIAL TIMES, 10 January 2001; "China's WTO Negotiator Urges Focus On Sticking Points In Accession Talks," 11 January 2001; "China WTO Entry Stalled As US Changes Chief," REUTERS, 15 January 2001; ICTSD Internal Files.

## **US REJECTS TRADE SANCTIONS AGAINST JAPAN ON WHALING**

In a report submitted to US Congress on 29 December, President Clinton formally announced that the US would not impose trade sanctions against Japan for its resumption of whale hunting. However, at the same time Clinton instructed US federal agencies to maintain the sanctions option as they monitor Japan's whaling activities.

In August 2000, the US threatened trade sanctions against Japan, following Tokyo's decision to expand whale hunting for research purposes to include Bryde's and sperm whales (see *BRIDGES Weekly*, 05-09-00, <http://www.ictsd.org/html/weekly/story3.05-09-00.htm>). Even though Clinton remains "deeply concerned" about the issue, he said, "I do not believe that import prohibitions would further our objectives at this time". Should Japan continue to breach its International Whaling Convention commitments, future US import restrictions could focus on products made by manufacturers of whaling equipment or could affect a broader range of imports, he added. Furthermore, Clinton cited an agreement between the US and Japan to conduct a workshop in the International Whaling Convention to explore non-lethal research techniques, even though he stressed that this agreement was "a positive but limited step".

US farm and agribusiness groups have repeatedly expressed concern that imposing trade sanctions against Japan might harm US agricultural exports to the country, which is the biggest agricultural export market for US farmers (see *BRIDGES Weekly*, 26-09-00, <http://www.ictsd.org/html/weekly/inbrief.26-09-00.htm>). In a letter addressed to President Clinton in October 2000, 19 agricultural organisations, including the US Grains Council and the US Meat Export Federation, highlighted the possibility that US trade sanctions against Japanese whaling may violate WTO obligations and could result in countermeasures by Japan against US agricultural products. "At the very least, US trade actions against Japan over this issue would be harmful to US/Japanese trade relations." Moreover, trade analysts speculate that as negotiations on agriculture heat up at the WTO, the US cannot afford antagonistic trade relations where agricultural products are concerned.

Environmentalists expressed mixed reactions to the President's report to Congress. "The language is strong, but the action is weak," said one environmentalist. "It's obviously more symbolic than tangible."

In November last year, environmental groups filed a petition alleging that Japanese whaling violated an international agreement on endangered species because whale-derivatives have made their way into international commerce. If successful, the petition would lead to a certification by the Secretary of Commerce or Secretary of Interior that Japanese nationals are engaging in trade that diminishes the effectiveness of an international program for threatened or endangered species. Some have expressed their doubts, however, that this certification would be any more likely to result in trade sanctions as the one issued in September by outgoing US Secretary of Commerce Norman Mineta.

"Clinton formally rejects sanctions against Japan on whaling," *INSIDE US TRADE*, 5 January 2001; "US will not impose trade sanctions on Japan," *HIGH NORTH WEB NEWS*, 8 January 2001.

## **ORGANIC FARMING AND GMOS IN THE NEWS**

### USDA Issues Organic Food Standards

More than a decade after the US Congress ordered the US Department of Agriculture (USDA) to develop uniform organic standards for food, Agriculture Secretary Dan Glickman on 20 December 2000 announced the final standards slated by his Department. The new regulation will offer customers a USDA label certifying when a product is "100 percent organic," "organic," or "made with organic ingredients".

Products produced through processes including the use of genetic engineering, ionising radiation, and sewage sludge are not eligible for the voluntary labelling system. Residue compliance threshold for pesticide use was set at 5 percent of the US Environmental Protection Agency's (EPA) pesticide residue tolerance.

The certification process is open to farmers in the US and throughout the world. According to Sen. Patrick Leahy, a Vermont Democrat, "the rule will assist organic producers who want to export their products and will ensure that imported organic agricultural commodities meet standards on par with those of the United States."

Food companies, environmentalists and some lawmakers have eagerly sought the standards to help meet consumers' growing unease with conventional food practices, including genetic engineering, excessive pesticide use, and hormones and antibiotics for livestock. While hailing the new rules, Kelly Johnston, executive vice president for the National Food Processors Association, was quick to claim that organic foods are not necessarily more nutritious or safer than conventional food products.

The US organic industry is estimated to have sold more than \$US8 billion worth of products from food and clothing in 2000, and the USDA thinks sales will increase by 20 percent this year. 12,200 farmers, most of them small-scale producers, currently meet the organic standards. This group is currently growing at a rate of 12 percent per year.

### FDA Not Expected to Change Its Approach to GM Foods

The US Food and Drug Administration (FDA) is expected to issue its revised biotech food regulations this week. For the first time, regulations will require mandatory consulting for developers of biotech foods with the agency's scientists prior to the commercialisation of the products. Even though the agency will issue voluntary guidelines for companies that wish to use labels, no mandatory labelling for genetically modified (GM) foods will be set up. US foodmakers oppose mandatory labels, claiming that customers would misunderstand the labels as indicating that biotech food is less safe. In general, the FDA is not expected to change its decade-old approach, which sees GM foods as "substantially equivalent" to conventional foods, implying that no special safety testing or review is required before they enter the market.

On 11 January, the Consumer Federation, a coalition of the biggest US consumer groups, issued a report on the current situation of regulation for biotechnology in foods. The report, written by Thomas McGarity, a University of Texas law professor, recommended that the FDA should abandon its "substantial equivalent" assumption, require extensive testing of GM foods, set up a

mandatory labelling scheme for products with more than a negligible amount of biotech material and require mandatory consultations with federal regulators for developers of GM foods.

#### Monsanto GM Wheat Leaves the Lab

Farm trials have started for the world's first genetically modified (GM) wheat -- developed by US agricultural biotechnology company Monsanto -- in North and South Dakota, Montana and Minnesota. This issue could become one of the most controversial in global agriculture, as wheat-based bread is a staple item for human consumption, especially in Europe. Contrary to this, soya and maize -- which presently comprise the largest part of GM crops -- are mainly destined for animal feed or specialised products such as tortilla chips. GM wheat is reckoned to face stiff opposition from European consumers and governments. An attempt to sell GM wheat in Europe could cause the simmering trade war between the US and the EU on biotechnology and food to boil over. According to Monsanto, American farmers could be growing their first GM wheat as early as 2003.

#### Mad cows may mean greener European agriculture

German Chancellor Gerhard Schröder appointed Renate Künast from the Green Party on 10 January as new Minister for Agriculture, after her predecessor had to resign following Germany's ongoing BSE crisis. This appointment is part of Schröder's strategy to move German agriculture away from factory farms and 'back to nature'. Observers see this as a possible turning point for farming practices in Europe, though it remains to be seen how other EU member states will react to the move.

With Austria and Italy reporting their first BSE cases last week, 12 EU member states and Switzerland have now been struck by the disease. Only Finland, Greece and Sweden are still considered to be free of BSE. Public opinion sees large-scale industrial farming methods, especially the feeding of mammalian meat and bone meal, as one of the reasons that led to the spread of mad-cow disease and related variant Creutzfeldt-Jakob disease, which has caused at least 80 human deaths in the UK since the mid 1990s.

"Update - US shoppers to soon find USDA organic food labels", REUTERS, 21 December 2000; "US government issues standards on organic food", CNN, 20 December 2000; "Glickman Announces National Standards for Organic Food", USDA NEWS RELEASE, 20 December 2000; "Erste BSE-Fälle nun auch in Österreich und Italien", NZZ, 15 January 2001; "Schnelle Nachfolgeregelungen in Berlin", NZZ, 11 January 2001, "German agriculture goes green", CBC, 10 January 2001; "Biotech policy 'holds great peril'", REGISTER WASHINGTON BUREAU, 12 January 2001; "US biofood regs need major overhaul - consumer coalition", REUTERS, 11 January 2001; "Senate panel sets Veneman confirmation hearing", CNN, 9 January 2001; "Monsanto to launch the first GM loaf", INDEPENDENT, 15 January 2001; ICTSD Internal Files.

#### **US BEGINS FREE TRADE NEGOTIATIONS WITH SINGAPORE, CHILE**

Current negotiations on bilateral free trade agreements (FTAs) between the US and Singapore, on the one hand, and the US and Chile, on the other, have been greeted with mixed reactions by business and environmental groups. The US' intention to model these agreements on the US-Jordan

FTA -- including its labour and environmental standards (see *BRIDGES Weekly*, 31-10-00, <http://www.ictsd.org/html/weekly/story3.31-10-00.htm>) -- has proven particularly contentious. How the FTAs with Singapore and Chile will fare under the incoming Bush administration, however, remains an open question.

An FTA with Singapore would be of economic and strategic importance to the US. Singapore constitutes the US' 10th largest trading partner and the largest in Southeast Asia. Entering into an FTA could likely open the door to future FTAs with countries in the region, in particular members of ASEAN and APEC. Indeed, Australia has already expressed its interest in bilateral negotiations with the US and has also begun talks with Singapore.

US business groups have expressed their opposition to the inclusion of labour and environmental provisions in the US-Singapore FTA. If modelled on the Jordan FTA, these provisions, though not formally binding, would allow the imposition of sanctions after a consultation and arbitration procedure. The American Textile Manufacturers Institute has also voiced its opposition to the FTA, fearing that Singapore will be used by neighbouring countries to flood the US with textiles. Environmental groups, in turn, want to see environmental protection standards strengthened by expanding exceptions such as those under GATT Article XX to cover not only goods, but also services, investment and intellectual property, and by allowing countries to use environmental measures that are not least trade restrictive. Negotiations between the two countries, which were originally scheduled to resume last week, are currently in limbo with no new date and venue specified. Trade observers speculate that Singapore's position has been influenced by business groups' advice that the country should wait for the Bush administration to take office in order to get a better deal and avoid the inclusion of environmental and labour standards.

Free trade negotiations are also underway between the US and Chile (see *BRIDGES Weekly*, 5-12-00, <http://www.ictsd.org/html/weekly/story3.05-12-00.htm>). A US-Chile FTA is seen by many as an important step towards the Clinton administration's long-held ambition for a hemisphere-wide trade zone. Unlike some other Latin American countries, Chile does not oppose the inclusion of environmental and labour provisions, neither in the text as found in the US-Jordan agreement, nor in a side agreement as in NAFTA, but it strongly opposes the use of trade sanctions to enforce these.

The US-Jordan FTA is still awaiting approval by the US Congress. Democrats generally support the inclusion of labour and environmental language in trade agreements to prevent backsliding of standards in these areas with the aim of attracting investment. Republicans, however, fear that these could be used for protectionist purposes. President-elect Bush has also expressed his opposition to the inclusion of labour and environment provisions in trade agreements.

"Business criticizes administration plans for Singapore FTA," *INSIDE US TRADE*, 1 December 2000; "US-Singapore FTA talks opening statement," *SINGAPORE DELEGATION*, 5 December 2000; "Groups voice worries over U.S.-Singapore FTA negotiations," *INSIDE US TRADE*, 8 December 2000; "U.S.-Singapore FTA talks in limbo as two sides fail to set date," *INSIDE US TRADE*, 5 January 2001; "DJ Clinton sends trade agreement with Jordan to congress," *AP*, 6 January 2001; "Australia seeks free trade pact with US," *THE STRAITS TIMES*, 8 January 2001; "Behind Clinton's Chile trade deal, a grander strategy," *IHT*, 8 January 2001.



**'EVERYTHING BUT ARMS' INITIATIVE UNDER FIRE FROM EU FARM LOBBY**

An EU proposal to grant duty- and quota-free access to imports from the 48 least-developed countries (LDCs) -- known as the "everything but arms" initiative (see *BRIDGES* Weekly 26-09-00, <http://www.ictsd.org/html/weekly/story4.26-09-00.htm>) -- has been met with strong opposition from the EU farm lobby, in particular the sugar industry. An internal study released by EU Farm Commissioner Franz Fischler in December 2000 showed that the impact of the initiative on the farming sector would be greater than originally thought and that the sugar industry might face costs of more than one billion euros. As a result, the European Commission is now debating whether to extend the originally envisaged three-year transitional period for sugar, rice and bananas to five years coupled with higher quotas for duty-free access during the transition -- causing some critics to redub the initiative "everything but farms". Completely duty-free access for LDCs would then come into force around 2006 when reforms in all three sectors should have been decided.

In related news, in an 8 January letter to the Financial Times, Japanese Minister of International Trade and Industry, Takeo Hiranuma, has expressed his support for the EU and WTO initiatives to extend preferential treatment to products from LDCs in order to garner LDC support for a new round of multilateral trade talks. Hiranuma also assured Asia Pacific Economic Co-operation (APEC) forum members' commitment to capacity-building in developing countries. In a response dated 15 January, Beatrice Chaytor from the Foundation for International Environmental Law and Development (FIELD) stressed that in order to build confidence among developing countries for a new round, more than just capacity-building efforts are required. "The EU and Japan could take the lead in ensuring that serious liberalisation offers come to the table in the form of the phase-out of agriculture and fisheries subsidies or reduction in tariffs on textiles and clothing." She also stressed that the success of future rounds of trade negotiations depend on building LDCs' capacity to negotiate tailored trade packages suited to countries' individual circumstances, and on ensuring that negotiating processes are transparent and participatory.

"It is important that talks about trade are wide-ranging," FT, 8 January 2001; "LDCs and trade: capacity-building is not enough," FT, 15 January 2000; "EU to debate stalled trade plan for world's poor," WORLD TRADE NEWS, 15 January 2001.

**IN BRIEF**

**UK-INDIA TEAM UP ON OPPOSING LABOUR-TRADE LINKAGE.** At an 8 January meeting between British Secretary of State for Trade and Industry Stephen Byers and Indian Commerce and Industry minister Murasoli Maran, Byers said his government agreed with India that core labour standards should not be part of the WTO. India has traditionally opposed the use of trade sanctions internationally to enforce labour standards, and the issue created major tensions between developed and developing countries during the failed WTO ministerial conference in Seattle in late 1999. On the controversy of the claim of US company Rice Tec over the patent rights on Basmati rice, Byers said that the UK shares India's concern, and that Britain will continue to be robust within the EU in its support to the India position. India says that the Rice Tec's use of the name Basmati was wrong because only rice grown in the northern India and Pakistan can be termed basmati. The WTO Trade-Related Intellectual Property Rights (TRIPs) Agreement provides for protection where a given quality or reputation of an item is attributed to its geographical origin. "UK supports India, says labour standards not part of WTO," DOW JONES, 8 January 2001.

**EU PARLIAMENT BACKS BEEF HORMONE BAN.** The European Parliament on 10 January gave initial support to a Commission proposal to ban the growth hormone 17B-oestradiol and maintain a temporary ban on five others, including progesterone, testosterone, zeronol, trenbolone acetate and melengestrol acetate. The ban on growth hormones, which are used in beef production in North America, could come into force by 1 July 2001. EU Environment Committee spokesman Karl Erik Olsson said in a statement that, "it is crystal clear that the six hormones, which are primarily used as growth promoters in cattle breeding, posed risks to the health of all EU consumers. The WTO Appellate Body in January 1998 ruled that an EU ban on beef treated with growth hormones was not based on adequate scientific evidence and therefore violated international trade rules (see *BRIDGES Weekly* 21-03-00, <http://www.icts.org/html/weekly/story8.21-03-00.htm>). The WTO in July 1999 authorised the US to impose US\$191.4 million in trade sanctions against the EU for its failure to comply with the ruling. The US maintains that there is no link between controlled use of the hormones and human health. A full debate by members of the European Parliament is expected later in January. "EU lawmakers back proposal to ban 6 beef growth hormones," DOW JONES, 11 January 2001.

**COMMON MARKET FOR EAST AFRICA.** The leaders of Kenya, Tanzania and Uganda have met in dar es Salaam for the inaugural ceremony of the East African Community, (EAC) an economic and political union of the three states. The EAC treaty was signed in November 1999 and sets out the principles of economic, monetary and political union with provisions made for common action on movement of people and goods between member countries and on transport, tourism and telecommunications. The EAC replaces the now defunct East African Cooperation set up in 1994. Also present at the inauguration were the leaders of war-ravaged Burundi, Rwanda and Tanzania's semi-autonomous island state of Zanzibar. Burundi and Rwanda have applied to be members of the EAC." East African leaders meet ahead of common market inauguration" AFP, 15 January 2001.

## **WTO IN BRIEF**

**JAPAN TO CONVENE MEETING ON NEW ROUND.** On 24 January, Japan will host an informal meeting in Frankfurt, Germany to prepare for the launch of a new round of trade negotiations. The conference, which will be held with officials at the vice ministerial level, will include representatives from at least eight countries, including Australia, South Africa, South Korea, India, Mexico, Brazil, Egypt, and Switzerland, though others may also attend. Japan's Deputy Foreign Minister Yoshiji Nogami will head a delegation of officials from the Japanese finance, trade, forestry and fisheries, agriculture, and economy ministries. Plans for a new round of trade liberalisation talks stalled after the collapse of the WTO Ministerial meeting in Seattle in late 1999. The next ministerial conference is expected in November this year, where Members may again attempt to launch a new round. Japan is reportedly calling the informal meeting to sound out participating countries' opinions before entering agenda-setting negotiations with other 'Quad' Members the US, the EU and Canada. "Japan to host forum in Germany to prepare for new WTO round," KYODO NEWS INTERNATIONAL, 9 January 2001; "Japan to host forum to prepare for new WTO round," DOW JONES, 9 January 2001.

**MOORE SAYS REGIONAL PACTS WEAKENING MULTILATERAL SYSTEM.** In an address given at a trade summit organised by the Confederation of Indian Industry in Hyderabad, India, WTO Director-General Mike Moore said that regional agreements were weakening the multilateral trade system and increased the danger of developed countries acting unilaterally and carving out

markets through preferential trade agreements. He cautioned developing countries not to resolve problems and issues outside WTO negotiations. "The more regionalism advances, the more it sucks oxygen out of the multilateral system," he said. The Director-General's comments come at a time of heavy activity in regional and bilateral trade arrangements (see US-Singapore article, this issue). In other remarks, Moore said that there was "sympathy" among other Members for India, which faces major domestic political opposition around negotiating reductions in agricultural support at the WTO. India maintains agricultural subsidies at only three percent, compared with 30 to 40 percent in some developed countries. "Regional pacts weakening multilateral system-WTO chief," DOW JONES, 11 January 2001.

### **ON THE MOVE: NEW USTR AND COMPANY**

Republican US president-elect Bush's decision to appoint Bob Zoellick as the new US Trade Representative was welcomed in Europe, Japan and many developing countries as a clear signal of the incoming administration's commitment to trade liberalisation. Mr. Zoellick, who has, amongst other positions, worked as an undersecretary for economics in the first Bush administration and was the State department's leading negotiator in the North American Free Trade Agreement (NAFTA), is regarded as an experienced and forceful advocate of open international trade. In the past, he has criticised the Clinton administration for providing only rhetorical support for free trade initiatives, such as a hemisphere-wide expansion of NAFTA, and for lacking a strategic vision on trade and international economic policy.

The nomination was particularly welcomed by the EU because of Mr. Zoellick's past experience in working with current EU trade commissioner Pascal Lamy, which many hope will facilitate negotiations and help contain the increasing number of trade disputes between the US and EU. Japan's delegate to the WTO, Koichi Haraguchi, also expressed hope that under Mr. Zoellick's leadership, the US "will assume a prominent role in the promotion of a new trade round". Developing countries have highlighted in particular Mr. Zoellick's past criticism of including environmental and labour standards in free trade agreements, which many see as a pretext for protectionism.

In introducing the new USTR, Bush assured that Mr. Zoellick would retain a cabinet-level position following rumours that the trade post might be downgraded in the administration. "This should reconfirm our nation's commitment to free trade," he said. EU officials had been particularly concerned by a possible downgrading because of fears that they could find themselves negotiating with someone who lacked clout (for an analysis on president-elect George W. Bush's trade priorities see *BRIDGES* 07-11-00, <http://www.ictsd.org/html/weekly/story4.07-11-00.htm>).

#### **Bush nominations for Interior, EPA, Agriculture**

In other appointments of interest, Bush has nominated Gale Norton (Dept. of the Interior), Ann Veneman (Dept. of Agriculture), and Christine Todd Whitman (Environmental Protection Agency) to serve in his cabinet.

The nomination of former Colorado Attorney General Gale Norton to head the Department of the Interior, which maintains responsibility for many areas of environmental jurisdiction, has provoked

harsh reactions from environmental groups. Norton is regarded as extremely conservative on environmental issues.

Ann Veneman, a former California agriculture secretary, will take over the US Agriculture Department (USDA). Veneman's nomination was announced with a view to tackling new global trade negotiations in agriculture, in which she is likely to head the US agricultural negotiating team.

New Jersey Governor Christine Todd Whitman will take over the Environmental Protection Agency (EPA). Bush said that the EPA chief would hold Cabinet rank in his administration, even though this position is not nominally a Cabinet post. Whitman is considered to have a good environmental record. As governor of New Jersey, she strongly supported requirements aimed at reducing diesel fuel sulphur, which is a major contributor to air pollution.

"Zoellick faces task of building trade bridges," FINANCIAL TIMES, 11 January 2001; "EU praises Bush trade envoy as tough negotiator," REUTERS, 11 January 2001; "Bush highlights Latin America, agriculture as trade priorities," INSIDE US TRADE, 12 January 2001; "Bush choice for trade gets cheers overseas," IHT, 13-14 January 2001; "Bush Taps Watt Protégé for Interior", ENS, 29 December 2000; "Environmentalists Slam Interior Nominee", CNS, 29 December 2000; "Bush picks Ford veteran Rumsfeld to lead Pentagon", CNN, 28 December 2000.

## **EVENTS**

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web calendar at: <http://www.ictsd.org/html/calendar.htm>.

### ICTSD Events

13 February, 0900-1100, Room 5, International Environment House, 13 chemin des Anémones, Geneva: CAFE & CROISSANTS DIALOGUE ON PROGRESS OF THE SERVICES NEGOTIATIONS AT THE WTO. Featuring Chairman of the WTO Council for Trade in Services, Ambassador Sergio Marchi (Canada). This meeting was previously scheduled for 1 December 2000 and subsequently cancelled due to an unexpected conflict of commitments in Amb. Marchi's agenda. For those interested in attending, please confirm your participation before 5 February by email to: [ictsd@ictsd.ch](mailto:ictsd@ictsd.ch) or by fax at: (41-22) 917-8093.

### Coming Up This Week

8-19 January, Santiago, Chile: CGIAR (Consultative Group on International Agricultural Research) ELECTRONIC CONFERENCES. The conferences, which will be coordinated by the International Network on Methodology of Farming Systems Research (RIMISIP), aim to make the growing prevalence of partnerships between publicly-financed international research centres and private-sector biotechnology companies more widely known and to envision a strategy to ensure that publicly-funded international agricultural research addresses primarily the interests of poor farmers. A summary of the main conclusions and recommendations will serve as an input for a face-to-face workshop in May 2001 in South Africa, where civil society actors, public sector donors and key CGIAR members will discuss the mission of the CGIAR and how its research agenda can be tailored to the needs and circumstances of poor farmers. For more information and to join the

conference, contact: Miguel Altieri; email: [agroeco3@nature.berkeley.edu](mailto:agroeco3@nature.berkeley.edu); Internet: <http://www.rimisp.cl/ngoc>.

18-20 January, Miami, US: NORTH-SOUTH CENTRE-FINAL MEETING OF CIVIL SOCIETY ORGANISATIONS IN ANTICIPATION OF THE SUMMIT OF THE AMERICAS III. Organised by PARTICIPA, a non-governmental organisation based in Chile, in cooperation with the Canadian Foundation for the Americas, the Esquel Group and the Dante B. Fascell North-South Centre. For more information contact: Andrea Sanhueza, Almirante Simpson #014, Santiago, Chile; tel: (56-2) 222-5384; fax: 222-1374.

### WTO Events

10-17 January, Geneva, Switzerland: WTO CHINA ACCESSION WORKING PARTY. For information contact: Hans-Peter Werner, WTO Information and Media Relations Division; tel: (41-22) 739-5286.

18 January, Geneva, Switzerland: WTO INFORMAL GENERAL COUNCIL. On coherence, in particular with the International Monetary Fund, the World Bank, and the UN Conference on Trade and Development. For information contact: Keith Rockwell, WTO Information and Media Relations Division; tel: (41-22) 739-5015.

19 January WTO DISPUTE SETTLEMENT BODY. Members will address panel and Appellate Body reports on the US-EU wheat gluten case, and a first request from the US for the establishment of a panel on Brazil - measures affecting patent protection. For information contact: Nuch Nazeer, WTO Information and Media Relations Division; tel: (41-22) 739-5393.

22-24 January, Geneva, Switzerland: WTO TEXTILES MONITORING BODY. For information contact: Luis Ople, WTO Information and Media Relations Division; tel: (41-22) 739-5374.

24 & 26 January, Geneva, Switzerland: WTO TRADE POLICY REVIEW BODY - MOZAMBIQUE. For information contact: Lucie Giraud, WTO Information and Media Relations Division; tel: (41-22) 739-5075.

8-9 February 2001, Geneva, Switzerland: WTO GENERAL COUNCIL. For information contact: Nuch Nazeer, WTO Information and Media Relations Division; tel: (41-22) 739-5393.

### Other Forthcoming Events

24-26 January 2001, Rome, Italy: CBD LIAISON GROUP ON AGRICULTURAL BIODIVERSITY AND THE ECOSYSTEM CONSERVATION GROUP. For information contact: Convention on Biodiversity (CBD) Secretariat; tel: (1-514) 288-2220; email: [secretariat@biodiv.org](mailto:secretariat@biodiv.org); Internet: <http://www.biodiv.org>.

29 January - 2 February 2001, Havana, Cuba: THIRD INTERNATIONAL MEETING OF ECONOMISTS ON GLOBALISATION AND DEVELOPMENT ISSUES. For information contact: Asociación Nacional de Economistas de Cuba, Calle 22 No. 901 esq.9a, Miramar, Playa Ciudad de la Habana, CP 11300, Cuba; tel: (53-7) 249-461; Internet: <http://www.unchs.org/unchs/english/calendar/>.

5-9 February 2001, Geneva, Switzerland: INTERGOVERNMENTAL PREPCOM FOR THE THIRD UN CONFERENCE ON LEAST DEVELOPED COUNTRIES (to be held 14-20 May 2001 in Brussels, Belgium). For information contact: Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries, UNCTAD, Geneva, Switzerland; tel: (41-22) 907-5893; fax: 907-0046; Internet: <http://www.unctad.org/en/subsites/ldcs/document.htm>.

5-9 February 2001, Nairobi, Kenya: 21ST SESSION OF THE UN ENVIRONMENT PROGRAMME GOVERNING COUNCIL. For information contact: B.A. Miller, UNEP, Nairobi, Kenya; tel: (254) 262-3411; fax: 262-3748; Internet: <http://www.unep.org>.

5-10 February 2001, Rome, Italy: FIFTH INTERSESSIONAL MEETING OF THE CONTACT GROUP OF THE COMMISSION ON GENETIC RESOURCES FOR FOOD AND AGRICULTURE. For information contact: FAO, Viale delle Terme di Caracalla, 1-00100 Rome, Italy; tel: (39-6) 5705-2287; Internet: <http://www.fao.org/WAICENT/FAOINFO/AGRICULT/cgrfa/docscg5.htm>.

19-21 February, National Autonomous University of Mexico (UNAM), Mexico City, Mexico: INTERNATIONAL CONFERENCE ON TRADE, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT: PERSPECTIVES FROM LATIN AMERICA AND THE CARIBBEAN. Host Organisations: UNEP, IISD, UNAM, COMEDS, and UNCTAD. Confirmed speakers include: Mr. Victor Lichtinger, Mexican Environment Minister and Mr. Juan Mayr, Colombian Environment Minister. This meeting is designed to: (a) provide an open forum to develop ideas and analysis relevant to ongoing trade liberalisation processes involving LAC countries; (b) provide an excellent opportunity to share perspectives, experience and expertise; and (c) ensure that all stakeholders working with trade, environment and development issues in the LAC region are represented. For information contact: Mindahi C. Bastida, UNEP-ROLAC, Environmental Training Network; tel: (52) 5202-6394 or (52) 5202-4841; fax: 5202-0950; email: [mbastida@latino.rolac.unep.mx](mailto:mbastida@latino.rolac.unep.mx); draft agenda: <http://www.iisd.org/trade/webag2.htm>.

## **RESOURCES**

If you have a relevant resource (books, papers, bulletins, etc.) you would like to see announced in this section, please forward a copy for review by the *BRIDGES* staff to [hcameron@ictsd.ch](mailto:hcameron@ictsd.ch). Submissions of publications to ICTSD's documentation centre would also be welcome (contact [mgalvin@ictsd.ch](mailto:mgalvin@ictsd.ch)).

**IMPACT OF EU REPORT ON EVERYTHING BUT ARMS (EBA):** A report to Oxfam from the Institute of Development Studies. By Christopher Stevens and Jane Kennan, January 2001. This is a report on the impact of the September 2000 proposal by the EC to improve market access for all products except arms exported from the least developed countries (LDCs). The report makes mention of the concerns of developing countries, how countries will benefit, and makes mention of the casualties and the beneficiaries of this proposal. According to this publication, there will be changes to the market access, supply capabilities and the effects of this on the impending WTO negotiations. Furthermore, the report summarises the impact of the EC initiative by saying that if adopted, the 'Everything but Arms' (EBA) proposal will make an important contribution to development, although its greatest impact may be indirect. The direct effects on the LDCs will be positive, although the absolute impact will be modest given these countries' limited supply capacity.

For further information contact: Oxfam, Oxfam House, 274 Banbury Road, Oxford, UK, OX2 7DZ; tel: (44-1865) 312610; email: [oxfam@oxfam.org.uk](mailto:oxfam@oxfam.org.uk); Internet: <http://www.oxfam.org.uk>.

FOOD SUPPLY SITUATION AND CROP PROSPECTS IN SUB-SAHARAN AFRICA. FAO report of August 2000. This report gives details and highlights of the magnitude of food shortages. According to the report the number of people facing serious food shortages in eastern Africa has risen to nearly 20 million, up by three million since April 2000. The report says continuing drought has undermined food production in vast areas of eastern Africa, but it also blames war and civil strife for severely limiting farming activities in many areas. It warns that "large numbers of people will need massive and continued emergency assistance" well into 2001. Overall in sub-Saharan Africa sixteen countries face exceptional food emergencies. To obtain the full text contact: Global Information and Early Warning System on Food and Agriculture, FAO, Viale delle Terme di Caracalla, 1-00100 Rome, Italy; fax: (39-6) 5705-4495, email: [giews1@fao.org](mailto:giews1@fao.org); Internet: <http://www.fao.org/WAICENT/faoinfo/economic/gIEWS/English/eaf/eaftoc.htm>

*BRIDGES* Weekly Trade News Digest© is published by the International Centre for Trade and Sustainable Development (ICTSD) <http://www.ictsd.org>, with technical support from the Institute for Agriculture and Trade Policy (IATP). Contributors to this issue are Kojo Frempong, Andrew Baldwin, Caroline Wiman, Anton Kuchler, and Heike Baumuller. Edited by Hugo Cameron, [hcameron@ictsd.ch](mailto:hcameron@ictsd.ch). Managing Editor is Andrew Crosby <[acrosby@ictsd.ch](mailto:acrosby@ictsd.ch)>. The Director is Ricardo Meléndez-Ortiz, [rmelendez@ictsd.ch](mailto: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](mailto: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](mailto: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>

ICTSD would like to thank the funders that have made the *BRIDGES* series of Publications possible in 2000: Christian Aid (UK); The Government of Denmark (DANIDA); IUCN The World Conservation Union (Switzerland); The John D. and Catherine T. MacArthur Foundation (US); The Government of the Netherlands (DGIS); Oxfam (UK); The Government of Switzerland (SECO); and the Swiss Coalition of Development Organisations (Switzerland).