ECONOMIQUITY
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No. 15, July-Oct. 2000

NGO Participation in the WTO Dispute Settlement

The Austinian concept of international law as mere ‘positive morality’ no longer subsists. The binding elements in international legal system are on a rise, spearheaded by the World Trade Organisation. Moreover, this has also catalysed the clamour for teeth in other international arrangements too. Hart had observed long ago that international law is ‘law in transition’ and jurisprudentially moving closer to domestic legal systems. Another noted scholar, Henry Maine, too had forecasted this in his work on ‘evolution of law’.

Therefore, one should not wonder if ‘judicial activism’ intensifies in the international arena, as is happening in major domestic legal systems, such as that of the USA and India. More so manifestation of this phenomenon can be seen in some of the rulings by WTO Panels and the Appellate Body (AB), for example in the Shrimp-Turtle or Asbestos cases. National governments, in general, have been opposing these developments (or rather a natural phenomenon) whether they are in the domestic or the international realm.

The Trend

In this backdrop, one has to analyse the recent hue and cry over participation of non-governmental organisations in the WTO legal process. But before that, let us see why there is such a trend? Because, various interest groups feel that their governments do not adequately respect their interests–both domestically and internationally, and hence they bank upon the judicial system. And by proving their *locus standi* they bring their concerns directly before the judicial fora. What’s wrong with that?

Though the matter came to fore for the first time in 1997, when the AB upheld the right of a Panel to pay heed to *amicus briefs* from certain NGOs in the Shrimp-Turtle case. The dust settled down with little protest from some of the developing countries, Pakistan being most vocal of them. But the recent ruling of the AB on Asbestos (Canada vs France) is generating much heat. Reacting to the ruling, the WTO General Council adopted a decision on 24 November, which has reopened the debate on NGO’s participation within the multilateral trading system. The Members, with the exception of the US, ruled that the AB has overstepped its mandate by inviting NGOs to participate in legal proceedings.

The Indian Ambassador to the WTO, Srinivasan Narayanan, commented that “the AB is the most powerful institution in the world, more powerful even than the G-8”. Furthermore, he expressed his displeasure with AB’s decision because it acted without mandate on a substantial matter when its jurisdiction is limited to procedural questions.

Arguments against…

The arguments against NGO participation can be summarised as following:

- that WTO is an inter-governmental body;
- that NGOs should pressure the authorities in their own countries instead; and
- that only Northern NGOs can obtain access to the WTO as only they have the resources to maintain a delegation in Geneva.

These arguments, generally speaking, do not hold much water. Participation by NGOs in the WTO process is not going to undermine the inter-governmental character of the WTO. Rather it has the potential to enhance equity in the whole process, as they [NGOs] enjoy more degree of freedom than many developing countries in today’s power game. They can be more vocal in furthering interests of the poor for obvious reasons. There are lessons from Seattle, which our governments need to heed.

Secondly, to say that NGOs should take part in the process through their national officials is ludicrous. Were Indian NGOs consulted before Mr. Narayanan took this stand? The answer is a big NO. Then how can one expect the NGOs to follow such a route? Indeed Northern NGOs, to some

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कट्स CUTS
CUTS Centre for International Trade, Economics & Environment (CITEE)
Email: cutsjpr@jp1.dot.net.in
Website: www.cuts-india.org

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extent, enjoy better opportunity than their counterparts in South. They do have a better say in international trade policymaking through such route.

Some Insights

The Shrimp-Turtle case offers some good insights. The US government did not *suo moto* act on the trade measure by banning imports of shrimps from India, Pakistan, Malaysia and Thailand. It was directed by the US Court of International Trade when an US NGO: Earth Island Institute filed a petition stating that the Government is obliged under its Endangered Species Act, 1973 to ban the import of shrimps which are caught by killing turtles unnecessarily.

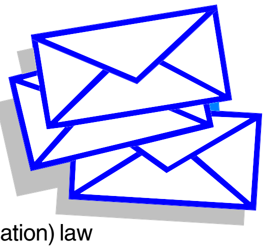
Subsequently, at the WTO Panel, international environmental NGO: WWF, and two US NGOs: Earth Island Institute and Sierra Club filed *amicus briefs*, which was one of the reasons for the AB to expound that turtles are an exhaustible natural resource. It also ruled that the US action is *per se* not violative of the GATT rules. The action was held to be illegal only because it was arbitrary and discriminatory since it was not taken against other countries in the Caribbean and American region, which were also exporting sea shrimps harvested in the same destructive manner. In this exercise, no one thought of the developmental implications of the trade ban, i.e. the loss of livelihoods of the fisherfolk. This should have been ideally taken up by a Southern NGO like CUTS, but would the Government of India have encouraged it.

Lastly, the fact that only Northern NGOs have the means to take part in the WTO process, though partially correct as a statement, cannot be used as a reason to block such participation altogether. First, many Southern NGOs already have their presence in Geneva, either directly or through their networks. Secondly, many Northern NGOs that have such resources are very much sympathetic to Southern interests, and also act on them.

Most importantly, NGO participation in the WTO process is a part of a natural phenomenon predicted long ago by legal scholars. Thus instead of taking such a strong stand, governments of developing countries, especially a big country like India, should resource and encourage their own NGOs to participate, and facilitate in providing them with a level playing field.

Cohesiveness Cause for Success

The point I wanted to make is the following: in the Biosafety Protocol, the developing countries formed a cohesive 'like-minded group' which was essential in bringing the negotiations to a successful conclusion.



They opposed the so-called 'Miami group' led by the US, which wanted to let the liberalised market forces under the WTO (World Trade Organisation) law rule the trade in genetically modified agricultural crops and seeds.

My position is that one needs to look at the environment and the globalised economy in a comprehensive ways. They are the two faces of what I call the 'ecolomy', a comprehensive approach is called for based on 'ecolomics'.

Ecolomics differs from sustainable development in that it is more focused. Less ambitious, more pragmatic also. Social, socio-economic and equity issues are not targeted. That doesn't mean they are downplayed. It simply means that I think one cannot target all the issues at once.

Urs Thomas
University of Geneva
Geneva, Switzerland

UK's White Paper

Thank you for sending us your report, 'Liberalisation and Poverty: Is there a virtuous circle?'

We are currently preparing a new Government White Paper on International Development. One of the central themes of the intensive preparatory discussions has been the relationship between trade liberalisation and poverty.

The work carried out by CUTS continues to be a useful point of reference and has been circulated to interested colleagues. We will continue to be in close touch.

Charlotte Seymour-Smith
Head, IEPD, DFID
London, UK

Useful for Resource Centre

We acknowledge receipt of your Briefing Papers and Economiquity newsletters. We are grateful for the offer and promise that they will be availed in our resource centre for use by the NGOs and public at large.

Ann Kyohairwe
DENIVA
Kampala, Uganda

From the Tariff Commission

I am working as Deputy Director in the Tariff Commission, Department of Industrial Policy and Promotion, Ministry of Industry and Commerce, Government of India.

I have gone through some of your publications related to WTO, which have been really interesting and worthwhile. I would like to go through more of your publications. Would you please put me in your mailing list?

Chandramani Sharma
New Delhi, India

UNCTAD in Command

I refer to the article, as mentioned and appeared in Economiquity No. 14, 2000. In particular, my attention is on the paragraph: "Primary commodities was one important areas of its work, where it had helped negotiate international agreements. None of the accords – except one on rubber – exist(s) any longer and even the section dealing with commodities in UNCTAD (the United Nations Conference on Trade and Development) has been downsized substantially."

Unfortunately, most part of this statement does not correspond to the reality. As of first quarter of 2000, there were the following inter-governmental commodity agreements in operation:

- International Coffee Agreement,
- International Cocoa Agreement,
- International Sugar Agreement,
- International Tropical Timber Agreement, and
- International Grains Agreement.

On the contrary, International Natural Rubber Agreement, 1995, was terminated, effective 13 October 1999. The same is true for the International Jute Agreement, which is currently under the process of liquidation.

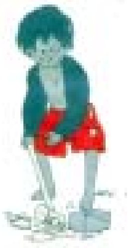
Commodities continue to be one of the important areas of UNCTAD's work and are currently dealt with by Commodities Branch, Division on Trade in Goods and Services and Commodities (DITC).

In accordance with its mandate, UNCTAD continues to provide assistance in negotiating international commodity agreements. The next negotiating conference of such a kind (United Nations Cocoa Conference) is scheduled from the 13th to the 24th of November 2000.

I hope this information will be useful for your newsletter.

Alexi Mojarov
UNCTAD, DITC
Geneva, Switzerland

Can trade sanctions or boycotts lead to elimination of child labour?



Child labour is a phenomenon, which exists in the poor countries due to poverty and lack of socio-economic development. While there are laws at both international and domestic levels to curb the incidence of child labour, in particular in hazardous occupations, it is difficult to implement the same due to lack of resources. The only way forward is for these countries to develop which can lead to the end of child labour. Sanctions and boycotts have more often than not backfired and worsened the situation of the child labour.

In 1820, the noted British writer, Charles Dickens was forced to work as a 12-year old labelling glass bottles in a factory because his family was in the debtors' prison. Child labour was quite rampant in those days in the whole of Europe. Dickens reflected his sad experience in his famous novel: Oliver Twist, a story of another exploited child. It was not through sanctions or a boycott of the goods produced by them, that their condition could be bettered. It was only through economic development spurred by the Industrial Revolution that jobs could be created and the curse of child labour and other exploitative labour practices in Europe could be curbed.

However, the scourge of child labour continues to straddle across this century, but in the poorer parts of the world: in Asia, Africa and South America. Acute and widespread poverty is the main cause behind this. If the children do not work, as we saw in Europe of the 19th century, their own survival is at stake. On the other hand, these countries are not witnessing industrialisation. Sometimes it is de-industrialisation which is happening. For example, Africa has been seeing a downturn in their share of the world trade.

The International Labour Office has estimated that in 1998 that there were over 250mn children between the ages of five and 14 who worked for part of the time. Of these 61% are in Asia, 32% in Africa and 7% in Latin America. Although child labour is concentrated in Asia, the problem is most severe in Africa, where two out of every five children are engaged in some economic activity.

One can how ever see that in the decade of 1980 the growth of child labour in East and South East Asia actually declined due to economic development, while it jumped in South Asia because of poor economic growth. In Africa, where the growth was also substantial, the situation was compounded by the AIDS scourge, as many children were forced into penury due to parents who died young and in poverty. In comparatively rich Latin American countries such as Argentina and Uruguay, their recent economic downturn has thrown many people out of jobs. As a consequence, one can see increased number of children on the streets, either picking up rubbish or begging.

One of our own field surveys done in the carpet industry in Rajasthan, India, showed that it is usually children of a large family who have to work to earn their own living. A ban on carpets produced by them, in 1995, by the German buyers only 'helped' in throwing them out of their jobs. They turned to the streets either begging or stealing to survive. Few may have also died due to starvation.

In 1993, when a film on the children working in the readymade garment sector in Bangladesh was shown on the US TV networks, American consumers boycotted the garments being sold in Wal Mart stores. As a result over 50, 000 children were thrown out of work. What happened after that? Many went into begging, while young girls turned to prostitution to survive. Currently, there is a rehabilitation programme supported by UNICEF and USAID, but there are many unanswered questions.

Do parents of such working children send them to work willingly? Of course not! Poverty is the main driving force. Adding insult to injury population explosion is the other cause. It is always a large family which needs to send their children to work for survival. Even if we think of sending all of them into schools, there are many problems. Are there enough proper schools for them? Do these schools have enough teachers? Will the children be provided with all books and stationery to study? Our study in India showed that it will require anywhere between $12bn to $18bn per annum to provide functioning schools etc for the 15-140mn child workers in India. This estimate is based on providing functioning schools in the 600,000 villages with a mid-day meal. Additionally an allowance as a compensation for the wage loss for the poor to send their children to school. That kind of money the government doesn't have.

These resources can be raised through aid and/or strong economic growth of 8-10% p.a. While overseas development aid is going down very year, high growth can be achieved only through increased trade and economic activity, and increased exports. If exports are affected by sanctions or boycotts, they will only backfire and the children's conditions will worsen, as evidence shows.

There are laws everywhere to prevent children from going to work, especially in hazardous occupations. But, implementation is poor in developing countries, as there is often no viable alternative and little resources. "If we are to help the 150mn children in Asia and 100mn in Africa and elsewhere in the world, we must make sure that everyone understands the reality of the situation. Trade sanctions and boycotts will not end child labour, they will make life worse for the poorest children of the world", stated Clare Short, UK's minister for international development in a signed article published in *The Mail on Sunday* on December 5, 1999.

In its annual report: *Global Economic Prospects and Developing Countries, 2001 released* early December, the World Bank too points out: "The threat of trade sanctions or the imposition of trade barriers are likely to be excessively costly instruments for raising labour standards and even be counterproductive in some cases" .

The overwhelming evidence against sanctions as an approach to child labour issues only confirms that there is a strong need for better understanding and compassion about the situation, alongwith reduced trade barriers to help children in poor countries overcome their misery.

Strong Rise in Asia's Growth

Asian economic growth is expected to rise strongly to an average 6.9 percent in the year 2000, compared with 6.1 percent in 1999. The Asian Development Bank, despite a sharp increase in oil prices, forecast this.

The new projection reflects a jump in the Bank's expectations on strong exports and rising consumer demand as regional confidence returns after the economic crisis. But, it warned many Asian countries risked losing out seriously in the medium term unless they could latch on to the new information-based economy.

The Economic Times

Several countries in South-East Asia are trailing badly, according to figures contained in the report. The Bank expected the accumulation of foreign exchange reserves to slow down this year. It has also forecast a sharp reduction in current account payments surpluses, with Korea barely in balance by 2001.

Furthermore, according to the International Monetary Fund, "The key to sustained economic recovery and growth in Asia is continued good macroeconomic policy and structural reforms." *(FT, 19.09.00 & ET, 11.09.00)*

Competitiveness is the Key

The United Nations Conference on Trade and Development (UNCTAD) organised a workshop aimed at increasing the competitiveness of small and medium-sized enterprises (SMEs).

The event, organised at Penang, Malaysia, was aimed at improving competitiveness through establishing linkages with the transnational corporations. Building linkages could prevent the marginalisation of SMEs as the pace of globalisation accelerates.

On a related note, Finland has edged the US out of the top slot as the world's most competitive economy. The latest global competitiveness ranking was compiled by the World Economic Forum, Geneva, Switzerland. *(UNCTAD Press Release, 03.08.00 & FT, 07.09.00)*

Strongest Growth

The US economy is showing its strongest growth since 1984, while the interest rate cycle has picked up. The National Association of Business Economics (NABE) raised its forecast for gross domestic product growth this year from 4.9 to 5.2 percent.

It expects strong exports and an ongoing boom in business investment to push the annual US economic growth to its highest rate since the 7.3 percent recorded 16 years ago.

The NABE also voiced optimism that the productivity surge of recent years would continue. Earlier this year, a NABE policy survey raised concerns over the risks posed to the economy's health.

Furthermore, the US reduced its public debt by $223bn, the largest one-year pay down of debt in the country's history. The federal budget is expected to record a surplus of $230bn. *(FT, 12.09.00 & 28.09.00)*

Privatisation in S. Africa

South Africa's long-delayed privatisation programme is back on track and will be completed by 2004. This was announced by Jeff Radebe, minister of public enterprises.

The 'policy framework for an accelerated agenda for the restructuring of state-owned enterprises' is expected to bring in $1.7bn a year. The Government will use this to reduce the public sector debt.

The programme focuses on the big four: transport, energy, defence and telecommunications. They account for 91 percent of the total state assets and 94 percent of the net income and an estimated asset value of $21.25bn.

The new policy framework was described as 'soft on information but good on intentions'. However, the absence of clear deadline and hard numbers was disappointing. *(FT, 11.08.00)*

Single Currency for Mercosur

The establishment of a single currency in the Southern Common Market (Mercosur) should be one of the goals of the trade bloc, Brazilian treasury minister Pedro Malan said.

"The idea should not be forgotten, it should be a goal, even if we know that before that, we must work very hard on our respective economies," Malan said. Mercosur consists of Argentina, Brazil, Paraguay and Uruguay.

He further said that the single currency would be pegged to the dollar or the Euro, a decision 'to be taken in the due course'. "It was feasible to guarantee macroeconomic stability, sustained growth and social improvements with various monetary systems, until Mercosur is ready for the single currency system".

According to the minister, this will be the first step towards the definition of common macroeconomic guidelines, which Mercosur will start publishing as of March next 2001.

Wave of Despair

Argentina is facing widespread despair over the country's economy. A wave of discontent is prompting the government to adopt desperate measures to create jobs and kick-start an economy expected to have grown by less than two percent in the second quarter of the year, after only 0.9 percent in the first.

With barren state coffers and limited policy instruments, the government faces an uphill task. Its economic strategy was to improve the country's perceived credit risk and lower borrowing costs to prompt investments and consumption that would pave the way for recovery.

The government also pushed through long-delayed labour reform and is deregulating the healthcare and telecommunications sectors. But, the measures may have backfired and put the brakes on the economy.

Most analysts agree that the government had no choice but to tackle a budget deficit of three to five percent of gross domestic product. *(FT, 17.08.00)*

Ease Controls on Foreign Currency

China plans to ease tight control on foreign currency lending and deposit rates as part of its phased plan to allow free trading in Chinese Yuan. At present, loan rates at Chinese banks are permitted to float only ten percent above or below a base level set by the People's Bank of China (PBOC).

"Financial institutions will, from now on, be able to set their foreign currency lending rates in line with the international market," said the PBOC.

The new move aims to promote a market-oriented interest rate reform so that China's banking industry will open wider to the outside world. This move would be followed by the liberalisation of the Chinese Yuan, which is believed to occur in two or three years time. *(ET, 07.09.00)*

Collapse of Zimbabwean Economy

The Zimbabwean economy is showing accelerating deterioration, with fiscal deficit accounting for almost one-quarter of gross domestic product. The International Monetary Fund noted with concern the rapid deterioration in the country's economic and fiscal situation.

The fund team urged the government to prepare a budget for 2001 targeting 'a substantial reduction in government spending while protecting social programmes'. Fiscal consolidation with a tight monetary policy would help reduce inflationary pressures and release resources to the private sector, it said.

It also said restoring economic stability meant addressing governance issues as well as normalising relations with international creditors. *(FT, 14.09.00)*

Upset in Czech Recovery

A long-awaited economic recovery in the Czech Republic could be upset by a growing fiscal deficit, Josef Tosovsky, governor of the Czech National Bank, warned. He was starting 'to be a bit nervous' about the trend in the country's fiscal deficit.

The government's overall deficit grew last year from 1.4 percent of the gross domestic product of 1998 to 3.1 percent and is set to rise further this year to 3.6 percent. The finance ministry estimates that the fiscal deficit could jump further in next year to between five to eight percent of the GDP.

The range is wide because it is difficult to forecast the costs of large-scale, publicly financed bank restructuring now in progress.

However, Pavel Mertlik, the finance minister, said that with total public debt standing at only 23 percent of GDP, there was room for the public sector to increase its stock of debt. *(FT, 12.09.00)*

Cut in State Involvement

The Prime Minister of Slovenia, Andrej Bajuk has pledged to push for reduced state involvement in the economy, pitting himself against the consensus of gradual dismantling of government control.

Up to 70 percent of the economy in the tiny Balkan State remains directly or indirectly run by the state. The country has enjoyed steady, if unspectacular, growth since independence.

Slovenia was once thought to be one of the front-runner candidates for accession to the European Union. But, the EU has said it is particularly concerned that the country has only completed about half of its denationalisation process.

The EU wants to see some privatisation of state-controlled monopolies or near monopolies such as Triglav, the insurance company, and Telekom Slovenije, as well as the two big state-owned banks. *(FT, 15.09.00)*

Oil Price and Developing Nations

High oil prices would wipe out a percentage point off the expected growth rate in developing countries next year and cost $40bn. The impact could be made worse by moves towards lower energy taxes in rich countries, the World Bank said.

On the other hand, the world's 30 or more oil exporting countries would gain an enormous six percent of GDP, or $135bn.

The oil price rise, which is roughly 50 percent above the average price from 1990-98, is a long way from the trebling that occurred during the first oil shock of the 1970s. The importance of oil to the world economy is also about three-quarters of what it was during the 1970s.

However, this is largely because the energy intensity of industrialised countries has dropped sharply. In contrast, in most developing countries, with the exception of transition economies, it is little changed. *(FT, 22.09.00)*

Uncertain World Economy

Despite the sharply improved performance of the world economy in 1999, there is much uncertainty about the short-term outlook and many challenges remain. This was stated by the United Nations Conference on Trade and Development in its Trade and Development Report, 2000.

The report said at least for the time being global deflation has replaced inflation as a source of concern and the shift of monetary policy in most major economies would act as a further brake on continued growth.

UNCTAD apprehends that the recovery in the emerging markets might be adversely affected by the rising international interest rates if the US economy remains excessively robust.

However, it foresees that, with cyclical lows now past for most commodities, the outlook for the current year is for some price revival, particularly for industrial materials and metals, but food prices are expected to remain low.

In a related note, US treasury secretary Lawrence Summers said the world economy has come a long way from the financial crisis of 1997-98, but rising oil prices and stubborn poverty in many emerging nations still pose major challenges. *(BL, 20.09.00; ET, 26.09.00)*

Financial Times

Focus on Core Activities

The World Bank must concentrate its activities to avoid over-reaching itself and duplicating other agencies' work, according to the international committee of government ministers which sets the bank's policy.

The development committee said the bank should work out 'an appropriate division of labour' between itself and agencies such as the United Nations Development Programme.

Over the past year, the bank has developed a focus on providing global public goods such as developing vaccination programmes against communicable diseases.

The committee was divided over a US proposal that lending to middle income countries should be more selective and that higher charges on lending should be made to countries that had greater access to private sources of lending. *(FT, 26.09.00)*

Problems Hit Reform Plans

Kenya's efforts to reform appear in some difficulty, with a parliamentary bill imposing interest rate controls on commercial banks and efforts at trimming the civil services stalled.

In late July, the International Monetary Fund granted Kenya a $198mn poverty reduction and growth facility, but the obstacles to implementing its tough conditions are becoming apparent.

The banking sector is fighting a bill, which seeks to cap lending rates at three percent above Treasury bill rates and maximise deposit rates. The bill has massive public support, attacking what many see as excessive margins (10 percent or more) amid economic misery.

In another move, a High Court judge has ordered the government to halt the retrenchment of more than 25,000 civil servants amid complaints about the way the process was being handled. *(FT, 04.10.00)*

Signs of Recovery

After last year's devaluation-triggered recession, several of Brazil's manufacturers and retailers are now beginning to see a recovery in demand. There are no official figures but the recent performance of retailers confirms the trend.

Stronger consumer demand has been fuelled not so much by higher income as by easier credit terms and growing consumer confidence. However, some analysts have warned it is still premature to say there is a definite recovery in consumer demand.

They argue investor confidence and political stability could disappear as quickly as they appeared, causing consumption to slow down.

Consumers are shopping more frequently but spending just R$131 per family compared with R$167 at the end of 1998. *(FT, 04.09.00)*

Concern over Policies

Ofmar Issing, the European Central Bank's chief economist, was strongly criticised by a European Commissioner over how to tackle unemployment and growth across the continent.

Anna Diamantopoulou, the Employment Commissioner, accused Issing of raising a false spectre when he rejected supranational solution such as social union to tackle unemployment.

The public row on such a sensitive issue is likely to be viewed as further evidence of splits between EU policy makers over how Europe should modernise economies to increase competitiveness.

It comes as the euro struggles to retain value against the dollar amid contradictory messages from politicians and central bankers. *(FT, 18.09.00)*

Tightening of Lending Practice

The International Monetary Fund has agreed to changes to lending practices aimed at reducing the repeated use of its resources, increasing costs to borrowers and cutting the average repayment term of its credit.

The changes followed a reassessment of the fund's lending instruments after criticism of its performance during the financial crisis of 1997 and 1998. The measures are expected to ensure a more efficient use of its resources.

They represent an important step forward in the modernisation of IMF lending facilities. The reforms would help to ensure that the fund's role was to support rather than supplant private capital markets.

The changes include a shortening of the repayment term for what have been the IMF's most frequently used credits: the maturity of stand-by loans will be cut by a year from the current term of three to five years, and of extended fund facilities from ten years to seven years. *(FT, 18.09.00)*

Specialists in Microeconometrics Receive Nobel Prize

US economists, James Heckman and Daniel McFadden, won the year 2000 Nobel economics prize for developing ways of studying households, individuals and domestic decision-making.

They share the prize for their work on finding methods to study:

- why people decide to work, and for how long; and
- how economic incentives affect choices of education, occupation and place of residence.

The two economists are specialists in microeconometrics, a specialisation on the boundary between economics and statistics. "The microeconometric methods developed by Heckman and McFadden are now part of the standard tool kit, not only of economists, but also of other social scientists," the Royal Swedish Academy of Sciences said.

Heckman, a professor at the University of Chicago, USA, made it possible to work with samples of data taking into account characteristics of the people surveyed which may be unknown to the researcher.

McFadden, who teaches at the University of California at Berkeley, USA, developed methods which can help calculate how probable it is that a person of a certain age, income and education would choose to travel by bus, subway or car, taking into account costs and journey time. *(ET, 12.10.00)*

EU Hungry for More Power

Mario Monti, the EU anti-trust Commissioner, has asked its member countries for more powers to the Commission as part of wide reform of the EU Competition Policy. These include powers to search homes and seal rooms of members of big cartels, impose fines in case of non-co-operation with an enquiry and discretionary power to require registering of all commercial agreements. These reforms will also result in freeing resources to be deployed for speeding up investigations against big cartels.

Monti's proposal has already been approved by most of the members of the EU, except Germany. It is interesting to note that a top-ranking official of the EU anti-trust department had resigned earlier this, month in protest against the EUs unwillingness to adopt such reforms.

Business lobby in the EU had raised protest against the reforms contending that increased number of regulators and greater extent of intervention in company matters will make them almost paralysed to take immediate action against the challenges of the highly competitive global markets. This proposed de-centralisation process would only add a new layer of bureaucracy. (*FT, 28.09.00)*

EC Looks into Fuel Pricing

The European Commission met with national competition authorities to discuss ways of ensuring adequate competition in the motor fuels market following the sharp rise in the prices. Mario Monti, the EU Competition Commssioner, said, "We are well aware that competition rules alone cannot solve all, or even most, problems in this sector."

However, the regulators would explore how the EU and national laws could contribute to greater competition. The Commission could envisage taking action against parallel pricing by the multinational oil companies. However, it was difficult to prove they dominated certain markets. Furthermore, any anti-trust move would have a limited effect if oil producers such as Opec had to be excluded from it.

The EU and the US regulators have no powers to act against the Opec price cartel because it is operated by sovereign states. National competition regulators have pursued price cartels in individual countries such as Sweden and Italy. Authorities in France, Germany, Spain and Denmark had launched investigations. The Commission said national authorities would discuss the pursuit of illegal cartels. *(FT, 21.09.00)*

Taipei Push on Merger Laws

Taiwan's new Vice-premier and point man on economic policy, Lai In-jaw, ordered an acceleration of efforts to ensure passage of a financial institutions merger bill into law that is intended to thin the island's over-crowded and bad loan-burdened banking sector.

A cabinet committee on economic policy ordered that securities trust companies, advisory companies and some banks be allowed to manage stock investments on behalf of their clients. Taipei has long hoped to increase the stock market role of institutional investors, currently accounting for only around 15 percent of the turnover, to calm what can be a savagely volatile market.

The committee said discretionary trading on behalf of clients would attract new investors and encourage the market's early return to "normal operations". *(FT, 10.10.00)*

BT in the Dock

The UK telecommunications watchdog, Oftel, has extended price controls on British Telecommunications (BT), claiming the group was still holding back competition in the sector. The Oftel Director General, David Edmonds, said that the new controls should reduce the bills for residential customers by a total of £270mn next year. He threatened to cap BT's profit if its market share did not fall further.

The extension of price control comes as BT is grappling with a strategic review designed to reduce debts of £30bn and appease unhappy shareholders.

A group of BT's rivals have filed a formal complaint against the company with Oftel in the dispute over plans for fast Internet services in the UK. BT was accused of discriminatory behaviour in its unbundling of the local loop, under which it is obliged to let rivals install high speed Internet equipments in its exchanges.

One senior Treasury official claimed that Oftel had become a victim of "regulatory capture" – implying it was now dictated to by the privatised former state provider BT. *(FT, 22.09.00 & 28.10 .00)*

Global Policy on Competition

Joel Klein, head of the US Anti-trust Division at the Department of Justice, called for a global initiative on competition policy. He pointed out the need for a new organisation, committed exclusively to competition, to set standards and align the policy world-wide.

The "Global Competition Initiative" aimed to consider "a full range of competition policy matters of consequence to the global economy. It endorsed the dialogue directed towards greater convergence of Competiton Law and analysis – starting with standardised forms and similar deadlines for decisions – and ultimately the establishment of an organisation that would act as an information centre and offer mediation and other dispute resolution capabilities.

William Rowley, Chairman of the International Bar Association's business law group, welcomed Klein's proposed organisation as a catalyst to create incentives for change in anti-trust authorities.

Klein also stressed the need for good bilateral relationship between regulators on both the sides of the Atlantic and added that there would never be perfect convergence between rules in 60 different countries with merger control world-wide. A global competition body would function like the Organisation for Economic Co-operation and Development that could set templates for regulators to adopt.

Klein said an international anti-trust body might begin as a simple working group or a committee comprised of representatives from existing international organisation such as the WTO, Organisation of Economic Co-operation and Development and the United Nations Conference on Trade and Development.

The Chief Executive of Alcan, the aluminium producer, Jacques Bougie, underlined the needs of business in getting some common standards set for merger reviews world-wide. Lord Brittan, former EU Trade Commissioner, said there would be no objection to Klein's proposal as a supplement to the WTO, but not as an alternative. *(FT, 15.09.00)*

Its Still Smoky

Glaxo Welcome and SmithKline Beecham were forced to delay the completion of their merger for a second time as the US Federal Trade Commission (FTC) probed their hold on the smoking cessation market.

The merger of the two British companies will create the world's largest drugs firm, by market share. It may not occur until the end of this year, nearly 12 months after it was first announced.

FTC concerns centre on the fact that SmithKline's Nicorettegum and Nico-Derm patches, until recently, controlled more than 90 percent of the US over-the-counter market for products to help people give up smoking. Furthermore, Glaxo has a prescription pill, Zyban, for smoking cessation. *(FE, 12.09.00)*

Cable & Wireless Sued

The online telephone service provider of Georgetown, Cayman Islands, Net2Phone Inc., filed a civil suit against Cable & Wireless PLC which has blocked the Internet service in a bid to protect its legal monopoly in the British Caribbean territory.

Net2Phone of New Jersey alleged in the lawsuit filed in the Cayman Islands that Cable & Wireless wrongfully interfered with its trade and business. Net2Phone is a so-called "call-back" service that uses computers to get around the local telephone networks to offer lower fees.

According to a survey, the Cable & Wireless' telephone rates in the Cayman Islands are the highest in the Caribbean. Cable & Wireless will continue to block access to Web sites that offer the "call back" services, according to general manager Tim Adam. *(WSJ, 02.10.00)*

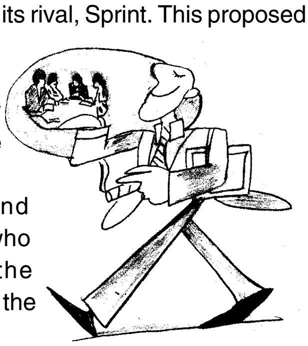
Japan Warns APPLE

Japan's anti-monopoly watchdog, the Fair Trade Commission (FTC), said it issued a warning to the Japanese unit of Apple Computer Inc over suspected retail price fixing. The FTC in a statement said it thought Apple Japan Inc pressured retailers not to sell its iMac desktop and iBook notebook computers below the retail list prices. A Commission official, however, said no administrative penalty would be imposed.

The Commission had searched Apple Japan's headquarters in connection with the case last December. Apple Japan, however, said that it had done nothing illegal. According to an Apple spokesman, they believe their business activities did not breach Japanese laws. *(ET, 04.10.00)*

Challenging the Process

WorldCom plans to appeal the European Commission's decision to block the US company's acquisition of its rival, Sprint. This proposed plan would challenge the Commission's merger review process. The appeal wouldn't resurrect the failed $115bn deal but might make it easier for WorldCom to complete other deals in the future, a company executive said.



"We'll appeal on both procedural and substantive grounds," said the executive, who declined to be more specific because the company is still considering which aspects of the decision to appeal.

The Commission blocked the deal arguing that it would have created a dominant player in the market for top level Internet switching services. That decision marked only the 13th time in ten years that EU anti-trust regulators had blocked a merger. Also, it was the first time the Commission blocked a merger between two non-European companies. *(WSJ, 15.09.00)*

Belgians Brewing Cartels

The European Commission accused Interbrew and Alken Maes, Belgium's two largest brewers, of operating illegal cartels in EU-wide crackdown against anti-competitive practices in the beer industry by sending legal warning to Alken Maes and Groupe Danone and Interbrew with brands such as Bass, Stella Artois and Rolling Rock.

The companies have two months to present their defence in writing or ask for a hearing. If the Commission decides a cartel has been operating in the beer market, it can fine the companies up to 10 percent of their overall turnover.

The Commission said it was also investigating anti-competitive practices by major brewers in other member states. Its raid on the Leuven headquarters of Interbrew was part of an investigation into claims that the company was abusing its position of strength in the Belgian beer market. *(FT, 03.10.00)*

US Approves Auto-parts X-change

The US Federal Trade Commission is expected to approve one of the first big business-to-business Internet marketplaces, a massive online parts bazaar set up by the Big-three auto makers to give a major boost to online commerce.

The FTC started investigating the venture in March. It was concerned that such an online alliance among competitors could lead to collusion, illegal price "signalling" or other exchanges of sensitive business data or illegal collective action by the auto-makers to suppress the prices charged by the suppliers.

The Commission is expected to approve Covisint, the new B-to-B exchange, without conditions, while delivering a warning to its backers that the Government will continue to monitor the effort as it is implemented, those close to the review said.

The FTC is expected to set more specific guidelines for what it expects from the B-to-B exchanges in a report expected to be public soon. Susan DeSanti, FTC director of policy planning, warned that the new market-places raise traditional anti-trust problems in a new online world. *(WSJ, 12.09.00)*

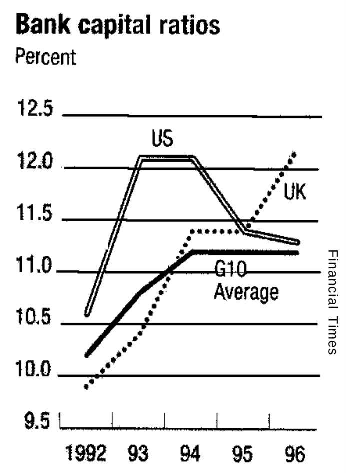
Basle Review Holds Banks to Account

Members of the Basle Committee, the *de facto* regulator of the global banking industry, met at the mid-point of the most far-reaching review of the sector in more than a decade.

At stake are proposals that will put responsibility for financial fitness back in the hands of bank management and define their capacity to do business. The thrust of the proposals is that the banks are better placed to identify risks than regulators.

While banks have expressed broad agreements with it, they retain misgivings over details and express doubts whether it can create a level playing field for the industry.

The Basle Committee introduced the existing rules in the 1998 Accord, which has since been adopted in more than 100 countries. It aimed to ensure that banks had adequate capital to cover credit risks. It also sought to make banks take a more cautious approach by penalising risky lending.



Source: Bank for International Settlements

The Accord used the instrument of a minimum capital ratio to govern how much capital a bank must hold to meet its potential risks. While this was easy to apply, it was, at best, a crude measure of actual capital exposure and failed to keep up with advances in risk management technology.

To counter these flaws, the committee published a proposal in June 1999 to refine the existing capital ratios and allow some banks the power to assess their own credit risks. *(FT, 12.10.00)*

Urge to Revoke Ban

The Indonesian government officials urged President Abdurrahman Wahid to revoke a ban on foreign investment in multi-media companies which executives say threatens to destroy the industry.

On July 20, Wahid issued a decree banning new investment by foreigners in multi-media industries and limiting foreign ownership in telecommunications companies to 49 percent.

Luhut Panjaitan, Indonesia's trade and industry minister, called the ban a mistake, saying: "It should not happen at a time when we are trying to attract foreign investors to return to the country." *(FT, 15.08.00)*

Tehran to Encourage Investment

Iran's parliament approved a draft law to encourage foreign direct investment, a move welcomed by foreign business community as a step in the right direction.

However, businessmen warned that conflict of interests with the Islamic Republic's constitution could still throw up significant barriers. The new law does not impose restrictions on what sectors are open to foreign investment.

It would also allow foreign investors to take a majority shareholding in Iranian companies. Until recently, they have been generally restricted to a maximum of 49 percent stake.

In a related move, the country's central bank is pushing for the creation of private banks and there is also talk of private entry into insurance and telecommunications. *(FT, 24.08.00)*

Fraud in Albania

The Albanian government has been told by financial investigators hired to track down $1bn lost in frauds that wrecked the economy and tipped the country into anarchy that investors in Albania's notorious pyramid schemes will get little of their money back..

Under pressure from western lending institutions to adopt credible policies, the government has retracted promises that investors would be compensated in full.

The schemes, which typically promised returns of about eight percent a month, proved irresistible to the poor Albanian citizens. At their height, they had liabilities equal to half the country's gross domestic product, according to the International Monetary Fund.

The scandal prompted violence that claimed more than 2,000 lives and cost many Albanians their life savings.*(FT, 17.08.00)*

Establishing Investment Rules

A meeting of the WTO (World Trade Organisation) Working Group on the Relationship between Trade and Investment was held on 11th October at the WTO headquarters in Geneva.

In its paper, the European Commission promoted the introduction of multilateral investment rules into the WTO. Some developing countries responded promptly and questioned the need for such an agreement.

They emphasised the importance of flexibility for governments in pursuing investment policies. But, the EC claimed that flexibility should not mean simply the absence of rules and that under a multilateral framework, exceptions, exemptions and transitional periods should sufficiently meet the developing countries' demand for flexibility.

In the EC's estimation, a multilateral investment framework within the WTO would provide investors with clear, predictable legal conditions in order to encourage them to often invest abroad more and more. *(Bridges, 18.10.00)*

New Policy in Iceland

Iceland is preparing to give foreign investors their first chance to take part in its privatisation programme. It is fairly likely that foreign institutions would get a chance to buy shares in Iceland Telecom.

A listing in either Copenhagen or London, as well as Reykjavik, is also being considered. However, key issues have still to be resolved before the privatisation takes place.

Critics say political wrangling has bogged down the privatisation programme. Two of the country's three commercial banks remained state-owned, although the state has reduced its ownership to about 70 percent.

The issue with the banks is whether the state continues to sell down its holdings or allows the banks to merge. *(FT, 04.09.00)*

Global Investment Flows Higher

Inflows of foreign direct investment (FDI) are likely to exceed $1,000bn this year, compared with last year's figure of $865bn. This compares with only $58bn in 1982.

In its World Investment Report, 2000, the United Nations Conference on Trade and Development highlights the extent to which FDI is being driven by cross-border mergers and acquisitions, including the purchase by foreign investors of privatised state-owned enterprises.

According to Karl Sauvant, the report's chief author: "A global marketplace for firms is emerging. Companies are being bought and sold across borders on an unprecedented scale."

FDI flows into developed countries last year rose to $636bn from $481bn in 1998, while FDI to developing countries climbed to $208bn from $179bn in 1998. Worldwide annual sales of foreign affiliates of multinationals in 1999 reached $14,000bn compared with $3,000bn in 1980.

The report pointed out that this growth makes FDI even more important than trade in terms of delivering goods and services to foreign markets. It also means that FDI has become the largest and most stable source of foreign finance for developing countries.

Table: Selected indicators of FDI and international production, 1982-1999

	Value at current prices (Billion dollars)			Annual growth rate (Percent)				
Item	1982	1990	1999	1986-1990	1991-1995	1996-1999	1998	1999
FDI inflows	58	209	865	24.0	20.0	31.9	43.8	27.3
FDI outflows	37	245	800	27.6	15.7	27.0	45.6	16.4
FDI inward stock	594	1761	4772	18.2	9.4	16.2	20.1	18.8
FDI outward stock	567	1716	4759	20.5	10.7	14.5	17.6	17.1
GDP at factor cost	10611	21473	30061	11.7	6.3	0.6	-0.9	3.0
Gross fixed capital formation	2231	4686	6058	13.5	5.9	-1.4	-2.1	-0.3
Royalties and fees receipts	9	27	65	22.0	14.2	3.9	6.3	0.5
Exports of goods and non-factor services	2041	4173	6892	15.0	9.5	1.5	-1.8	3.0

Source: World Investment Report, 2000, UNCTAD

Tightening of Market Rules

In an effort to defend minority interests and help attract foreign investment, Brazil's securities exchange commission (CVM) has tightened regulations on the rights of controlling shareholders to increase stakes and de-list companies.

Under the revised regulations, controlling shareholders cannot acquire more than 33 percent of shares in circulation without making a request to de-list the companies. This, in effect, prevents the controlling shareholders from buying up most of the stocks, but not all.

The CVM said the move should increase security for minority shareholders, particularly foreign investment funds. It argued that the Brazilian market is under-valued because of insufficient guarantees.

Investors applauded the new regulations as a step in the right direction but said a number of limitations remained. *(FT, 06.09.00)*

Relaxation of Rules

Israel's central bank said it would allow insurance companies and pension funds to invest up to five percent of their assets abroad. This was announced as part of a package of reforms aimed at liberalising the economy and allowing institutional investors to diversify their portfolios.

The measures coincide with stronger economic growth, with gross domestic product estimated to rise by more than four percent this year and next, compared to 2.3 percent in 1999. Inflation has also fallen from nine percent in 1998 to just over one percent this year.

The new rules will mean insurance companies, pension funds and provident or savings funds will be able to invest directly in foreign real estate as well as securities.

The bank said the measures could reduce their exposure to risk in the domestic market. *(FT, 26.07.00)*

Flooding of US Markets

Capital outflows from Europe reached $180bn, the International Monetary Fund said, and much of it headed towards the US to buy corporate assets. The figure provides an early indication of the scale of the outflows from Europe that has led to the weakness of the euro.

Of the $180bn outflow from Europe, $70bn was made up by financial transfers and the rest by the foreign direct investment. The report underscores how dependent the US now is on securing capital from other parts of the world.

In the past year, two-thirds of all the capital from current account surplus countries had made its way to the US capital markets, up from less than 50 percent in 1998 and less than 20 percent in 1992. *(FT, 12.09.00)*

Agreement on Investment Pact

North and South Korea agreed, in principle, to sign pacts on investment guarantees and avoidance of double taxation. Two other economic pacts, including ways to resolve business disputes and allowing delayed payments, were also discussed.

The investment and tax accords would be signed once the two sides iron out some details. This was expressed by South Korea's deputy finance minister, Lee Kun-kyong. *(BL, 27.09.00)*

UNCTAD—ICC Collaboration

The United Nations Conference on Trade and Development and the International Chamber of Commerce have initiated a joint project to help address some of the difficulties faced by the least developed countries in attracting foreign direct investment (FDI).

The project is implemented in five countries, viz. Mozambique, Ethiopia, Mali, Bangladesh and Uganda. It has two objectives:

- to prepare a guide to the country for foreign investors; and
- to help strengthen the capacity of local institutions to attract and retain foreign investment.

The guide will be quite different from the standard promotional materials, as it will present a balanced and objective picture of investment conditions, including the country's regulatory framework for FDI.

The capacity building will take place *inter alia* through two workshops in each country. The workshops will take the views of the business community and the government agencies on investment conditions as they are today and as they are expected to evolve. It will also explore the implications of policies. *(UNCTAD Press Release, 14.09.00)*

G-8: Call for A New Round

Leaders from the Group of Eight leading industrialised countries called for a new round of global trade talks. The meeting took place in Okinawa, Japan, in July.

"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 Communique 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 the developing countries opposed to any linkage between trade and labour and/or environmental policies. *(Bridges, 25.07.00)*

Albania Joins the WTO

Albania became the 138th member of the World Trade Organisation. Mike Moore, WTO director general, greeted the event by saying: "I welcome Albania into the multilateral trading system."

Membership promises a more prosperous future and raised living standards for all the Albanian citizens. "I also believe that, by encouraging trade links between countries, the WTO can help foster greater peace, stability and development in south-eastern Europe," Moore added.

Albania has agreed to assume its WTO obligations upon accession. In addition, it will sign on two plurilateral agreements on government procurement and trade in civil aircraft.

Within the region, Slovenia is already a member and Croatia will become a member upon completion of the ratification procedures. Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia are in the process of negotiating their accession. *(Trade Compass, 08.09.00)*

Cold Water on UK-US Trade Pact

The US International Trade Commission (ITC) said a free trade agreement between the UK and the US would have virtually no impact on the overall economic growth in either country and could be negative under certain circumstances.

In a study requested by the Senate finance committee, the ITC found that two-way trade between the US and the UK would increase by $7.9bn to $11.8bn annually, if all tariffs were eliminated.

But, the study concluded that because there were relatively few trade restrictions between the two countries, the benefits would be minimal and could be outweighed by the weakening of UK's trading links with the European Union.

The US is the largest single trading partner for the UK, accounting for 13 percent of its overall trade. Exports to the US have risen sharply over the last decade. *(FT, 29.08.00)*

EU-ACP Trade Negotiations

The European Union and the countries of Asia, the Caribbean and the Pacific region are set to meet in December to start preparations for the resumption of trade negotiations in the year 2002.

The ministers will appoint a joint Ministerial Committee on Trade that will be responsible for the re-negotiation on trade between the two parties. The Cotonu Agreement sets out a timetable and general procedure for the negotiation.

The trading agreements, if put in place, will conclude new WTO compatible trading arrangements, removing, progressively, trade preferences between them and enhancing co-operation in all the areas relevant to trade.

However, during the preparatory period, non-reciprocal trade preferences applied under Lome IV will be maintained. The ministers will also establish a deadline for the re-negotiations of the Regional Economic Partnership Agreement.

Talks on External Transparency

In July, the WTO General Council discussed *inter alia* external transparency, document de-restriction and integrated framework for technical assistance for the least developed countries.

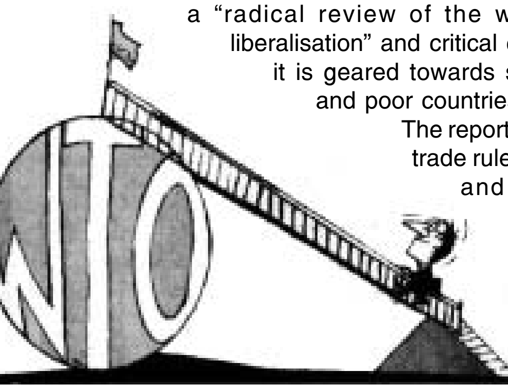
Members engaged in a spirited debate over whether or not consultations should go forward on this issue. This was despite the fact that external transparency was brought up under 'other business' section of the agenda and, therefore, was not officially up for discussion.

Many civil society groups and industrialised countries are pushing for the WTO to open up its practices to greater public scrutiny under the rubric of external transparency. On the other hand, many developing countries raised concerns about internal transparency, which, they felt, should be addressed first. *(Bridges, 25.08.00)*

A 'Nightmare' for Developing Countries!

A United Nations appointed study team has labelled the World Trade Organisation (WTO) a 'nightmare' for the developing countries. It suggested the body should be brought under the UN's purview.

The team also dismissed the WTO's open trading rules as based "on grossly unfair and even prejudiced" assumptions. It calls for a "radical review of the whole system of trade liberalisation" and critical consideration of whether it is geared towards shared benefits "for rich and poor countries alike".



The Economic Times

The report rejects the idea of linking trade rules to human rights, labour and environmental standards. Many civil society groups in developing countries oppose such linkage, arguing that it would provide the western countries with an excuse to put up more barriers against goods from the poorer states.

However, top officials of the WTO have expressed deep concern to Mary Robinson, United Nations high commissioner for human rights, over this report. Miguel Rodrigues, WTO deputy director general, said the report clashed with the views of Kofi Annan, UN secretary general. He expressed surprise that the study team had not sought the views of the WTO in preparing the report. *(FT, 15.08.00, 25.08.00)*

New Approach for Integrated Framework

Six core agencies issued a statement on the new approach to the integrated framework for trade-related technical assistance to least developed countries (LDCs). The agencies are International Monetary Fund, International Trade Centre, United Nations Conference on Trade and Development, United Nations Development Programme, World Bank and World Trade Organisation.

The Economic Times

The origins of the framework are rooted in the Plan of Action for Least Developed Countries, adopted as part of the WTO Ministerial Declaration in Singapore in 1996. It was endorsed in October 1997 as a WTO High Level Meeting on LDCs.

The core agencies agreed on the importance of ensuring that each of them should focus on what it does best, within the context of its respective mandate. The ITC, for example, will focus on support for trade services in LDCs, including enterprise development.

The new arrangements lay considerable stress on ensuring that trade policy, trade-related technical assistance and capacity building needs are articulated in a broad development context. The need for trade-related assistance will be assessed alongside a country's other priorities and supported accordingly by the government concerned and the donor community. *(WTO Press Release, 06.07.00)*

Cairn's Group Threatens

Ministers attending the 21st Cairns Group Ministerial Meeting fired a salvo on what they call unfair trading practices in global agricultural trade. According to them, without reform to agricultural trade practices, there will be no discussion on other trade issues.

They indicated that the Cairns Group of agricultural goods exporting countries was establishing a coalition with other like-minded countries, mainly the developing nations, to push for reform in agricultural trade.

The ministers attacked the European Union's use of "new forms of protectionism which come disguised in humanitarian objectives, such as environmental, social and labour standards...and including animal rights". *(BL, 14.10.00)*

Doubts over 'Open Skies'

UK and US aviation officials discussed the future of an 'open skies' deal between the two countries amid growing doubts of achieving an early breakthrough.

The long-running talks to liberalise air services between the US and the UK have been undermined by the collapse of the recent merger talks between British Airways and KLM, the Dutch flag carrier.

Earlier, two airlines and the UK government had agreed to a deal to liberalise air services between the US and the UK, which are controlled by the so-called Bermuda II treaty.

The treaty, which dates back to 1977, is one of the most restrictive in international aviation and has been a running sore in the relations between London and Washington.

The US has made the reform of the Bermuda II treaty its top priority for opening access to foreign aviation markets. *(FT, 11.10.00)*

Colombia Worried

Colombia stepped up pressure to preserve 50,000 jobs it says are threatened by a US decision to give trade preferences to Central America and the Caribbean. It's trade minister, Marta Lucia Ramirez, seeks similar benefits for Colombia.

From October 1, the US will extend special measures to Caribbean Basin Initiative (CBI) countries, but it ignored the potential consequences for jobs in Colombia.

The new tariff regime will allow CBI countries to export clothing to the US tariff and quota free as long as it is assembled from US made fabric. They will also receive a special quota for fabric made in the region.

Colombian clothing producers meanwhile will face a 17 to 20 percent tariff on cotton clothing exported to the US. Many US companies have said they plan to shift their contracts in Colombia to producers in the CBI. *(FT, 21.09.00)*

Resistance to 'Implementation'

The US and other industrialised countries resisted demands by developing nations for substantive changes in the WTO agreements on subsidies, antidumping, and textiles as a part of the so-called 'implementation' process.

They said these changes should be the subject of broader future negotiations or sought to relegate discussions to technical committees, which would be unlikely to have the mandate for political decisions.

Developing countries want decisions on these matters to be taken at the political, not technical, level, which would require action in the General Council within the implementation framework.

They have long claimed that existing trade agreements have not delivered the expected benefits and must therefore be changed, both in the short-term and the long-term. The General Council Chairman, Kare Bryn of Norway made an appeal to move from the general to the more specific and from questions to answers.

ASEAN: No Consensus

The meeting of ASEAN trade ministers ended without consensus regarding the promises to free trade. Malaysia took a leading role announcing the withdrawal of its automotive-parts industry from a tariff reduction scheme.

This announcement forced a temporary deadlock between Thailand and Malaysia and to a conference protocol allowing members to delay liberalisation of certain sectors of their economy, with due consideration to affected members.

It was again Malaysia, backed by Indonesia and the Philippines, which convinced the ASEAN economic ministers to exclude tariff cuts in the so-called AFTA-CER agreement, which, if ratified, would link the ASEAN zone to Oceania's leading economies. *(Bridges, 11.10.00)*

Duty-free Access for LDC Exports

The European Union took a major step towards fulfilling a pledge to grant unhindered access to its market for all non-military products from the world's least developed countries. The initiative will grant duty-free, quota-free access for the 48 poorest countries on the earth, as defined by the United Nations.

The Economic Times

The EU trade commissioner, Pascal Lamy, said: "There has been plenty of talk about how market access for poor countries is critical if we are to tackle their growing marginalisation in the globalising economy. Everyone seems ready to make the commitment at the political level. But talk is cheap. We now need to move beyond opt-out clauses."

In May, the Quad group of countries – the EU, the US, Canada and Japan – had announced that they were ready to dismantle duties and quotas on 99 percent of the imports from the LDCs.

In 1998, the EU was already the major destination for LDC exports (56 percent of the total). However, the existing regime still excludes about ten percent of the 10,500 tariff lines in the EU's tariff schedule, and one percent of total trade flows.

China and the WTO

China cheered on the US senate's approval of a trade deal as a potential new beginning for the often-tortured relations between the two. The permanent normal trade relations for China will come into effect once China becomes a member of the WTO, expected within months.

It will widen for the US businesses the doors to China's markets and bring huge change to China as it tries to re-mould its once hermit state-owned economy to fit a globalised market.

China's expected entry to the WTO promises to bring lower tariffs. "Duties will fall and that will give consumers more choice and better prices," said Zhu Li, who works for a US multinational firm in Beijing.

However, there was also recognition that China's gains from WTO entry will be accompanied by some pain. State enterprises are expected to bear the brunt of foreign competition. *(BL, 21.09.00)*

Definitions in Services Talks

Negotiators are working on definitions of different services sectors in the WTO's services talks. WTO services talks were launched earlier this year, as part of the Uruguay Round's built-in agenda.

The United States submitted a framework for negotiations to the WTO Council for Services. The framework contemplates conclusion of the negotiations by December 2002.

"Our objective is to make sure that all the services sectors are included in the General Agreement on Trade in Services. Many services are not properly defined…in some cases the definitions don't even exist," said Josephine Ludoff, director of US Commerce Department's Office of Services Industries.

"Government officials are talking to various industry groups and are encouraging industry sectors to form coalitions to identify their goals for the negotiations," she added.

Free Trade Area in S. Africa

Leaders from the South African Development Community (SADC) met in Windhoek, Namibia, to discuss, among others, a regional free trade agreement. 11 of the 14 SADC members signed a regional free trade accord, which would phase-out tariffs on all non-sensitive products by 2008.

As part of the agreement, Mozambique, Tanzania, Malawi and Zimbabwe – the four poorest members – would be given special trade preferences on textiles and clothing for the first five years of the protocol.

SADC comprises Angola, Botswana, Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Angola, Congo and the Seychelles are not signatories to the trade deal.

Annual internal SADC trade is about $7.2bn. By the year 2012, the group expects a fully liberalised trade. *(Bridges, 09.08.00)*

Threat to Withdraw: Wrongly Placed

In an article in the Washington Times (7th September), Adam Thierer stated "…EU officials have responded by threatening to withdraw from the World Trade Organisation if the Holdings amendment becomes law…".

Later on, he claimed that he had 'read it somewhere'. He finally stated that his claim was based on an article by Peter Spiegel in the Financial Times. However, instead, the article states "that the EU is threatening to withdraw from WTO commitments".

The European Commission sees Holdings amendment as a real problem as it 'goes beyond dispute settlement' and views such a legislation as a breach of the WTO's basic telecommunication agreement which would force them to 'correct the balance'.

"This initiative may have far-reaching effects on all services sectors and our common efforts for further trade liberalisation in the services negotiations in the WTO would face substantially increased opposition," said Bert van Barlingen, head of trade section of the EU's delegation in Washington.

The Holdings amendment would prohibit the mergers between US telecommunication companies and foreign companies that are more than 25 percent publicly owned.

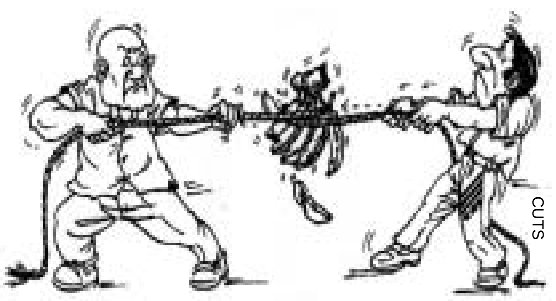
South American Trade Bloc

Leaders of 12 South American countries signed the 'Brasilia Communiqué' which pledged to unite South America's two main trade blocs – Mercosur and the Andean Community – into a single free trade zone by January 2002.

"We are not prepared to open up more our economies without negotiations which will give us access to rich countries," said Brazilian president Fernando Henrique Cardoso. He added South America has been "severely hurt by the protectionism of wealthier nations". *(Bridges, 05.09.00)*

Plan to End Banana Dispute

The European Commission has proposed a plan to resolve the long-running trade dispute over bananas. The present banana regime was found to be against the World Trade Organisation rules in favouring its traditional suppliers.



The new plan aims to remedy this by implementing a transitional system of tariff quotas on a 'first-come-first-served' basis, then a tariff-only scheme by the year 2006. The Commission hopes that this will cover the specificity of the European Community and the African, Caribbean and Pacific producers, while complying with WTO requirements.

However, the US has rejected the EC plan, ending hopes of an early resolution to this dispute, costing EU (European Union) exporters more than $190mn a year in trade sanctions.

On the other hand, the Caribbean banana exporters are seeking for a third way on the banana quarrel. "We are talking with the EU and the US about this and we are hoping to persuade both to go back to a historical delivery system," said Marshall Hall, chief executive of the Banana Export Company of Jamaica. *(EC Communication, 04.10.00; FT, 08.10.00, 12.10.00)*

US Law: Violation of Trade Rules

The World Trade Organisation (WTO) has ruled that a 94-year old US anti-dumping law violated free trade rules. The final decision was given on complaints brought by the European Commission and Japan against the 1916 Anti-dumping Act of the US.

The ruling meant that the US must revoke or alter the Act. However, it did not affect the law that the US usually invokes to pursue alleged unfair import pricing, the 1930 Tariff Act, which Washington has successfully defended before the WTO.

The 1916 law allowed for both civil and criminal penalties, including trade damages, imprisonment and fines, for foreign producers found to be selling in the US at prices set below market value with the intent of injuring the US industry.

The WTO dispute settlement panel ruled that under the global trade rules import duties are the only permissible remedy to confirmed cases of dumping. *(FE, 29.08.00)*

Amend Auto Pact Rules

The WTO told Canada that it has until February 2001 to change its trade rules that give preferential treatment to automobiles imported from the US. Both the dispute settlement panel and appellate body have ruled against Canada in a complaint filed by Japan and the European Union.

The auto pact regime, created in 1965, allows the Canadian subsidiaries of the big three carmakers – General Motors, Ford and DaimlerChrysler – to import cars from outside North America duty free. Other carmakers have to pay a 6.1 percent tariff. *(Trade Compass, 04.10.00; FT, 05.10.00)*

Panel to Rule on Havana Club

The European Union secured an arbitration panel in the WTO to rule on a dispute with the US over rival claims to the famous Havana Club rum trademark. The dispute highlights transatlantic tension arising from the US' anti-Cuba policies which affect European companies doing business with Cuba.

In 1996, the EU brought a case in the WTO against US legislation penalising companies 'trafficking' in confiscated Cuban assets, though the case was later dropped.

The current dispute is followed by an unsuccessful battle by Pernod Ricard, the French drinks company, to win US registration of its Havana Club rum trademark. The trademark is also claimed by Bacardi, the US drinks multinational.

Bacardi claims to be the legal owner of the Havana Club trademark, after buying the rights in 1997 from the Arechabala family, the original Cuban owner. The EU says the Arechabala's let the trademark lapse in the 1970s, thus making it available for others to take up and that the US law breaches WTO rules on intellectual property protection. *(FT, 27.09.00)*

WTO to Rule on Subsidies

WTO experts are to rule whether US regulations on subsidies are legal in a case linked to the lumber trade between Canada and the US. At Canada's request, the WTO agreed to set up a panel to consider a US 'statement of administrative action' which says another country's ban on exports of a material can be treated as a subsidy for goods made from that material.

Canada's ban on export of raw logs as well as its 'stumpage' system for licensing lumber cutting on provincial land had led to a number of US complaints about unfair competition.

The WTO move is described by Canada as a pre-emptive strike against the possibility that the US could levy countervailing (anti-subsidy) duties on Canadian exports.

Ottawa also fears that other goods besides timber could be targeted for the US countervailing duties once the softwood lumber pact expires. *(FT, 12.09.00)*

Dispute Concerning Olympics

Pascal Lamy, the European Union's trade commissioner, has threatened Australia before the WTO because of plans to restrict the access of foreign media to the Sydney Olympics Games.

According to him, the decision of New South Wales to exclude from the Olympic Park foreign media that have not bought exclusive rights to transmit the sports events "constitutes an unprecedented restriction".

He added that the measure would appear to constitute a breach of Australia's obligations under the General Agreement on Trade in Services. The European Commission "reserves its right to seek legal redress including, if necessary, opening of a dispute settlement procedure at the WTO" if the matter was not resolved, he said. *(FT, 03.08.00)*

Largest Award

World Trade Organisation arbitrators have said Canada is entitled to impose trade sanctions on Brazil worth more than $230mn a year. This is due to Brazil's failure to remove illegal aircraft subsidies. This is the largest award made by the WTO in its five-year-old history.

The ruling paved the way for Canada to obtain formal authorisation to impose punitive 100 percent tariffs on a wide range of Brazilian goods. The target list includes such products as steel, fruit juice and footwear.

However, Canadian officials said they still hoped for a bilateral settlement with Brazil that would avoid the need for retaliation. Both sides had been seeking to avoid an escalation of the trade dispute in on-and-off talks for several months.

These focused on Brazil's offer to compensate Canada for the losses as a result of its export-financing subsidy and modifying it in line with internationally accepted standards. *(FT, 23.08.00)*

Plea on Cashmere Sanctions

Tony Blair, the UK Prime Minister, was making a final effort to persuade the US not to launch trade sanctions against Scottish cashmere imports. The US was on the verge of launching the long-anticipated trade sanctions.

The US has prepared a list worth $308mn in trade sanctions as a result of the EU's failure to implement the WTO rulings that it must change its import regimes for bananas and beef hormones.

The UK was told that the sanctions list would include retaliatory tariffs on about $60mn worth of cashmere imports. The US industry group said the delay in retaliation will blunt their impact by giving the affected industries time to stockpile goods in the US before the sanctions are imposed. *(FT, 07.09.00)*

Challenge to Marketing Practices

The Canadian Wheat Board (CWB) slammed a US trade challenge to its marketing practices as harassment and political posturing. "Everything we do is compliant with international trade rules. The Americans know that, but they just don't like the fact we are doing a good job," CWB's president and chief executive officer, Greg Arason, said.

It followed hours after the North Dakota Wheat Commission (NDWC) said it would file a Section 301 trade petition with the US trade representative's office aimed at challenging the CWB's export and pricing practices.

"For too long, US farmers have had to compete with the Canadian Wheat Board's price discounts, over-delivery on quality factors and other lucrative contract terms," said NDWC's chairman Alan Lee.

The CWB is the world's largest marketer of barley and wheat and the largest net earner of foreign currency, selling grain to 70 countries. *(FE, 11.09.00)*

Rift between Moscow and Kiev

Russia and Ukraine face further deterioration in relations following a threat by Moscow to introduce punitive duties on Ukrainian steel pipe imports after an anti-dumping investigation.

The announcement was made in the middle of a spat over Ukraine's debt for Russian gas, which Russia estimates now stands at $2.4bn.

The introduction of duties on steel by Russia would deal a severe blow to the Ukrainian pipe industry, which is largely export oriented. Upto 70 percent of Russia's import of steel pipes are from Ukraine.

"We don't want to drive Ukraine out of the market, we simply want a level playing field for Ukrainian and Russian producers," said Maksim Medvedkov, Russia's deputy minister for trade and development. *(FT, 19.09.00)*

Sceptical about Asbestos Ban

A WTO dispute settlement panel report upheld a French ban on chrysotile 'white' asbestos, rejecting a Canadian complaint. The ruling was the first time a WTO panel has upheld arguments put forward by a defending party to safeguard public health.

Canadian trade officials have indicated that they will appeal against the ruling. Their argument was that the WTO's task was to determine whether the ban complied with multilateral trade agreements, not to rule on safety or on the principle of safe use of chrysotile asbestos.

However, the ruling has garnered some criticism from concerned environmental groups. How can they claim that a product that is dangerously toxic is benign at the same time? The WTO panel ruling defies common sense, said Martin Wagner, director of International Programs for Earthjustice Legal Defense Fund. *(Bridges, 20.09.00)*

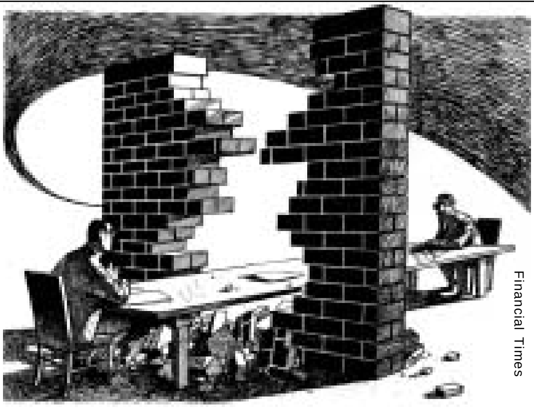
Truce to Avert Trade War

The immediate threat of a serious trade conflict between the US and the European Union has been lifted. This was followed by an agreement on how to handle a dispute over US tax breaks for exporters.

Their deal postpones until well into next year the possibility of the EU imposing duties worth more than $4bn against US exporters. This could be in retaliation for what Brussels sees as Washington's failure to comply with the international trade rules.

However, the agreement does not settle the dispute and the WTO will have to rule on whether proposed changes to US laws on foreign sales corporations bring the regime into compliance with trade rules.

The WTO has ruled that Foreign Sales Corporation's tax breaks are an illegal export subsidy and ordered the US to change the regime. Legislative changes proposed by the US administration have yet to be approved by the US House of Representatives and are seen as inadequate by Brussels.



Financial Times

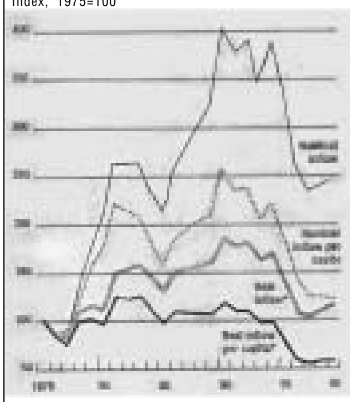
Both sides had been anxious to avoid escalating the dispute into a trade war that would dwarf separate disagreements over bananas and beef hormones. *(FT, 02.10.00)*

Rethink Africa's Development Strategy: UNCTAD

Annual official aid to sub-Saharan Africa needs to double to $20bn over the next decade if the region is to break free from poverty and end its dependence on donors. This was stated in a report, 'Capital Flows and Growth in Africa', prepared by the United Nations Conference on Trade and Development.

Africa: capital flows

Not inflow of official capital into sub-Saharan Africa
Index, 1975=100



Source:UNCTAD * Real-adjusted for inflation

Such an increase could trigger a virtuous circle of rising national savings and investment and faster growth in the region. Sustained and rapid growth would, in turn, attract external investment.

"Donor fatigue would thus give way to investor enthusiasm, with private capital gradually replacing official flows," said UNCTAD, which calls for a rethink in development strategy by both donors and African governments.

The emergence of a domestic entrepreneurial class reinvesting its savings in productive domestic sectors as well as more public investment in infrastructure and social services is essential to Africa's growth.

Current levels of aid to Africa, which has averaged $10bn a year in official flows, will only perpetuate aid dependence as they are not sufficiently large to act as a catalyst for growth, UNCTAD argued. *(FT, 01.08.00)*

LDCs and Sustainable Development

The Inter-Governmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries (LDC-III) has resolved to choose sustainable development of the world's poorest countries as its subject.

The LDC-III, to be held in Brussels in May 2001, will have two tracks – inter-governmental and civil society – each with its own added value but all of them addressing poverty eradication.

There would be a series of interactive debates and country and region-specific roundtables intending to elicit new commitments for LDCs. The debates would be on:

- governance,
- peace and social stability,
- enhancing productive capacities,
- financing growth and development,
- international trade in commodities and services,
- human resource development and employment,
- social services delivery and food security, and
- sustainable natural resource management.

Protecting Poor from Destitution

Micro-finance protects Kenya's poor from destitution. With prudence, an organisation (K-Rep) overseeing small-scale loans has been able to grow from a charity into a bank.

K-Rep's services are not just a development ideal popped up by aid, but offer a decent source of profit. It has proved to be one of Africa's most dynamic micro-finance institutions. It now services more than 600 groups with 15,000 clients.

K-Rep's basic product avoids traditional forms of loan guarantee, such as property, by bringing together groups of 25-30 people who agree to cover one another's loans. Many Kenyans see micro-finance as the last barrier between them and destitution. *(FT, 18.08.00)*

Creation of Anti-bribery Tools

Transparency International has urged the World Bank to strengthen its anti-corruption initiatives in the developing countries. It has submitted a ten point agenda to the Bank advocating a broadening of anti-corruption approaches in its programmes and the creation of new anti-bribery tools.

"We appreciate that the World Bank has taken a fundamentally new approach to corruption in recent years and we commend it for its positive approach," said Peter Eigen, chairman of Transparency International.

Among others, it proposed a new vehicle for corruption reduction – an integrity enhancement programme. This new type of programme would be designed to consolidate a variety of cross-sectoral integrity initiatives of the World Bank. *(BL, 05.09.00)*

Poorest Countries Losing Ground

Two-third's of the 48 least developed countries in the world lost ground to other developing and low-income countries in 1990s. This was stated in the UNCTAD's Least Developed Countries 2000 Report.

The report said unless significant improvements are made in international development co-operation, these countries will remain pockets of poverty in the global economy. Most of the 614mn people that live in LDCs survive on less than $2 a day.

There are 22 LDCs which are stagnant or in economic regress. In 11 of these, the real gross domestic product per capita has been declining by more than three percent annually. All of them experienced serious armed conflicts and internal instability in the 1990s. *(UNCTAD Press Release, 12.10.00)*

Mbeki on Globalisation

According to the South African president, Thabo Mbeki, globalisation is an objective outcome of the development of productive forces that create wealth.

However, there is a need to ensure that "the process of globalisation does not further impoverish all of us and create an even wider gap between Africa and the rest of the world in terms of the standards of living, levels of education and technological development and humane conditions of life."

He was speaking at the Seventh National Congress of COSATU (South African Trade Union Congress). His conciliatory approach was in sharp contrast to his polemical attacks on the stand of COSATU on government's macroeconomic policy. *(BL, 21.09.00)*

Use Growth to Help Poor

The World Bank promised a dialogue with its critics and urged the rich countries to use the opportunities from sizzling growth to much, much more to help the poor. The Bank president, James Wolfensohn, was speaking before the formal opening of the annual meeting of the Bank and the International Monetary Fund in Prague, Czech Republic.

"I am pleased that there is a growing awareness of the issues of equity, the issues of poverty and the issues that relate to the globalisation itself," he added. He was pointing to the demonstrators protesting against Bank's policies.

He said rich countries had to open up their markets in order to help the poor and described the fall in overseas development aid over the last ten years as 'a crime'. *(BL, 22.09.00)*

Marginalisation of Farm Sector

Agriculture sector has effectively been marginalised in the process of globalisation, with most gains going to manufacturing-export industries. This was stated by the International Labour Organisation in one of its report.

Underscoring the urgent need to draw lessons, the report says the urgency arises from the fact that agriculture still contains over half of the world's labour force and over two-thirds of world poverty.

Furthermore, the report says, the benefits of globalisation for the farm sector have so far come in the form of diversification of the export base to non-traditional crops like fruits, vegetables and flowers.

As for gender equality, the report notes that for women in many developing countries, agriculture is the primary source of employment but this inclusion is a mixed blessing. This is because women often have to contribute a majority of the labour on the farms without commensurate remuneration. *(FE, 19.09.00)*

Plan to Achieve Food Sovereignty

La Via Campesina, a global movement of rural women, peasant and small farmers, agricultural workers and indigenous peoples' organisations, is going to launch an action plan to achieve food sovereignty.

The organisation passed a declaration to this effect and will organise global protest against the import of low priced food items. According to them, forced liberalisation of trade in agricultural products across regions and around the world was resulting in disastrously low prices for many of the food products.

These unfair trade arrangements were destroying rural communities and cultures by imposing new eating practices everywhere in the world. The organisation would strive to change the economic order to protect and develop peasant-based agriculture relying on traditional wisdom.*(BL, 09.10.00)*

Protest against the Protestors

For all its ills, western capitalism has brought about an unprecedented increase in world living standards. This was argued by Samuel Brittan, in an article that appeared in the Financial Times.

The first part of the 50-plus period since Second World War saw the freeing of trade and payments. The second part saw the rise of world capital markets on a scale not seen since 1914.

One can argue about the timing of some policies, but describing the whole development as wrong is not good. There is nothing inevitable about the process and well-intentioned protests could bring development down to a crawl, he argued. *(FT, 28.09.00)*

'Pockets of Poverty'

The UNCTAD in its Least Developed Countries 2000 Report, has warned that unless significant movements are made in international development cooperation – encompassing aid and debt relief policies, private capital flows and the international trade regime – the least developed countries (LDCs) would remain "pockets of poverty" in the world economy.

On one hand, the LDCs are suffering from a drop in commodity prices, whose breadth and depth has not been seen since the early 1980s, and on the other, they are being squeezed by the three-fold increase in oil prices between March 1999 and August 2000.

According to the report, the new approach "which has moved so rapidly in the last three years in the areas of aid and debt policies, must incorporate the trade dimension". *(BL, 13.10.00)*

Campaign on Debt Relief

Development campaigners stepped up their pressure on the International Monetary Fund and the World Bank to expand the high-profile international debt relief initiative for the poorest countries.

They described the present programme as flawed and inadequate. Jubilee 2000, the debt relief campaign, and Oxfam, the aid agency, argued that the programme leaves some recipient countries crippled by heavy debt payments.

Jubilee 2000 said that the IMF and World Bank could cancel all the debt owed to them by the 41 highly indebted poor countries without endangering their reserve positions or credit rating.

The current programme envisages a reduction of approximately one-third in the debt owed to both institutions. The IMF said: "We do not yet have the resources to fund the debt relief commitments already, made let alone take on new ones."

Five countries, including Zambia, Cameroon and Malawi, will pay more than a quarter of their government spending on debt service payments. Oxfam said the IMF and World Bank should set a new ceiling of ten percent of government spending on debt repayment. *(FT, 18.09.00)*

Expand Opportunities for Poor: World Bank

The World Bank has published its World Development Report 2000-01. It contends that meagre assets, inaccessible markets and scarce job opportunities lock people in material poverty.

Major reductions in poverty are possible but this calls for a more comprehensible approach that directly addresses the needs of poor people in three crucial areas – opportunity, empowerment and security.

However, critics say that a report on attacking poverty should analyse the experience of China and India. The Bank has wandered into areas for which it has neither a mandate nor competence.

The Numbers

The report said at a time of unprecedented wealth of many countries 2.8bn people, almost half the world's population, live on less than $2 a day. Out of them, 1.2bn live on the very margins of life, i.e. on less than a dollar a day.

According to the report, private consumption per capita rose by 2.6 percent a year for the 1990-97 period for low and middle income countries as a whole. But, for sub-Saharan Africa, where the number of people living in poverty rose by more than 80mn between 1987 and 1998, consumption actually fell by 1.2 percent annually.

Although the incidence of poverty as a percentage of households dropped to an estimated 24 percent in 1998 from 28.3 percent in 1987, the rate of reduction in poverty has slowed.

Sustainable Reduction in Poverty

The experience has confirmed that sustainable reduction in poverty can be achieved only through rapid and sustained aggregate growth. And, achieving such growth is possible only in an economy in which competition prevails, supported by free markets at home and integration with world markets.

The report argued that each country must devise its own poverty reduction strategy and that these strategies will generally need to address three sets of issues.

- Opportunity: expanding economic opportunity for poor people by stimulating economic growth, making markets work better for them, and allowing them to acquire assets such as land and education.
- Empowerment: strengthening the participation of poor people in local decision making affecting their lives and removing social barriers that result from distinctions of gender, race, ethnicity and social status.
- Security: reducing poor people's vulnerability to sickness, economic shocks, crop failure, natural disasters and violence and promoting ways for them to cope with misfortune when it occurs.

International Actions

Referring to international action for poverty reduction, the report proposes expanding market access in the rich countries for the developing countries' goods and services, reducing the risks of economic crises, encouraging the production of international public goods that benefit poor people and ensuring voice for poor countries and poor people in global forums.

Also vital is development co-operation – foreign aid and debt relief. The report urged donors to accord high priorities to securing sufficient funding for the enhanced highly indebted poor countries' initiatives.

The Criticisms

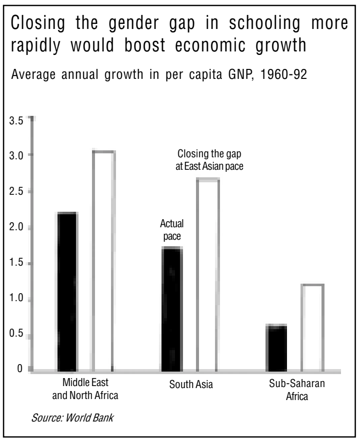
Since an overwhelming majority of the world's poor live in China and India, one would have thought that a report on attacking poverty would analyse the experience of these two countries. Unfortunately, it fails to do so.

The emphasis on empowerment, by which the report means actions to make state and social institutions pro-poor and to build political support for such actions, is troubling for several reasons.

First, the use of the word 'empowerment' is unfortunate, since it has already been used by the political left and right to mean very different things. Second, enforcing such actions requires strong political will. Whatever one means by the cliché 'political will', generating it certainly involves operating through domestic political processes in each country.

Even if one accepts the need for reforms of socio-political institutions, one can argue strongly against the World Bank's involvement in promoting them. Simply put, the charter of the Bank explicitly precludes its involvement in the domestic political processes of any member country.

A compelling reason to argue against the Bank's entry into domestic politics is that it has no experience or competence in the area.



Furthermore, even if the Bank wanted to mobilise political will for the implementation of its recommendations, it will not succeed unless the recommendations are tailored to the specific socio-economic-political processes operating in each country.

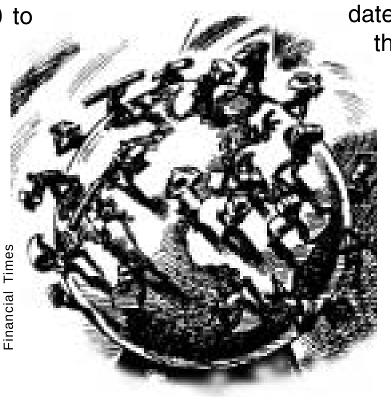
The Bank should have come out with a report focussed on the few countries and regions of the world where an overwhelming majority of the world's poor live, and with recommendations that were drawn from the success of some countries in poverty reduction.

However, the Bank has wandered into areas for which it has neither a mandate nor competence. It is a pity that a valuable opportunity has been missed. *(BL, 05.08.00, 13.09.00; FE, 20.09.00; ET, 28.09.00)*

Reform Immigration Policy: EU Ministers

At a meeting of European Union interior ministers, a discussion paper was tabled which suggested that the EU would need 50 to 70mn immigrants in the next fifty years to fill empty jobs. French minister, Jean-Pierre Chevenement, argued that the public opinion had to be convinced that the EU needed more immigrants as its own population ages and called for the EU to become a radically hybrid society.

His suggestions sparked anger among the EU's right-wing parties. They claimed that better training for EU nationals could fill the job gaps without any need for more immigration. This highlighted the extreme political sensitivity of the immigration issue in Europe.


Financial Times

EU heads of governments have set 2004 as a target date for agreeing a joint asylum policy and this was supposed to go hand-in-hand with a wider debate on immigration.

Most EU countries have maintained severely restrictive admission policies on immigration over the past 25 years. These have led to much lower levels of legal immigration, along with the growth in smuggling and trafficking in human beings.

For the first time, the European Commission was given the right to initiate policy proposals in this area. *(FT, 12.10.00)*

Aggressive towards Unions

US companies are becoming increasingly aggressive towards labour unions. They are either threatening to close or move their operations abroad if labour unions seek to establish branches in their factories.

This was stated in a study prepared for a commission examining the growing US deficits. The research by Kate Bronfenbrenner of Cornell University will raise new questions about corporate mobility that has made it more difficult to organise unions.

In mobile industries, like manufacturing and communications, 68 percent of the US companies that have faced attempts by unions to open branches threatened to relocate all or part of their operations.

This contrasted sharply with the late 1980s, when less than 30 percent of the employers made similar threats. The study also found that such threats can be quite effective. *(FT, 18.09.00)*

Plan to Adopt Joint Strategy

China and India will evolve a joint strategy to oppose any move to link labour standards with trade issues under the auspices of the World Trade Organisation. The two countries had always maintained that the International Labour Organisation was the appropriate forum to address issues relating to labour standards.

It is important to underline the importance of the two countries adopting a joint stance on the issue in the wake of China's impending entry into the WTO. They have signed a memorandum of understanding for co-operation in employment services, vocational training and social security. *(BL, 14.10.00)*

Reform should be Fair: ILO

The International Labour Organisation has supported the efforts of trade unions to present 'forceful positions' so that the voice of the working people is heard and labour reform is fair and equitable.

According to the ILO, cutting labour costs was not the only way to achieve competitiveness and increase productivity. Furthermore, in the era of globalisation, job creation had emerged as a fundamental issue.

"All over the world, trade unions are experiencing a decline in membership. This is tied to the upheaval and changes caused by the globalised economy and the uncertainties and insecurities it had brought," said Mary Johnson, ILO director. *(BL, 26.09.00)*

Slog It Out

Members of a typical middle-class, African-American family must work 4,278 hours a year – nearly 500 hours longer than their white counterparts – to achieve the same as an American family. Much the same is true of the Hispanic families. They are putting 4,050 hours a year.

As Americans work longer, the nation has gone to the head of the class as the hardest working major industrialised country. These data are contained in a new study, 'The State of Working America' by the Economic Policy Institute, Washington DC.

The hours gap exists mainly because minorities hold fewer white-collar positions per capita than whites and work more service jobs. Despite their longer hours, more than 26.1 percent of the African-Americans and 25.6 percent of the Hispanics remain in poverty.

"Wage discrimination against minorities, while not as pernicious as it has been historically, is still alive and well and remains a real problem," said Jared Bernstein, co-author of the study. *(BL, 04.09.00)*

Fuels Debate on Asian Worker

The typical worker at a clothing or footwear factory run by a multinational corporation in south-east Asia is a young, single woman with poor education and training. However, there are strong hopes of enhancing her skills through job.

This was revealed in a study of workers in Thailand and Vietnam by the Global Alliance of Workers and Communities. It aims to add a new perspective to the fierce debate ranging in the US about the alleged exploitation of workers from the developing countries by the American corporations.

Its findings complicate the stereotypical picture of the Asian worker depicted by many US opponents of free trade and globalisation. It found that 72 percent of the Thai workers are satisfied with their overall income.

On the whole, workers said they were satisfied with workplace conditions, although they wanted improvements in hygiene and the level of safety instruction. Moreover, majority of Vietnamese workers preferred their factory positions to lower paid agricultural jobs. *(FT, 06.09.00)*

Opening Up for Hi-tech Workers

The US Senate has passed a legislation to provide 600,000 new visas over the next three years for overseas workers sought by the burgeoning high-tech industry.

"There is an overwhelming unanimity that we must act in this fashion if we are to keep our economy stronger," said Spencer Abraham, a senator. The vote followed partisan wrangling over efforts by Democrats to also allow more illegal immigrants and political refugees to remain in the US.

Under the present law, the government had issued 115,000 H1-B visas during this fiscal year that ended in September. With no new legislation, the ceiling would fall to 107,500 this year and 65,000 next year. *(BL, 05.10.00)*

Rise in Workplace Stress

One in ten office workers in Britain, Germany and other countries suffers from depression, anxiety, stress or burnout, an International Labour Organisation survey showed. The main contributors to workplace stress, the survey found are:

- glut resulting from technological advances,
- the pace of globalisation,
- dysfunctional office politics,
- over work, and
- job insecurity.

In another report by the Netherlands-based WFMH, it was stated that women are twice as likely as men to suffer from depression. "These trends represent a wake-up call for business," the ILO report said. *(BL, 12.10.00)*

Opposition to Import of Workers

The Israeli government remains opposed to the import of high-tech workers to tide over an acute shortage of qualified electronics and software engineers, despite parliamentary support.

Industry representatives have reiterated an earlier proposal to create a fund to retain Israeli engineers. The fund is to be financed with sums of $12,500 set aside by individual companies for every foreign professional brought into the country. *(FE, 09.10.00)*

Attack on Migrant Workers

Gangs of Libyans beat up young black Africans in a deliberate campaign when Tripoli authorities called for a crackdown on employing foreigners.

Unconfirmed media reports said about 50 people were killed due to attacks on thousand of migrant workers from sub-Saharan Africa. At least six immigrants were known to have died and thousands were put in camps outside Tripoli after the attacks. *(FT, 11.10.00)*

Charter Underlines Social Rights

European Union leaders will approve a charter of fundamental rights that explicitly recognises the right to strike and gives greater emphasis to social rights than earlier.

The latest draft dilutes more pro-business language that characterises the first complete draft of the charter. It also amplifies the rights of workers to information inside their company.

The latest version triggered an angry response from the Confederation of British Industry. They argued that the charter would shift the EU away for liberalising its economy. *(FT, 21.09.00)*

Debate: Promoting Good Practices

Allow me to correct several mistaken impressions that might be left by Edward Alden's article 'Multinationals in Pledge on Standards' (FT, 28.07.00), concerning the meeting on the United Nations global compact.

First, the corporate partners that join with us in the global compact do not 'sign' anything. The compact is a novel experiment designed to identify and promote good practices and induce other companies to follow.

Second, the participation of labour is one of the factors that differentiate the global compact from some of the voluntary initiatives. Third, we count among our civil society partners.

Moreover, one of the critics of the global compact states that these NGOs 'have no relevance to the protesters in Seattle over globalisation.' We did not select our civil society partners based on their protest skills, but by their demonstrated capacity to improve the lives of real people on the ground.

John G. Ruggie
Assistant Secretary General
United Nations
(FT, 01.08.00)

Financial Times

The article 'Multinationals in Pledge on Standards' unfortunately concentrated on trade liberalisation rather than on good corporate citizenship, thereby missing the point of the UN global compact meeting.

The purpose of that gathering was not to bring business, labour and non-governmental organisations together to oppose consideration of a workers' rights clause in future trade agreements in the WTO.

It was, instead, an effort to encourage the three partners together and with the United Nations to promote the nine universal principles on workers' rights, human rights and the environment contained in the global compact.

The international trade union movement supports binding provisions to protect the rights of people, not just property. We believe that the WTO should play its part in ensuring that governments do not seek comparative advantage through persistent violation of the most fundamental rights of their citizens.

Bill Jordan, General Secretary
International Confederation of Free Trade Unions
(FT, 01.08.00)

Virtual Land Grabing

Cyber-squatters can go to any extent to prove that their intentions were honourable. But, there are a few who openly admit that cyber-squatting is akin to the land grab of the 19th century US frontier.

Only such admissions do not go down well with the accredited domain name dispute resolution centres. The uniform domain name dispute resolution policy requires that the complainant has to prove that the disputed domain names are identical or similar to its own marks.

Globallink.com, a US-based company, 'branded' some 5,500 domain names at a cost of about half-a-million dollars which are now valued at between three to five billion dollars. Global Online is the largest owner of singly branded domain names in the names.

Lee Ferguson, Global Link's chief operating officer said: "Instead of having a little piece of land, we have a virtual digital conglomerate existing in virtual space." *(ET, 04.10.00)*

Net the Big Picture

Napster and mp3 are mere trailers. Get ready for the blockbuster movie. While Napster allowed netizens to swap compressed music files (mp3) over the Internet, a new programme, DivX, is on the Net which allows to swap a whole feature film of two to three hours duration.

DivX allows massive 4GB movie files, to be shrunk into 700mb, small enough to fit into a single compact disc. It would take about two hours to download a DivX movie from the Net over a high-speed (broadband) connection.

The ironic part of the story is that the compression technology used by the DivX was developed by Microsoft. It was hacked away by enterprising hackers. Jerome Rota, a French programmer, is credited with developing the present DivX format. *(ET, 18.08.00)*

Writers Sue for Web Royalty

America's largest group, Authors Guild, representing freelance writers sued five companies that sell newspaper and magazine articles over the Internet. It said that the members are owed royalties for works that are downloaded over the Web for a fee.

The suit, which seeks class action status for the Guild's 8,000 members and any other authors similarly situated, alleges that the database services have infringed on their copyrights.

In most cases, the database services paid the original publishers for access to the articles, but "that doesn't do anything for the author," said Laura B. Houget, a New York-based attorney representing the Authors Guild.

Representatives of the defendants either could not be reached for comment or declined to comment. *(ET, 17.08.00)*

Caribbean Facing E-limination

Governments and entrepreneurs in the Caribbean region appear to be coming to the conclusion that if it fails to take advantage of the e-business opportunities, it means e-limination.

Facing uncertain markets for their traditional commodity exports and with increasing pressure on their financial services sectors, small Caribbean countries are looking increasingly to e-business and related Internet services to support their narrow economies.

Despite the relative isolation, the region possesses some valuable new economy resources, including English, French and Spanish speakers. With a telecommunications infrastructure, the region is ripe for hosting businesses from telemarketing and customer service call centres to Internet services of all kinds.

The UN Economic Commission for Latin America and the Caribbean, however, said that although the region has made progress in Internet services, it is far from optimising the potential for e-business. *(FT, 16.08.00)*

Women on Top

A new study shows, in the US, women on the Web now outnumber men and their ranks are growing faster. This was an indication of how much the Internet has evolved from its roots as a male-dominated research medium.

There are strong increases in all age groups of women using the Internet in the US, except for those between 18 and 24. Their usage actually declined from last year.

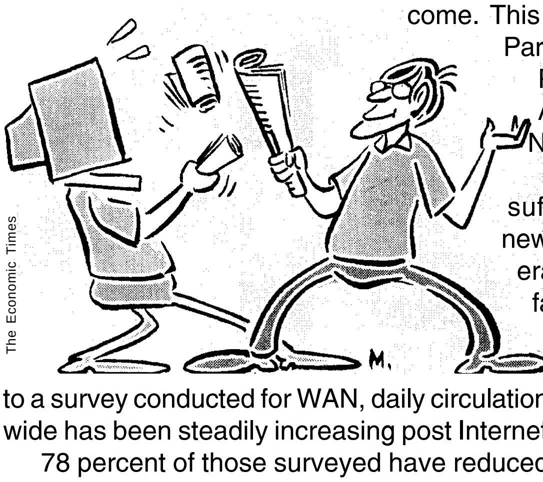
"Women in the college age group appear to have more offline interests, and more offline business to take care of," said Anne Rickert, a Media Matrix analyst and co-author of the study.

"Everyone has a life offline, but some age groups find their offline lives are better served by online resources," she added. Overall, the study found that during the first quarter of 2000, women and girls made up 50.4 percent of the total US Web audience. *(BL, 10.08.00)*

Shrug Off E-scare

For all those who predicted the newspaper's demise in the 21st century, its time to eat their words. Those include Bill Gates, Microsoft chairman, who said newspapers would be history in the early part of 21st century.

Newspapers are and will be alive and kicking in the decades to come. This was stated by Roger Parkinson, president of the Paris-based World Association of Newspapers (WAN).



The Economic Times

"In fact, TV has suffered more than the newspaper in the post-Net era and it is the TV that faces extinction and not the newspaper," he remarked. According to a survey conducted for WAN, daily circulation of newspapers worldwide has been steadily increasing post Internet invasion.

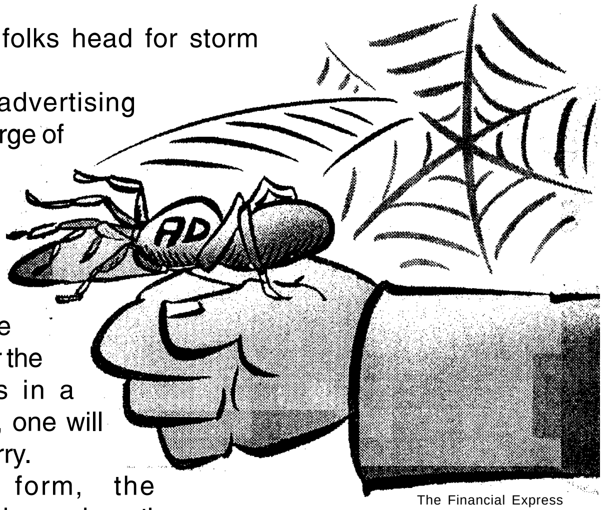
78 percent of those surveyed have reduced their TV viewing time to surf the Net while only about 12 percent said they had cut down on newspaper reading. *(ET, 16.09.00)*

Is Online Advertising Losing Steam?

The fizz is going out of the online advertising business. At least that's what some research numbers seem to be suggesting. US-based AdZone Interactive says that ad spending on the Internet plunged 7.6 percent in August over July.

Internet sites and service providers generate $1.4bn in advertising, says AdZone, much lower than in the month of July. The questions are:

- should dotcom folks head for storm shelters?
- is the dotcom advertising market on the verge of collapse?



The Financial Express

One does not know and will have to wait and watch. Should ad revenue continue to fall over the next few months in a sustained manner, one will have reason to worry.

On current form, the slowdown seems to be an aberration, and, hopefully, for Internet people it is that.

AdZone Interactive monitors 1,300 web sites in the US and it placed AOL.com as the biggest generator of online ad revenues with $78.2bn being spent on its site during last year. *(FE, 16.09.00)*

New Infotech Law in Japan

A panel that wants Japan to overtake the US as a high-speed information technology (IT) giant by 2005 approved the outline of a bill aimed at achieving that ambitious target.

And, in an effort to boost computer literacy, politicians said they were considering an IT voucher scheme. Under this, those aged 20 or over would be eligible for vouchers worth about Yen6,000 ($56) to help defray the cost of courses in how to use personal computers and the Internet.

"In the new computer age, not being able to use a computer is like not being able to read and write," said Economic Planning Agency chief, Taichi Sakaiya. The panel urged the government to take steps, including laying a high-speed fibre optic network, needed to promote the spread of the network.

"Information technology is a strategically important sector and it is important for us to show commitment in a legal form," he added. *(ET, 21.09.00)*

E-signature Legally Binding

A simple click of a computer mouse will be enough to make documents legally binding in the US, as the new national digital signature law takes effect. Proponents claim e-signature will revolutionise virtually every aspect of business and consumer transactions.

However, experts warn that the revolution will take time and that many hurdles – some psychological, others technical – stand in the way. But, eventually, the technology promises to save mountains of paperwork and speed up everything from online business-to-business transactions to buying a house.

Hailing the bill as a 'landmark in legislation', president Bill Clinton said it would spur economic growth and widen the role of the Internet. *(FT, 30.09.00)*

Bridge the Digital Divide

Turning to the links between globalisation, poverty and the so-called digital divide, the Bulgarian president, Petar Stoyanov, called on the developed countries to facilitate the access to the information superhighway to the developing countries and transition economies. He was speaking at the Millennium Summit organised by the United Nations.

Warning that information technology was dangerously poised to become a powerful force of exclusion, Jamaican Prime Minister, Percival J. Patterson, said that the digital revolution should be exploited for human development.

World leaders are calling for the creation of a global knowledge-based economy, with effective and meaningful collaboration among all the stakeholders. *(BL, 16.09.00)*

Internet Access Rules

European Union governments agreed to open access to the last mile of telephone lines into people's home by the beginning of next year. This move should accelerate high-speed Internet access across Europe.

The European Commission would not release copies of the agreement, claiming that the final wording was not fully agreed. However, Erkki Liikanen, telecom commissioner, emphasised that all telecom ministers had agreed to meet the January 1 deadline.

"EU governments have agreed a regulatory framework that will make European Internet access as competitive as the US and Asian, allowing Europe to become a fertile breeding ground for e-commerce. The major bottlenecks have finally been removed," he added.

However, EU officials admitted that the deadline could be extended if there are technical problems during unbundling. It was left to the national regulators to settle disputes over whether these problems were legitimate. *(FT, 04.10.00)*

Face up to New Regulations

Chinese dotcom entrepreneurs put on a brave face over the impact that sweeping new censorship and ownership rules will have on their businesses. But, some foreign venture capitalists acknowledged a heightened level of risk.

Since there are no laws allowing foreign investment in Internet companies, industry consultants said foreign ownership was, at best, a grey area and, at worst, forbidden.

But, no matter how strictly the Ministry of Information Industry decides to enforce the new ownership restrictions, the rules on content and censorship are almost sure to cramp the future development of the Internet. *(FT, 04.10.00)*

E-food Venture

Four of Europe's largest firms are planning to challenge the threat of US domination of business-to-business food supply over the Net. Food groups Nestle, Danone, households chemicals firm Henkel and software maker SAP have invested $26mn in CPGmarket.com.

They are approaching European corporate investors for a placing of shares in the venture, which is due to go online. The four founder members are trying to prevent US rival Transora.com from dominating the world market in B2B shopping for ingredients.

Fifty of the world's top food-making firms have invested $250mn in Transora.com, which has also opened a European division. "If Europeans do not want the Internet to be dominated by US companies, they should join the exchange," said Yves Barbieux of CPGmarket.com.

"There has to be a competitor to Transora.com or else it will be able to set Internet standards for all European consumer companies and charge whatever it likes," he added. *(BL, 13.09.00)*

Facing Credit Card Hurdles

Internet firms operating in Latin America's cyberspace and seeking to multiply their online sales, lobby the region's few credit card holders to pay up fearlessly with their plastic.

"It's safer buying over the Internet than giving your card number over the phone or to a waiter in a restaurant," said Vanessa Kolodziej, president of Buenos Aires-based Comunia online shopping site.

Still, Latin Americans, who have little experience with catalogue or telephone shopping, are wary of buying online and potential fraud problems, the Gartner Group Consultancy said.

And, statistics for the US market show that those fears are not entirely unwarranted. Credit card frauds plague more than one percent of all US virtual transactions on the Web, a rate at least ten times greater than in the physical world. *(FE, 20.09.00)*

Embracing Print Roots

A year ago, traditional media companies were rushing to create an online presence. But, in recent months, several online publications have decided to go to the opposite route and get some print exposure.

Wink, which bills itself as a multicultural fashion magazine, launched online about four months ago and recently came out with its first print publication. Similarly, Space.com recently published a printed bi-monthly magazine, Space Illustrated.

"The online world is realising that there is a lot of power in the old brick and mortar stuff that we had thought had become of minimal significance," said an analyst at Jupiter Communications. *(ET, 13.09.00)*

Challenge to EU Plan

Plans to create a single European market in online financial services would face a challenge from a proposal to extend the marketing of investment funds. E-commerce legislation allows a company that complies with the regulations in its home country to market its services or products electronically throughout the European Union.

But, Belgium has tabled a proposal to be discussed by a special EU working group that would exempt investment funds from the e-commerce directive.

It wants individual countries to be able to impose their own requirements on investment funds for sale in their country. "This is a deliberate attempt to undermine the e-commerce directive and nationalise the market for financial services," said Mike Pullen, e-commerce partner at DLA law firm in Brussels, Belgium. *(FT, 09.10.00)*

Fears over Computer Security

Computer security is dangerously lax at several big US government departments and agencies, putting vital data at serious risk of abuse, government auditors said. The General Accounting Office cited 24 departments, including defence and treasury, for serious weaknesses in controls on access to their computer systems.

The security flaws put a "broad array of federal operations and assets at risk of fraud, misuse and disruption," the report said. "There is a greater likelihood that information attacks will threaten vital national interests."

It also stated that the situation had become more serious as government has automated more functions and become more dependent on computer networks. *(FT, 12.09.00)*

Lessons from the African Veldt

When day breaks over the African veldt, the drums spread the message: run for your today, run for your morrow. And, Ingram Micro India Ltd. (IMIL), the California-based world leader of wholesale technology products and services took a cue from the drumbeats.

"The entire IT scene is witnessing a change at a crazy speed. That change is being fuelled by the Internet. There is no scope for complacency, no matter who you are," said N. Y. Prasad, chief operating officer of IMIL.


The Economic Times

Distribution business on a global basis is, therefore, also undergoing a rapid change as convergence of various technologies, cross integration and divergence of products make it necessary every day to be constantly on the toes.

The IT industry, Prasad said, was currently riding over the third inflexion point in its short history. "The first was when the personal computer came and invaded homes, the second was when Windows hit the screens and the third now is the Internet which will see changes galore happening in the industry," he added.

The wake-up call was clear. And, representatives from a wide cross-section of the industry agreed that it was necessary to sit up to meet the fresh challenges that keep on coming every day. *(ET, 20.08.00)*

Call for Greener Trade Policies

Executive director of the United Nations Environment Programme, Klaus Toepfer called the need for reconciling environment and trade policies as one of the important challenges facing policy makers today.

"To better understand how to minimise negative impacts, we need to assess how liberalised trade affects the environment," he said. "UNEP is therefore adapting its environmental impact assessment methodologies to address the effects of liberalisation and other trade related policies at the local and country levels."

The assessment studies conducted by the UNEP have involved multi-stakeholder participation and are guided by national steering committees comprising government officials, the private sectors and NGOs.

In a related development, a top policy adviser of the US vice president has proposed creating an international environmental organisation patterned after the World Trade Organisation to negotiate and enforce multilateral agreements addressing environmental problems.

WB Fund to Save Biodiversity

The World Bank launched a biodiversity conservation fund that will channel $150mn to grassroots organisations working in some of the world's most threatened regions.

The fund will focus on 25 'hotspots' that are exceptionally rich in plant and animal life. It has been set up jointly with the Conservation International and the Global Environmental Facility.

"The biggest problem for biodiversity is poverty," said Bank president James Wolfensohn. "We are trying to find ways to help indigenous people to maintain the ecological balance and have some of the economic pressures removed from them." *(FT, 23.08.00)*

Research on Alternative Fuels

For more than 40 years, Ford, General Motors and others have been researching on new engine technologies. The motor manufacturers have spent billions of dollars experimenting with cars and trucks powered by gas, batteries and hydrogen fuel cells.

So far, however, the inroads made by alternative fuels have been strictly limited. One reason remains price. The availability of alternative fuels has failed to wean motorists away from petrol and diesel.

As long as petrol remains cheaper than water in the world's largest car market (the US), there will be little incentive to adopt more environment friendly fuels. Last year, the ten most fuel-efficient vehicles in the US accounted for just 0.1 percent of new car sales. *(FT, 14.09.00)*

Spread Environmental Message

Civil society as represented by organisations such as the World Conservation Union (IUCN) has a vital role to play in saving the global environment. This was stated by Klaus Toepfer, UNEP's executive director.

"I am convinced that the role of civil society is not to act as the loyal opposition but as a responsible partner with governments and with the United Nations," he said while addressing IUCN's Congress in Amman, Jordan.

Civil society has an essential role to play within the UNEP-linked conventions. The 1973 Convention on International Trade in Endangered Species, the 1979 Convention on Migratory Species and the 1992 Convention on Biological Diversity all strongly depend on civil society and active NGO participation for their effectiveness.

Suffering in Soviet Bloc

The World Bank has warned of growing environmental damages in eastern Europe and central Asia.

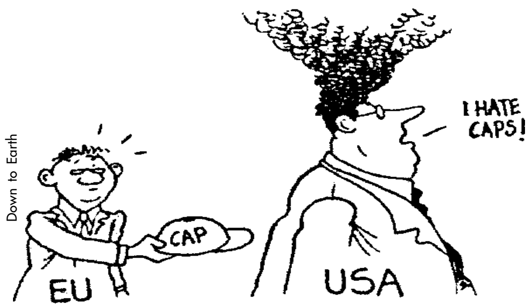
While the demise of many communist-era industries has meant an improvement in air pollution, air quality has suffered in urban areas as a result of rapidly growing vehicle use, the Bank said. It also drew attention to increased natural resource exploitation as a source of export revenues and government income.

Although no countries were named by the Bank, environmentalists have blamed unsustainable logging in Romania and Ukraine for increased flooding in the Carpathian Basin.

The collapse of a dam at a gold mine in Romania in February 2000 released thousands of cyanide waste into the Tisza and Danube rivers, killing fish and other wildlife, mostly in Hungary. *(FT, 16.09.00)*

Clash on Kyoto Accord

The US and the European Union are in clash over the rules for cutting greenhouse gas emissions agreed as part of the 1997 Kyoto Protocol on climate change. The US said the protocol must recognise that forests and agricultural land were a vast sink for absorbing carbon dioxide.



The US has agreed in principle to cut its carbon emissions by seven percent from 1990 levels by 2012 at the latest. With a booming US economy boosting emissions at a faster rate than expected that target will require at least a 30 percent reduction in overall emission levels.

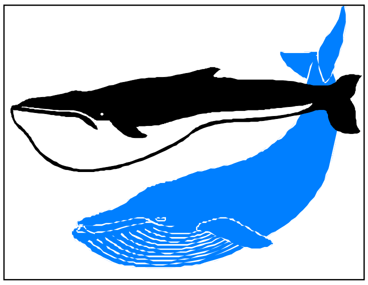
The US is therefore proposing a system that would credit countries for their land management practices. It estimates its forests and agricultural land are removing about 310mn metric tons of carbon equivalent from the atmosphere annually.

The EU sees the US scheme largely a ploy to avoid difficult decisions such as imposing a carbon tax. Scientific uncertainty as to whether trees and soil can in fact off-set industrial emissions, the EU says, means land management should not be given the same status as emissions reductions. *(FT, 03.08.00)*

Conflict over Whale Fishing

The US said that Japan's expansion of its whale hunt was undermining international efforts to protect endangered whale species. The US administration also said Japanese fishing fleets would be denied rights to fish in US waters. The US is preparing for the first time in a decade to allow foreign fleets to catch fish in US waters.

The new measures intend to increase pressure on Japan to reconsider its whale hunt. It was expanded this year to include sperm and Bryde's whales, species protected under US law.



Japan has threatened to take US to the World Trade Organisation if trade sanctions are used. The US officials said they are looking at measures that would be legal under the WTO.

One option would be to test a range of Japanese imports, such as perfumes, to see if they contain whale oil. This is illegal under an international convention to protect endangered species.

In a related development, Iceland is planning to apply to rejoin the International Whaling Commission, ten years after the country withdrew. But it has delayed moves to resume commercial whaling. *(FT, 14.09.00, 07.09.00)*

Increase in Wastes and Pollutants

A report by the World Resources Institute (WRI) reveals that the total output of wastes and pollutants in Austria, Germany, Japan, the Netherlands, and the USA has increased by as much as 28 percent since 1975 despite their increasing efficiency in using natural resources.

The report also reveals that from one-half to three-quarters of the annual resource inputs used in these five countries are returned to the environment as wastes within one year.

"The resource efficiency gains brought about by the rise of e-commerce and the shift from heavy industries towards knowledge and service-based industries have been more than offset by the tremendous scale of economic growth and consumer choices that favour energy and material-intensive lifestyles," said Emily Matthews of WRI.

She added that by its very nature, economic growth poses a fundamental challenge to the environment's capacity to provide sufficient resources and absorb wastes without serious degradation.

New Approach to Fight

A landmark assessment called for a new approach to managing ecosystems in order to stem the widespread decline of the processes that sustain life on earth.

The report, World Resources 2000-2001: People and Ecosystems, The Fraying Web of Life, was released by the United Nations Environment Programme, UN Development Programme, the World Bank and the World resources Institute.

It examines coastal, forest, grassland, and freshwater and agricultural ecosystems. It grades their health on the basis of their ability to produce the goods and services that the world currently relies on.

The scorecards and statistics paint a dismal picture of over-fished oceans, over-pumping of water for farming, destruction of coral reefs and forests. The report identifies human population growth and increasing consumption as the two principal drivers of the decline of the world's ecosystems.

Protests over Forest Loans

In May 2000, Russian president Vladimir Putin abolished the country's Federal Forest Service and State Committee on Environmental Protection. With this move, Russia's system of independent government environmental enforcement was effectively halted.

Despite this, the World Bank approved $60mn loan to the abolished forest service. Then in September it announced the approval of $200mn in loan guarantees to Russia's coal and forestry sectors.

In July, more than 60 Russian environmentalists sent a letter of protest to the World Bank president James Wolfensohn. But he said: "We [the Bank] are prepared to make a loan, but pay only, when [Russia has] re-established conditions under which the environmental conditions can be monitored and supervised and supported." Environmentalists are however, sceptical.

New Directions...

Environmental information managers, policy advisors and environmental lawyers met in Dublin, Ireland to set new directions for delivering timely and reliable environmental information to decision makers and the public at large.

Opening the conference, Irish environment minister, Noel Dempsey said: "Environmental information is an essential tool to assist in bringing about the changes in lifestyle necessary to achieve a more sustainable society in the 21st century. Finding the best means of communicating the right information is a global challenge."

The conference adopted the Dublin Declaration on Access to Environmental Information which calls on countries to enhance networking and coordinating mechanisms.

It also called for the formation of consortia of key environmental information suppliers from both the governmental, non-governmental and private sectors to achieve a sustainable interactive information system as well as improving international cooperation.

Community Monitoring to Fight

In a bid to tighten the noose around erring industries, the World Bank has recommended a unique alternative of community monitoring and community penalisation.

The new approach calls for public information disclosure of erring companies to enable consumers, bankers and stockholders to consider the company's environmental adherence record before going in for their products.

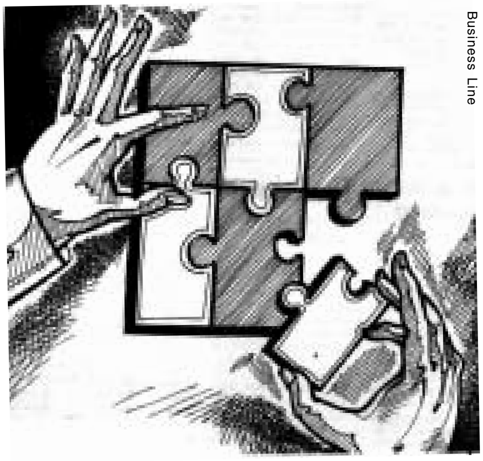
The Bank has pointed out that in some countries the local community representatives have gone as far as negotiating with the government regulators and factory managers and made them agree on acceptable pollution charges for erring. *(FE, 16.09.00)*

TRIPs: Impacts on Human Rights

A United Nations sub-commission called on the secretary general and the high commissioner for human rights to analyse the impact of the Agreement on Trade-related Aspects on Intellectual Property Rights on human rights.

The sub-commission criticised TRIPs obligations as, at times, being in conflict with human rights since they relate to health, food and the benefits of scientific progress.

The sub-commission for the protection and promotion of human rights said: "There are apparent conflicts between the intellectual property rights regimes embodied in the TRIPs Agreement, on one hand and international human rights law, on the other."


Business Line

The sub-commission called on the WTO in its review of TRIPs to look at the human rights element of intellectual property rights.

Non-governmental human rights groups applauded the resolution, saying that the TRIPs Agreement has been skewed towards the economic concerns of intellectual property owners and away from the public interest.

They said this move shows that the UN is becoming more aggressive in its approach to the WTO. "It shows that the human rights machinery is saying that it will no longer be on the sidelines," one human rights group said.

New Role for Coconut Water

A technique that would allow manufacturers to purify coconut water and market it as a high-energy sports drink has been patented by the United Nations Food and Agricultural Organisation (FAO). This was the first ever issued to a UN agency.

It covers microfiltration technology, which tackles the problem that has always reined in commercialisation of coconut water. The fact was that it starts losing nutrients and fermenting as soon as it is exposed to air.

Heat treatment cannot be used as it destroys the drink's flavour. The FAO said its aim in applying for the British patent was to prevent big drinks companies from fencing off the technology. *(FT, 15.09.00)*

Veto over Patent Bill

Guatemalan president Alfonso Portillo has backed businesses and the international community over his own party by vetoing an intellectual property bill criticised as too weak.

The bill, originally drafted to bring Guatemalan law into line with its treaty commitments, has been amended so heavily by Congress that it was toothless, critics said.

"The president took a very courageous decision," said Scott Robberson, executive director of the American Chamber of Commerce in Guatemala. He said the new law would have made it prohibitively expensive to pursue counterfeit manufacturing.

Street vendors had marched to protest against stronger measures and lobbied hard for the bill. Portillo must still persuade the Front to pass a stronger bill to avert punitive measures by the WTO and the US. *(FT, 08.08.00)*

Online Protection of Copyrights

Almost three out of four film and television producers believe copyrights can be protected on the Internet, despite concerns about piracy. This was revealed in a survey conducted by the Red Herring and the Hollywood Reporter.

Copyright protection is a major issue for the entertainment industry. The survey found that producers directly involved in online production, who made 20 percent of respondents, are more optimistic about copyright protection, with 82 percent saying online copyrights can be protected.

In another development, leading Dutch newspapers failed to prevent an online news service from providing direct links to articles on newspaper web sites. It was based on a ruling that helps to define the limits of Internet copyright. *(ET, 02.08.00; FT, 23.08.00)*

WTO Rejects Canada's Appeal

The World Trade Organisation (WTO) denied an appeal by the Canadian government on drug patent protection. The WTO ruled that Canadian patent laws are in violation of international trade rules.

This ruling required the Canadian government to provide 20 years of patent protection to more than 100,000 patented products, which span the full spectrum of industries.

"The path is now clear for the Canadian government to comply with its WTO obligations," said Jeffrey Hatfield, president of Bristol-Myers Squibb Pharmaceutical Group.

"Protecting intellectual property is an issue that is not going to go away, and there is a need for the Canadian government to act now. We congratulate the WTO on its decision," he added.

The Canadian government appealed the WTO ruling arguing that TRIPs was not retroactive and should not apply to patents issued before the agreement came into effect in 1995.

Protest over Generic Drugs

Glaxo Wellcome Plc has filed a lawsuit against US generic drug-maker Impax Labs Inc, challenging its plans to sell generic versions of two Glaxo drugs. Impax won approval from the US Federal Drug Authority for abbreviated new drug applications for the two medicines.

Glaxo claims Impax is infringing its patents with its plan to sell cut-price generic version of the products.

In another development, Bristol-Myers Squibb has been thrown a lifeline in the patent dispute over its blockbuster cancer drug Taxol and may have upto 30 months extra protection from generic competition. *(ET, 11.10.00; FT, 16.08.00)*

AIDS: Contaminated Vaccine?

AIDS, the worst health disaster of the 20th century, may have been caused by a contaminated polio vaccine given to African children.

Scientists in London claimed that the virus made its disastrous leap from monkeys to humans via an experimental live polio vaccine given to more than 1mn children in the 1950s. In those days live vaccines were routinely prepared using monkey's kidney tissue.

This contrasts with the generally accepted, though still unproven, view that HIV jumped species as a result of monkey bite or a hunter being contaminated through preparing or eating monkey flesh.

However, Hilary Koprowski said there was no evidence that an oral polio vaccine bearing his name was the vehicle by which HIV had skipped from chimpanzees to humans. It was unfortunate that just as polio was on the verge of eradication, polio vaccines should be questioned, he said.

Koprowski's case appeared to be bolstered when results of DNA tests of remaining samples of the CHAT vaccine were disclosed. Seven tiny samples, stored in orange-stoppered bottles in Philadelphia for 40 years, were independently tested. *(FT, 11.09.00, 12.09.00)*

Global Warming and Malaria

Global warming probably would not cause a significant spread of malaria to currently unaffected parts of the world. This was suggested by new research by scientists in Oxford University, UK.

They created a computer model that considered the impact of an expected three to five degree celsius rise in temperature by 2050 – an increase that has led others to predict a heightened prevalence of malaria parasites and the mosquitoes that spread them.

Unlike previous models, the current one includes two other factors crucial to the parasite's survival: rainfall and vapor pressure. Malaria cases will increase by less than one percent in the next 50 years, the team concludes.

"We may still become victims of crop failures, freshwater shortages, forest diebacks, a rise in sea level and all the rest, but if the findings of this latest work are correct we should at least be spared an increased burden of malaria," wrote two US public health experts. *(ToI, 12.09.00)*

Unsafe Health Sites

Clicksure, the international web site certification company, said that 70 percent of Europe's top healthcare companies keep users' personal information in a potentially insecure environment and were in danger of being hacked into.

The results of the survey will strike a chord with consumers afraid to release confidential or personal information into the virtual world.

The company said that 77 percent of these companies gave consumers no rights to withdraw or withhold their consent for any disclosure or use of their personal information.

"This report should act as a warning to companies to tighten up on information security or face a loss of confidence among their consumers," said Phil Hendey, chief marketing officer of Clicksure. *(BL, 16.09.00)*

Vaccine Fund Makes Grants

The global fund for children's vaccines, set up earlier this year, has made initial grants of $150mn in vaccines and funding for immunisation programmes in 13 poor nations. This move could save more than 100,000 lives annually.

The qualifying countries include Cambodia, Kyrgyzstan, Mozambique and Rwanda. It will enable them to immunise 4mn children against hepatitis B by the end of 2001 and protect 600,000 children who would otherwise not have received any vaccinations.

The $950mn global fund, based on a $750mn donation from the Gates Foundation, aims to boost vaccination programmes in 74 poor nations with per capita income of less than $1,000 a year.

According to the Global Alliance for vaccines and Immunisation, some 30mn children around the world are not fully vaccinated and 3mn children die each year for lack of immunisation. *(FT, 21.09.00)*

End to Moratorium on GM Products?

The European Commission is moving to end its unofficial moratorium on genetically modified foods. It indicated that they believe the time has come to accept that GM foods do not pose a serious threat to public health.

In exchange for expediting authorisations for GM products, the Commission wants tighter controls governing the labelling and traceability of of GM crops in place. The fast-track authorisation mechanism would be in place as soon as agreement is reached by EU (European Union) governments and the European parliament.

The proposals have met with criticisms by opponents of GM products. Greenpeace accused the EU of preparing the fast-tracking to benefit major multinationals.

Irish Green Party member of the European Parliament Patricia McKenna said rushing through the legislation was an insult to European consumers who have legitimate concerns about GM products.

She said the Commission was abandoning its cautionary stance of 'when in doubt leave it out'. However, David Byrne, European commissioner for health and consumer protection said the objective was to promote a balanced approach to biotechnology while assuring the 'highest protection of public health'.

The Commission has made the move to lift the moratorium because it fears that biotech companies could win a legal challenge against the ban. The Commission is also concerned that the EU will lose to the US if product development is shifted.

The Observer

Concern over Branding Changes

Moves by the European Union to ban the words 'mild' and 'light' from tobacco packages has raised concern in Japan about the impact on export of Japan Tobacco's most successful brand Mild Seven and Mild Seven Light.

The ban, which is being proposed by the EU's insurance ministers' group, still needs the approval of the European Parliament. The proposal foresees the implementation of the new rules to be in January 2002.

The Japanese government, which owns 66.7 percent of Japan Tobacco, has refrained from making public statements about the EU moves. However, Japanese officials have privately indicated that the ban is likely to violate World Trade Organisation rules.

Under the WTO rules, no prohibitions other than duties, taxes or charges, are supposed to be applied to imports. *(FT, 05.09.00)*

Tobacco Control Treaty

The WHO has received more than 400 submissions and testimonies from interested parties in relation to its Framework Convention on Tobacco Control (FCTC). The parties include growers, transnational corporations, and NGOs, with material interests in the FCTC process.

The FCTC initiative of the WHO has been termed as the first ever public health movement that would address issues as diverse as tobacco advertising and promotion, agricultural diversification, smuggling, taxes and subsidies.

It would be an evidence-based treaty and strive to gradually attack the demand (for tobacco) and not eliminate crops.

With 80 percent of tobacco consumption in 2000 and an estimated 70 percent of tobacco-related deaths in 2020 expected to be in the developing countries, the FCTC could provide a preventive strategy. *(BL, 09.09.00)*

Free Trade Boosts Smoking

A United Nations-sponsored report has found that freer global trade has boosted smoking, especially in developing countries, by making the dangerous habit cheaper.

But the report, issued by the WHO and the World Bank, suggested that the fault lies more with governments than the open trading rules of the WTO or its predecessor, the General Agreement on Tariffs and Trade.

The report said, governments that argued that protecting their people's health justified trade restrictions had generally done little to limit consumption of domestically produced cigarettes. *(BL, 23.08.00)*

Is 'Big' Tobacco Responsible?

The Financial Times is impressed by the World Health Organisation's statistics and unimpressed by the tobacco industry's arguments ('Taxes Help to Kick the Habit' August 10, 2000).

First, you are mistaken in claiming that the tobacco is arguing that governments need take no action. On the contrary, national governments are closer to individual citizens and better placed than the WHO to balance the revenues and employment generated by tobacco.

Second, the WHO's proposals represent a developed world's obsession being foisted on the developing world, where health ministers face a constant battle against infectious diseases, rather than the phoney war of political correctness.

Would it really be in the public interest for even more of the world tobacco industry to fall into the hands of smugglers and counterfeiters?

Martin Broughton,Chairman,
British American Tobacco,
London, UK *(FT, 14.08.00)*

Martin Broughton, the chairman of British American Tobacco volunteers 'acknowledgement that we make a risky product'. This is wonderful understatement from an industry that has single-handedly killed thousands of its customers over recent decades.

The suggestion that it is morally permissible for this to happen because of tax revenue is simply grotesque. You cannot buy the lives and futures of human beings in this way.

David Hart,Harrogate, UK
(FT, 17.08.00)

Should Not Pass Through Unchanged

If the proposed new warning label 'Smoking Kills' on cigarette packets passes the European Parliament it will be a slap in the face for the 11,000 tobacco workers in Germany alone.

We are most concerned about the export clause in the proposal, which says products destined for countries outside the EU have to apply the same maximum tar and nicotine limits as those in the EU regardless of the foreign markets' demands.

This will deeply affect our competitiveness in the world export markets and may cost hundreds of jobs in Germany alone, may be even cause the regional closure of plants.

At the very least, the proposal should not pass through the European Parliament unchanged.

Karin Vladimirov, German Tobacco Workers Union
Hamburg, Germany *(FT, 13.06.00)*

My Heart Bleeds

My heart bleeds for the 11,000 German tobacco workers who would perhaps lose their jobs if the European Union health ministers approve the measure for cigarette manufacturers to carry the warning 'Smoking Kills'.

Dr. Vladimirov exhibits the typical disdain for the poor in the developing world by lamenting the scope of the bill to include exports as well.

The argument that this will help save their jobs is quite hollow, when the same trade union in another context is worried about the conditions of the poor workers in the South.

Pradeep S. Mehta, CUTS, India
(Letters to the Editor, FT, 02.07.00)

Talks Yield Investment Deals

The Indo-US commercial dialogue organised by the Federation of Indian Chamber of Commerce and Industry in Washington has resulted in investment agreements worth Rs.27,000 crore ($6bn).

A high-power group of US and Indian experts has also been mooted to look into the functioning of the debt, mutual fund and primary markets. It would recommend how the Indian markets could further be improved in the light of the US experience.

On the other hand, inflows of foreign direct investment (FDI) to India last year touched a low of $2,168mn, which is far below the peak of $3,577mn touched in 1997. However, the on-going liberalisation of FDI policies is expected to raise inflows in the years to come. *(FE, 16.09.00; BL, 04.10.00)*

Realistic but Stretched

McKinsey & Company has rolled out its 'Accelerator' programme in India to provide consultancy plus services to tap the new economy players, including the remote processing industry.

The programme brings together consultancy plus a network of resources which can be utilised by the new businesses in a post-incubation stage. McKinsey has already received an enthusiastic response to it, according to a senior official.

According to the company's principal, Marc Vollenweider, India's target of making IT-enabled services a $17bn industry by 2008 is realistic but stretched. This will be achievable only if all the positive indicators continued.

India needs to address the issue of privacy of content and data being generated from here. The credibility factor has to be built into the Indian IT processing system before the captive biggies could look at India seriously. *(FE, 20.09.00)*

Poverty and Child Prostitution

Despite economic growth and development in Rajasthan, child prostitution is increasing because of lack of education and poverty. This was revealed in a survey conducted by the Centre of Concern for Child Welfare.

According to Joseph Gathia, the director of the Centre, the incidence of child prostitution has been increasing due to closure of traditional industries in the state. Furthermore, sex tourism is also on the rise.

The state government has taken several measures to combat with the situation, but of little success due to socio-economic reasons. According to the report, unless proper rehabilitation scheme is adopted, child prostitution cannot be curbed.

Not to Seek Extension

India does not maintain any WTO-inconsistent trade-related investment measures (TRIMs) and is not therefore seeking a further extension of the transition period. This was said by commerce ministry officials.

Noting that some members were not in a position to implement the agreement even after the deadline of January 1, 2000, the WTO General Council decided to consider requests for an additional extension of the transition period.

Officials explain that India's auto policy is not a TRIM, nor has it been notified as a TRIM to the WTO. It is a measure taken under the BoP (balance of payments) cover and like all such measures, it is to go by March 31, 2001 when the process of removing quantitative restrictions on the remaining 715 tariff lines is completed.

The US, the European Union and Japan, however, have been interpreting India's auto policy as a WTO-inconsistent TRIM by raising the bogey of foreign exchange neutrality stipulation prescribed in the policy. *(FE, 08.09.00)*

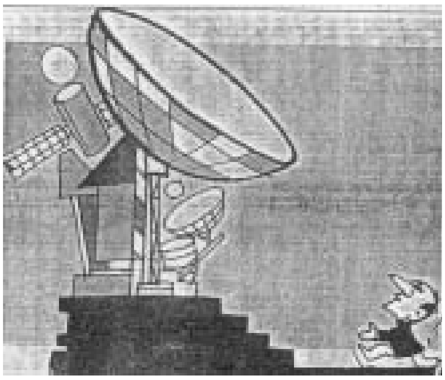
Poised for A New High

India's trade with sub-Saharan Africa has increased from $1bn in the 1990s to $7bn now, according to Omar Abdullah, minister of state for commerce and industry. He, however, noted that India had an overall trade deficit with Africa in 1999-00. India's exports to the region were $1.6bn, while its imports were $5.5bn.

He underlined the need to widen the commodity base as well as to include more African countries. India's trade with west and north African countries had started growing.

Currently, there are over 50 joint ventures and more than 25 wholly-owned Indian subsidiaries in Africa. The sectors include pharmaceuticals, textiles, information technology etc. *(FE, 25.08.00)*

Approach WTO on Trade Visa: NASSCOM


The Economic Times

The National Association of Software and Service Companies (NASSCOM) has asked the Indian government to take up the issue of granting trade visas for its information technology professionals during the next round of World Trade Organisation (WTO) talks.

The association now plans to do business with non-English speaking countries such as Japan, Germany and France.

NASSCOM said New Delhi would discuss the issue with the developed nations before taking this proposal to a multilateral forum. At present, IT professionals get their business visa under rigid immigration rules, and many Indian experts are denied visas because western officials fear that this would encourage mass immigration.

The association also urged the government to take up with the USA, the removal of various non-tariff measures imposed on India. These measures include the annual cap on H1-B visa, double payment of social security taxes and location issues in H-1B visas.

In 1999-00, India's exports of IT software and services to the US were to the tune of Rs.10,300 crore ($2.24bn). They are projected to increase to Rs.125,000 crore ($27.18bn) by the year 2007-08. *(BL, 30.09.00; BS, 22.08.00)*

Protests on Economic Policies

A number of organisations close to the *Bhartiya Janata Party* led National Democratic Alliance government has started protesting against its economic policies. One farmers organisation wants India to pull out from the World Trade Organisation.

Another organisation, *Swadeshi Jagaran Manch* wants the government to have a re-look on WTO agreements, while the *Rastriya Swayamsevak Sangh* will start a campaign against ill effects of globalisation.

According to the *Bhartiya Kisan Sangh* (Indian Farmers' Union), during the second stage of economic reforms, farmers are going to bear the maximum brunt. They warned against the import of food and food products.

To Offset QRs Removal

India will raise tariffs beyond the bound rates of customs duties to meet abnormal situations like a surge in imports causing serious injury to the domestic industry in the wake of removal of quantitative restrictions (QRs).

The commerce ministry is proposing to strengthen the functioning of the tariff commission in the industry ministry so that it can play the role of an independent expert body to advise the government on QR issues.

The bound rates are fixed at a certain level beyond which the customs duties cannot be raised under WTO rules. Thus, they are the ceilings on tariff rates.

The applied rates of duties are lower than the bound rates. This gives the government sufficient cushion to raise the applied rates up to the bound rates in order to protect the domestic industry.

The government also has other weapons in its armoury, including imposition of QRs temporarily when there is a surge in imports. A bill to amend the Foreign Trade (Regulation) Act – an enabling provision – is under consideration in the Parliament for this purpose. *(FE, 10.09.00)*

India-US Cooperation

India and the US will work out an arrangement to suspend the collection and recovery of tax on reciprocal basis pending finalisation of double taxation agreement. The two countries also agreed to step up cooperation in information technology, bio-technology and civil aviation to attract more private investment.

The two governments agreed to bridge the digital divide, both within and between countries, so that the benefits of information technology could advance the economic and social development of all citizens, rich and poor.

They also stressed on the need to expand bilateral civil aviation ties. This is seen in the context of India's decision to privatise Air India and Indian Airlines and developing five international airports. Furthermore, expansion of flights between two countries will give consumers more choices and make fares competitive. *(FE, 17.09.00)*

Economy Keeps Blooming: UNCTAD

The United Nations Conference on Trade and Development painted a rosy picture for the Indian economy saying the growth momentum will continue this financial year after posing a close seven percent growth in 1999.

The acceleration in growth in India is accounted for by industry and services, where faster growth more than offset the sharp slowdown in agriculture. In 1999, the growth of this sector was less than one percent, a sharp fall from 7.2 percent in the previous year.

However, fiscal imbalances will continue to be a cause for concern in India. Secondly, poor agricultural growth was mainly due to erratic monsoon in some areas. *(ET, 20.09.00)*

India-Philippines in Trade Ties

India has initiated necessary action for exchange of instruments of ratification so that the bilateral investment protection and promotion agreement with the Philippines is put into effect immediately.

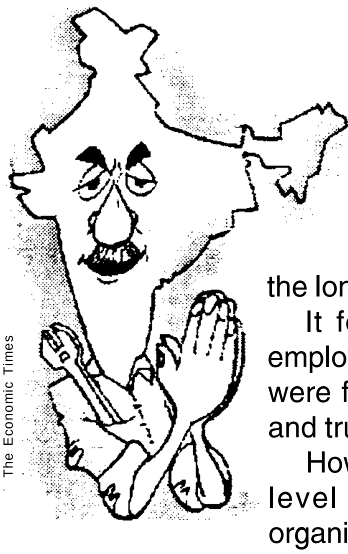
According to Prabir Sengupta, commerce secretary, the signing of the agreement was an acknowledgement of the fact that both sides realised the importance of investing in each other's country.

The cooperation between the two countries in drugs and pharmaceuticals and chemicals and petrochemicals sectors would be of immense benefit to both. India was also keen to enter into any kind of mutual collaboration in the field of information technology.

Bilateral trade between India and the Philippines registered a growth of 28.33 percent last year with India's exports going up by 21 percent at \$143.68mn and imports at \$56.60mn. *(BL, 22.09.00)*

Tenth in Employee Loyalty

India figures in the top ten countries globally where employees are loyal and grateful for their jobs. The 2000 Global Employee Relationship Report was prepared by a US-based research organisation.



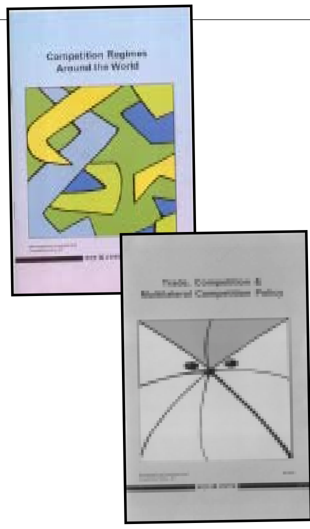
The Economic Times

The study indicated consistent trends on work-related behaviour and factors influencing employee commitment and areas that needed attention. Just half of all employees felt that their organisation was interested in developing people for the long-run, not just their current job.

It found that the three major areas employees felt employers should address were fairness at work, care and concern and trust for employees.

However, the study also revealed a low level of commitment in business organisations and a dwindling level of faith in organisation's ethics and leaders. *(ET, 21.09.00)*

Monographs on Investment and Competition Policy



Competition Regimes Around the World

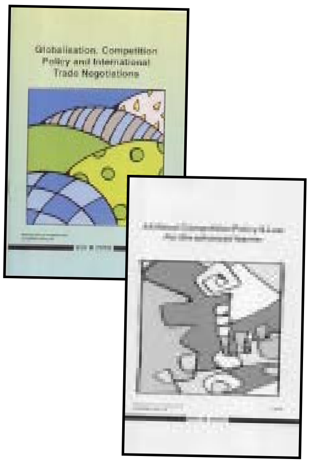
In this paper, an attempt has been made to compile, briefly, the current state of competition law in some select countries on which information is readily available. The paper steers clear of any value judgements on the design and implementation of competition law in the countries covered therein.

(42pp #2002, Rs.20/$5).

Trade, Competition & Multilateral Competition Policy

This monograph clarifies the areas of interaction between trade and competition through case studies and shows such interactions are on the rise. It also highlights efforts being made for a multilateral competition policy after the Second World War in the form of Havana Charter. Most importantly, the paper brings forward the debate vis-à-vis multilateral competition policy that is currently taking place at various policy fora.

(36pp #0005, Rs.20/$5).



Globalisation, Competition Policy and International Trade Negotiations

This paper maps out the issues concerning multilateral competition policy from a southern perspective. It concludes that there is a need for a realistic assessment of the extent to which developing countries would be able to control MNCs under the disciplines of competition law.

(32pp #2003, Rs.20/$5).

All About Competition Policy & Law

This monograph, meant for the advanced learner, deals with various elements of competition law and policy in a comprehensive manner. It describes various restrictive business practices (RBPs) in the market place. It further draws out interface of competition policy with economic development and foreign investment. Finally, it describes the genesis of competition law/policy and the direction it is moving in.

(70pp #0006, Rs.20/$5).

Briefing Papers

Competition Policy in a Globalising and Liberalising World Economy

No. 4/1996

This Briefing Paper demystifies various aspects of competition policy, including its coverage, evolution and causes of spread. It further discusses the international challenge to domestic law and throws some light on the feasibility of an international competition rule.

Competition Regime in India: What is required?

No. 5/2000

This Briefing Paper, at the outset, argues for the repeal of the existing Competition Law of India, as it is not suited to the changed economic scenario. It discusses the various dimensions which the new competition policy and law should address. It endeavours to find out broadly as to what elements should be considered to shape the new competition regime for India that could be suitable for an open and liberalised economy in the long run. Furthermore, it also suggests an institutional structure that would ensure fair regulation of competition in a country as diverse as India.

Globalisation: Enhancing competition or creating monopolies?

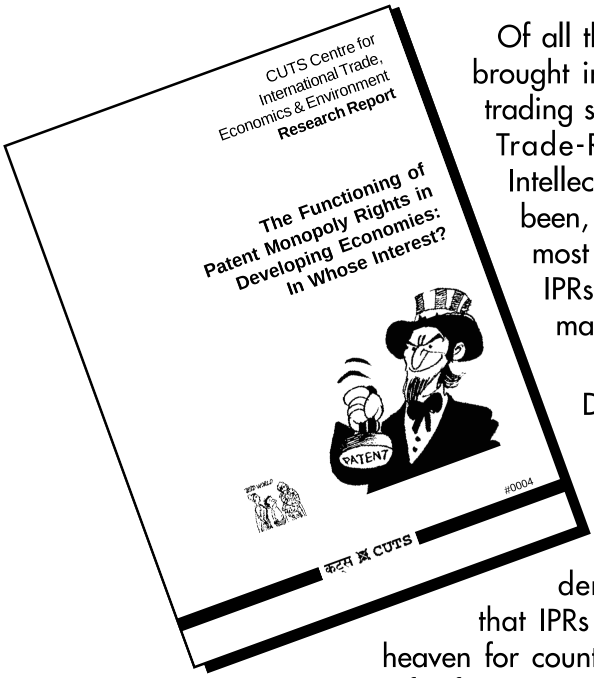
No. 8/2000

This Briefing Paper argues for a multilateral arrangement and tries to do away with misconceptions with respect to the same. It further throws light on development dimension of such arrangement and how to incorporate such dimension to make it an equitable system. The paper argues that there is urgency for such arrangement. In conclusion, it highlights the UNCTAD's contribution towards the whole exercise.

Trade, Competition & Multilateral Competition Policy

No. 9/2000

As the title suggests, this paper clarifies the areas of interaction between trade and competition through case studies. It further points out the provisions in various agreements of the WTO acquis, which have elements of competition. Most importantly, the paper brings forward the debate vis-a-vis multilateral competition policy that is currently taking place at various fora. It analytically points out the hindrances in such a policy and highlights the need for a multilateral competition policy with the advice that the agenda must come from the South.



Of all the issues that have been brought into the post-1995 world trading system, the agreement on Trade-Related Aspects of Intellectual Property Rights has been, and continues to be, the most controversial one. Of the IPRs, the spotlight is on the matter of patents.

In this paper, the writer, Dr. Taimoon S. Stewart of the University of West Indies, St. Augustine, Republic of Trinidad and Tobago, demolishes all arguments that IPRs can bring manna from heaven for countries, who are otherwise unattractive for foreign investors.

The paper recalls that central experience as it attempts to discern whether there are similarities in emerging trends in the utilisation of the patent system in developing countries currently.

The first section outlines the structural changes in the world economy that gave impulse to the demand by industrialised countries for stronger intellectual property protection at an international level, and the strategies that were adopted to achieve this end.

The paper then focuses on structural trends in the world economy in the areas which official wisdom have identified as the conduits through which the supposed benefits to be derived from a strong patent regime would flow to developing countries: trade, investment and technology transfer.

The question of what benefits can be expected for developing countries underpins the discussion, and the control of negative impacts is linked to competition policy. Finally, conclusions and policy considerations are drawn.

It found that developing countries need to identify specific areas of technologies, linked to specific sectors, where they may have capability or can create the enabling receptive environment and be able to integrate into the technological cycle before obsolescence sets in.

Furthermore, the paper recommends that developing countries must put in place the necessary pre-requisites to evaluate the effects of the patent system in the coming years.

There are serious inadequacies and flaws in the data collection for the purposes of economic evaluation, not least among them being the fact that resident foreign firms are counted under domestic registrations.

Our Latest Release

... congratulate CUTS... value of putting out such a good piece. It is most relevant and timely. I would be interested in BRIDGES featuring an identical or modified version of your concluding section.

Ricardo Melendez, Editor
BRIDGES
Geneva

... a must for those working for protecting the interests of developing countries.

Ratnakar Adhikari
General Secretary, SAWTEE
Kathmandu, Nepal

... It has successfully exposed the myth that IPRs can do any good for the developing countries by bringing in more foreign investment. More importantly, it is against the interest of the consumers world wide and serves the interest of only a few TNCs, all from the developed countries.

Sergio Bissio Albera
Buenos Aires, Argentina

The paper is a must read for those who are working on patent issues.
Congratulations for this timely publication.
It will serve as a basic document for much needed advocacy on effects of the TRIPs Agreement on developing countries.

Nancy Kachingwe
MWENGO
Harare, Zimbabwe

SOURCES

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