

Next round of global trade talks begins in November

# US attaches top priority to reducing farm tariffs

ST LOUIS, May 25: A top US priority for the next round of world trade talks will be reducing agricultural import tariffs that average more than 50 per cent around the world, US Agriculture Secretary Dan Glickman said yesterday. reports Reuters.

In a speech to the World Agricultural Forum, Glickman said the United States would use the upcoming talks to push for a "rules-based world trading system... where food and fiber are passed freely across continents and borders."

But Glickman acknowledged that the ambitious US agenda could face considerable opposition.

"There are many powerful voices around the world that see agricultural trade not as a win-win situation, but a zero sum gain: the exporter wins and the importer loses," he said.

In the last round of world trade talks, countries agreed to replace quotas and other import barriers with tariffs.

That was viewed as a major

step toward freer trade because tariffs are theoretically less restrictive than quotas, which limit imports to a specific amount.

Tariffs are also considered more "transparent" than some other trade barriers, making it easier for traders to judge whether it's possible to make sales to a particular market.

Even so, many agricultural tariffs are so high that they effectively block all imports.

While the United States has relatively low agricultural import tariffs, the world average is about 50 per cent, compared to about four per cent for industrial goods.

Agriculture and trade ministers from the more than 130 member nations of the World Trade Organisation will meet in November to begin a new round of talks on farm, services and other trade sectors.

In addition to cutting tariffs, another top US priority for those negotiations is the elimination of agricultural export subsidies, Glickman said.

Such subsidies not only distort trade, but they can be particularly damaging to developing nations by making it more difficult for them to compete in world markets, he said.

US trade negotiators have set a goal of completing the upcoming trade talks in three years. The last round began in Uruguay in 1986 and was finally completed in 1995.

Despite the ambitious US timetable, Glickman said the next round of talks could be difficult because of currently weak commodity prices that heighten protectionism behind invalidated, secretive studies," Glickman said.

The so-called SPS agreement was a hallmark of the Uruguay Round trade pact by imposing scientific disciplines on measures to protect human, animal and plant life and health from foreign pests, diseases and contaminants.

The agreement has been key to US efforts to force the European Union to open its market to beef from cattle treated with artificial growth hormones. The EU has banned such beef since 1989, despite decades of scientific testing that shows the beef is safe.

The United States also supports expanding — and eventually eliminating — tariff rate quotas, which are used by some countries to restrict market access, Glickman said.

"And we must ensure the continued effectiveness of the rules covering sanitary and phytosanitary (SPS) measures so that science prevails and nations cannot mask protectionism behind invalidated, secretive studies," Glickman said.

Also, emerging biotechnology issues like establishing trading rules for genetically-modified crops will probably be harder to negotiate than traditional farm trade agenda items like reducing tariffs or export subsidies, he said.

Another US goal for the upcoming talks is imposing new disciplines on state-trading enterprise, such as the Canadian Wheat Board and the New Zealand Dairy Board.

## China's state industrial firm profits up 7.1 pc

BEIJING, May 25: China's profitable state industrial firms posted profits of \$2.8 billion yuan (\$3.96 billion) in the first quarter of 1999, up 7.1 per cent year-on-year, the Economic Daily reported today, says Reuters.

The state industrial firms include industrial firms wholly owned by the state and those in which the state has a majority stake.

Combined losses by loss-making state industrial firms reached 31.65 billion yuan in the three months, down 12.9 per cent, the newspaper quoted the State Economic and Trade Commission as saying.

This means state industry posted a small net profit in the first quarter, the newspaper said.

But state firms were still facing a "very arduous task" in turning profitable this year despite the improvement in the first quarter, the newspaper said.

Some 25,260 state industrial firm made losses in the first two months, accounting for 45.7 per cent of the total, the newspaper said.

Profits of profitable large- and medium-sized state industrial firms were 28 billion yuan in the first quarter of this year, up 4.8 per cent year-on-year, it said.

JAKARTA, May 25: Indonesia's textile industry expects a 15 per cent rise in exports to 3.43 billion dollars in the first half of the year, with a rush of orders ahead of the June 7 national elections, a report said today, reports AFP.

The forecast by the Indonesian Textile Association compared to exports of 2.98 billion dollars in the January-June period last year, the Jakarta Post daily said.

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## Emerging markets record worst year in 98: IFC

WASHINGTON, May 25: Emerging markets, once the darlings of the daring investor, recorded their worst ever year in 1998 and share prices fell in 24 of the 31 countries making up a key investors' index, the World Bank's private sector wing said yesterday, reports Reuters.

The International Finance Corporation, which publishes a series of closely watched indices for emerging markets' stocks and shares, said the performance in individual countries was "overwhelmingly negative."

"Index returns indicate that 1998 was the worst year ever for emerging markets," the IFC said in 1999 Emerging Stock Markets Factbook. "It appeared that everything that could go wrong in emerging markets did go wrong during the year."

The IFC has two main indices tracking the performances of shares in 31 emerging markets in Asia, Latin America and central and eastern Europe.

The IFCI Composites Index looks at stocks which are attractive to foreign investors and the IFCG Composites Index does not take account of investment restrictions.

The IFCI index fell a record 24.1 per cent in 1998, while the broader IFCG index was down by 22.9 per cent.

"No region was completely exempt from the contagion that effectively swept through all emerging markets," the IFC said, noting that share prices fell steeply in Latin America and eastern Europe and recorded modest declines in Asia.

The latest data take account of problems in emerging markets which started in Thailand almost two years ago and spread relentlessly across Asia.

In the absence of other foreseeable catastrophes, the introduction of structural reforms, including privatisation, should encourage investors and lift stock markets, thus helping reformist governments increase the gains from privatisation," it said.

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