

Reuters coverage of the WTO asbestos
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Canada said losing WTO asbestos case against France

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By Robert Evans

GENEVA, June 14 (Reuters) - A World Trade Organisation (WTO) panel is poised to reject a complaint from Canada that France is violating international trading rules with a ban on imports of asbestos, diplomats said on Wednesday.

The diplomats, whose account was supported by sources at international environmental bodies, said an interim ruling issued by the three-man panel found that the French measure was allowed on health protection grounds under WTO accords.

The case is one of the most high-profile currently running through the WTO's dispute settlement system, and its outcome has been awaited with huge interest by environmental groups, many of whom are fiercely critical of the trade body.

It is also a major political issue in Canada, because the multi-million dollar asbestos industry is centred in independence-minded Quebec and any permanent loss of foreign sales could affect thousands of jobs.

Canada has argued throughout the case against France, launched in May 1998, that its asbestos and asbestos products were perfectly safe and did not constitute a health hazard.

The French measures, taken under a 1996 decree, were aimed at all asbestos and products containing it whatever their origin, and has been widely seen as a precursor to similar action expected to cover the entire EU.

The move followed publication of scientific studies suggesting that asbestos caused various types of cancer and other serious illnesses.

The interim ruling, which is officially highly confidential, was sent to Ottawa and Brussels on Tuesday. There has so far been no formal comment from either, or from the Canadian or EU trade missions in Geneva.

FINAL RULING IN FOUR WEEKS

The final ruling will be handed down in about four weeks after comments have come back from the EU -- which represents all its 15 members in the WTO -- and Canada. It is almost certain to confirm the interim decision, diplomats said.

The diplomats and environmental sources said the panel had in fact found that France was breaking one WTO rule -- providing for foreign products to be given the same treatment on national markets as those made locally.

But the three experts also found that this violation was in fact nullified by another provision of WTO accords allowing member countries to take measures they regard as necessary to protect the life and health of humans, animals or plants.

If finally confirmed, it would be the first time a panel in a dispute case -- a total of 202 of which have been brought to the WTO since it was launched in 1995 -- has approved trade-restrictive measures under this provision.

News of the finding was welcomed both by supporters of the WTO system -- rocked by mass protests partly fuelled by hard-line environmentalists at a ministerial meeting in Seattle last December -- and by some of its critics.

One senior trade expert with many years involvement with the WTO and its predecessor, the GATT, said the interim ruling showed the body was not skewed exclusively in favour of business, as many of its opponents argue.

A top researcher in a Geneva-based environmental organisation also welcomed the apparent outcome of the case - although warning that, if Canada appealed, the WTO's Appellate Body could overturn the panel's conclusions.

In the past, environmental bodies have complained that panel rulings have put free trade before ecological considerations -- in cases involving sea turtles, dolphins and reformulated gasoline -- and displayed a "pro-business bias."