

# BRIDGES WEEKLY

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## EMERGING ECONOMIES

# BRICS Seek to Cement Position in Global Economic Landscape

Leaders from Brazil, Russia, India, China, and South Africa – collectively known as the BRICS – formally announced today their plans to launch a new development bank, in what analysts say is a move to reduce the group's dependence on the Bretton Woods institutions. The two-day meet, held in Durban, South Africa, also raised issues such as the impact of developed country monetary policy on trade, and the importance of the next WTO chief being from a developing country.

The 26-27 March gathering – the fifth in as many years – led to the eThekweni [Declaration](#), named after the municipality that includes Durban and its surrounding towns. The event marked the first time that the summit was held in Africa.

The final document outlines the importance of cementing the BRICS alliance further: aside from sharing an acronym, the five emerging economies have often found it difficult to reach common ground on various topics, and have varying political and economic characteristics. For instance, the inclusion of South Africa into the group just two years ago had been greeted with scepticism by some observers, as some noted that its size as an economy does not match up with its counterparts in the group.

"We aim at progressively developing BRICS into a full-fledged mechanism of current and long-term coordination on a wide range of key issues of the world economy and politics," the final statement said, adding that today's global governance architecture is run by institutions that were established during a different era.

"We meet during a critical time where stronger South-South trade is more compelling, with the most dynamic emerging economies leading a structural shift in the global economy," South African President Jacob Zuma said during the event.

The BRICS together account for approximately a quarter of global GDP and 40 percent of the world's population.

### BRICS agree to establish development bank, disagree on details

The highlight of the two-day proceedings was the long-awaited announcement of whether the BRICS would be establishing their own development bank, after the group's finance ministers were tasked last year with evaluating the idea's feasibility.



International Centre for Trade  
and Sustainable Development

The goal, leaders said at the time, would be for the bank to “[mobilise] resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries.” (See Bridges Weekly, [4 April 2012](#))

The planned development bank “is feasible and viable,” leaders confirmed in a [statement](#) on Wednesday. Such a bank would “supplement the existing efforts of multilateral and regional financial institutions for global growth and development.”

However, officials speaking earlier during the summit admitted that various key details remain to be worked out before the proposed bank can become fully operational – a process that is expected to take years. For instance, disagreements have already surfaced among the BRICS on the specifics of the bank’s mandate, and how exactly the institution would be financed.

While members ahead of the gathering had said that the five countries would together contribute a total of US\$50 billion of capital into the proposed institution, that number has reportedly been scaled back, and how much each individual member would give was also left unclear. Where the bank will be located was similarly left undecided during this week’s meeting.

The proposed development bank is widely being seen as an effort by the BRICS to limit their reliance on the World Bank and International Monetary Fund (IMF). The five-country group has long argued that the two international finance institutions need a substantial overhaul with regards to their governance structure – a stance that BRICS leaders reiterated in Wednesday’s communiqué.

Some analysts suggest that establishing their own bank could also allow the BRICS to place added pressure on existing international organisations – such as the IMF and World Bank – to give them more weight in decision-making processes.

The plans for a BRICS development bank have so far been welcomed by the World Bank. “Establishing a development bank is a significant undertaking,” the Washington-based institution said in a statement. “The World Bank will stand steady and work closely to partner with regional development banks in a bid to enhance the effectiveness of our collective work.”

## **Trade**

With regards to trade, the final statement focused largely on the ongoing preparations for the WTO’s upcoming ministerial conference, which is scheduled for 3-6 December in the Indonesian island of Bali. The global trade body’s 159 members are currently trying to negotiate a small package of deliverables from the broader Doha Round of trade talks in time for the high-level event, after the overall discussions were formally declared at an impasse in late 2011. (For more on the Bali preparations, see related article, this issue)

“We are committed to [ensuring] that new proposals and approaches to the Doha Round negotiations will reinforce the core principles and the developmental mandate of the Doha Round,” BRICS leaders said. “We look forward to significant and meaningful deliverables that are balanced and address key development concerns of the poorest and most vulnerable WTO members.”

The ongoing race to replace WTO Director-General Pascal Lamy, who steps down from his post at the global trade body in August, was also referred to in the final communiqué. BRICS leaders stressed that his successor will need to show a “commitment to multilateralism and to enhancing the effectiveness of the WTO, including through a commitment to support efforts that will lead to an expeditious conclusion of the [Doha Round].”

In addition, the new global trade chief should be from a developing country, the five leaders said, though they stopped short of jointly backing a particular nominee. Of the nine candidates currently lobbying for the WTO role, eight of them are from members that are self-designated as developing countries, and one of them – Brazilian WTO Ambassador Roberto Carvalho de Azevêdo – is from a BRICS country.

A separate [statement](#) by BRICS trade ministers released on Tuesday gave additional details on the group's concerns for the multilateral trading system. For one, it reiterated the group's worry over "initiatives that might undermine the coherence of the Doha Development Agenda and that deviate from the principles of multilateralism," in an apparent reference to some efforts – such as the discussions among 21 WTO members over a possible plurilateral deal on services– that are being pursued among subsets of the global trade body's membership.

In addition, the WTO's "single undertaking" principle, and the development mandate of the negotiations, must be respected, trade ministers said, as the global trade body continues its efforts to move the Doha talks forward.

### **Rich country monetary policy draws fire**

Developed country monetary policy also came under scrutiny during the Durban gathering. Central banks in the US, EU, and Japan have faced criticism from some trading partners in recent months over their decisions to undertake additional rounds of monetary easing, which have sparked fears of a "global currency war."

Many have argued that the moves by these central banks can create exchange rate misalignments that can effectively make developed countries' exports more competitive than those of their trading partners. Advanced economies, meanwhile, have noted that these efforts are aimed not toward bettering their terms of trade, but at advancing domestic policy objectives such as reducing unemployment or fighting deflation.

"Central banks in advanced economies have responded with unconventional monetary policy actions which have increased global liquidity," the BRICS leaders said.

"While this may be consistent with domestic monetary policy mandates, major central banks should avoid the unintended consequences of these actions in the form of increased volatility of capital flows, currencies, and commodity prices, which may have negative growth effects on other economies, in particular developing countries."

### **Foreign reserves, currency swaps**

In another move ostensibly aimed at reducing dependency on the IMF in a crisis, the five-member group agreed to establish a "BRICS contingent reserve arrangement" – essentially an exchange pool of foreign reserves aimed at ensuring financial stability and dealing with short-term liquidity problems that might arise. The idea was first tabled in April 2011. (See Bridges Weekly, [20 April 2011](#))

Earlier this week, Brazil and China inked a deal that would allow them to conduct up to US\$30 billion of trade in their local currencies, rather than having to use the dollar or the euro as they have done in the past. The deal would be valid for the next three years.

ICTSD reporting; "Group of Emerging Nations Plans to Form Development Bank," THE NEW YORK TIMES, 26 March 2013; "Deal on development bank eludes BRICS nations at summit, REUTERS, 26 March 2013.

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## AGRICULTURE

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# WTO Farm Trade Talks Enter New Stretch

The race to make progress on farm trade negotiations ahead of the year-end WTO ministerial conference entered a new stretch today, as the chair announced the start of ambassador-level talks on issues that members believe could be agreed at the December meeting in Bali, Indonesia.

A proposal to ease farm subsidy rules on food stockholding purchases in developing countries will take centre stage, trade sources said, following several weeks of technical talks among delegates on how such schemes currently function in practice. (See Bridges Weekly, [6 March 2013](#)) The proposal was first tabled by the G-33 group of developing countries with large populations of smallholder farmers.

However, negotiators were also believed to be putting the finishing touches on a new proposal on export subsidies and related measures, led by the G-20 developing country coalition that favours reform of developed country agriculture. Trade sources said that technical talks on the submission were continuing within the group this afternoon, ahead of Thursday meeting among heads of delegation that is due to approve the final version.

### **Food stockholding: members ready to begin talking**

The chair of the farm trade talks, New Zealand ambassador John Adank, told negotiators today that a new phase of talks would now start matching "knowledge about the existing policies with different elements of the proposal." The ambassador-level meetings would therefore raise both technical and political questions, he said.

"The substantive discussion of the proposal is only beginning," warned the chair, who told officials that WTO members were "not yet close to agreement."

Trade sources told Bridges that the chair was expected to report back on any progress in the consultations at the next meeting of the Trade Negotiations Committee (TNC), scheduled for two weeks' time. The TNC is tasked with the overall Doha discussions.

A number of developed countries have expressed concerns that the proposal could effectively allow countries to provide unlimited amounts of market price support to be included in the WTO's "green box" - where farm subsidies are exempt from any cap or ceiling on the grounds that they cause no more than minimal trade distortion.

Some of those speaking at Wednesday morning's negotiating meeting favoured first examining whether existing rules would still allow WTO members to achieve their food security goals.

Developing countries have also said they are worried that the G-33 proposal could potentially undermine their own poor producers if subsidised food stockpiles end up being released onto world markets, or if their own exporters are no longer able to sell to countries operating the schemes. Some G-33 members are amongst those voicing concerns about how any new proposal should be crafted.

However, another G-33 trade official told Bridges they were still keen to see other groups table counter-proposals.

"Solutions could be from either side – from anybody," said the source.

### **Export competition: new proposal imminent**

With the new G-20 proposal still being finalised, details remained sketchy as Bridges went to press. However, sources familiar with the submission said that it was aimed at galvanising further action without over-reaching the limits of what is achievable in the current political context.

The new proposal was therefore aimed at a "standstill and reduction, while pending the implementation of modalities on export competition," said one official, in a reference to the cuts to export subsidies and similar measures outlined in the draft Doha deal.

Along with the Cairns Group of agricultural exporters, the G-20 have continued to emphasise their desire to see progress in 2013 on export competition, in the wake of a decision by trade ministers to eliminate export subsidies and disciplines-related measures at the global trade body's conference in Hong Kong over seven years ago.

The EU – which has historically made heavy use of export subsidies – has indicated it is unwilling to eliminate this form of trade-distorting support in the absence of wider progress in the WTO's Doha Round. The US, which has used tools such as export credits and subsidised food aid to similar effect, is also opposed, trade sources said.

The move follows the release last week of a WTO study looking at the use of export competition measures, itself prompted by a proposal for new analysis on the topic that was put forward by the G-20 last October. (See Bridges Weekly, [3 October 2012](#)). The study is available [online](#) as document number TN/AG/S/27, along with another new study on export prohibitions and restrictions, available as TN/AG/S/28.

Members are also still expected to discuss a separate G-20 proposal on easing the administration of import quotas, trade sources said, although it was unclear when these discussions would take place. Japan, Korea, and the Dominican Republic expressed concerns about the G-20 proposal at the Wednesday morning meeting.

### **A small package or a big one?**

Some trade officials expressed concern that progress on a possible Bali deal on trade facilitation – widely seen as the motor for the recently reinvigorated talks – was not moving fast enough to galvanise action in other areas, including agriculture.

"There's huge divergence among members," the source said, who cautioned that a more comprehensive package might actually be easier to achieve than the relatively low-ambition topics currently under discussion.

"A small package is much more difficult than a single undertaking," the source wryly observed. Many trade observers have argued that a small package of measures is more manageable in the current political climate than the more comprehensive set of agreements envisaged under Doha.

In contrast, a developing country official warned that negotiators may again risk overloading the set of topics on which decisions would be required at Bali.

"The attempt to put more issues on the agenda... we've seen that at MC8 and MC7," sighed the delegate, using negotiators' short-hand for the WTO ministerial conferences held in 2011 and 2008, respectively.

ICTSD reporting.

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## PREFERENTIAL AGREEMENTS

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# Signs of Early Hurdles as Momentum Builds Toward Launch of US-EU Trade Talks

Preparations for the planned launch of trade talks between Washington and Brussels have continued to advance, with the White House formally notifying Congress last week of its intent to conduct negotiations. However, efforts to begin the talks by summer are already facing some early hurdles, with concerns being raised by some – most notably France – over each side's sensitive items.

Washington and Brussels made headlines last month when they formally announced that their plan to pursue a bilateral trade and investment agreement, over a year after a working group was originally tasked with evaluating options for deepening trans-Atlantic economic ties. (See Bridges Weekly, [13 February 2013](#))

### **White House notifies Congress, details negotiating priorities**

The White House's notification kicked off a 90-day consultation period that is the norm in Washington for all planned trade deals.

The [notification](#) – which was submitted by Acting US Trade Representative (USTR) Demetrios Marantis – acknowledged that the talks are likely to be difficult; however, it stressed that concluding a bilateral pact could have major ramifications for both sides.

"We do not underestimate the challenge of concluding a comprehensive trade and investment agreement with the EU," the notification read. "However, the potential gains overwhelmingly justify the effort."

In the letter, the White House outlined various objectives that it would wish to achieve for Washington, in areas such as goods, services, electronic commerce, information and communication technology services, investment, customs and trade facilitation, government procurement, labour, environment, and intellectual property rights (IPRs), among others.

It specifically notes, for instance, an interest in eliminating or reducing those non-tariff barriers – such as sanitary and phytosanitary (SPS) measures "not based on science" or "unjustified" technical barriers to trade – that "decrease market opportunities for US exports, provide a competitive advantage to products of the EU, or otherwise distort trade."

US and EU regulations and standards – a long-standing issue between the two sides – will need to be made more compatible with one another, the notification added.

The letter adds that, as Washington develops its negotiating positions, other US objectives – "including, but not limited to, the protection of health, safety, environment, essential security, and consumer interests" – will also be taken into account.

"There are going to be unique challenges that we're going to have to address with each other in Europe," Marantis told [reporters](#) in Washington last week. "We have historic

difficulties on regulatory issues, on agricultural issues. We have differences on geographic indications... And this is a negotiation, and we're going to have to figure it out."

### **France cites culture, GMOs as "non-negotiable"**

The two sides have pledged to move in parallel in their internal domestic procedures for launching the negotiations. The US notification comes just weeks after the European Commission submitted its own draft negotiating mandate outlining Brussels' priorities in the planned talks. (See Bridges Weekly, [13 March 2013](#))

The Commission mandate will next require the approval of the European Council, which is made up of the heads of state or government of the EU's 27 members, as well as the presidents of the Council and the Commission, before Brussels can begin negotiating.

In the days since the draft mandate was circulated to EU member states, France has been vocal about its concerns over the details of the document, pledging that it will not sign off on certain proposals and urging Brussels not to move forward too hastily.

"It is out of the question to work with a mandate that is hurriedly put together," French Trade Minister Nicole Bricq told reporters on Monday, while stressing that Paris ultimately does wish to see a deal.

Specifically, Bricq outlined "culture" issues – in other words, French laws that permit the restriction of foreign radio and television programmes and ensure government support to domestic films – and rules on genetically modified organisms (GMOs) as topics that would be "non-negotiable" in any trade talks.

The potential difficulties of building buy-in with some EU member states on controversial issues has already been raised by officials on both sides, with Obama telling a Washington audience earlier this month that "there's no guarantee" that countries that have been hold-outs in earlier liberalisation efforts will not block a final outcome.

However, Obama added, "I think that you're going to see more pressure from more countries on the other side of the Atlantic to get this done than we've seen in the past."

Meanwhile, lawmakers in the US have repeatedly stressed in recent weeks that strong IPR protections and lower EU agricultural trade barriers are key to any bilateral deal.

### **Summer launch?**

EU and US officials have said that they hope to formally kick off the trade talks by summer, with a goal of concluding the negotiations by as early as November 2014. However, France has already questioned the viability of clinching a deal in such a short timeframe, with Bricq cautioning on Monday that "this is a very tight schedule."

The wait for a nomination of a new USTR has also raised questions in Washington of how the US' negotiating abilities will be affected, particularly with the planned launch of talks with Brussels and the US' efforts with 10 other countries to conclude the Trans-Pacific Partnership (TPP) Agreement this year. While various names have been floated over the past few months as possible contenders for the role, the Obama Administration has yet to formally announce its candidate. Whoever is ultimately chosen for the post will have to be confirmed by the US Senate, a potentially thorny process.

Meanwhile, the US "sequester" – and the additional budget cuts being proposed in a "continuing resolution" making its way through Congress – could have damaging impacts on the USTR's ability to properly take on negotiations with the EU and other countries, Marantis cautioned during a Senate panel hearing last week.

"It is important to note that continued budget cuts and resource constraints could significantly compromise USTR's capabilities," he told the Senate Finance Committee, which deals with trade issues in that chamber. "Already, we face the possibility that the sequester alone will hamper our ability to conduct trade negotiations and other market-opening efforts, as well as initiate new enforcement disputes."

The looming battle over whether to re-instate Trade Promotion Authority – an expired provision in US law also known as "fast track," which allows for the executive branch to negotiate trade deals and then submit them to Congress for a straight up-or-down vote – is also expected to be key in moving forward any negotiations. Without such a mechanism in place, analysts say that the US' negotiating partners might be hesitant to advance trade deals.

While the Obama Administration has said that it is interested in pursuing TPA renewal, some lawmakers have said that the White House is not moving quickly enough to engage with Congress on the matter.

ICTSD reporting; "White House gives Congress 90-day notice on EU trade talks," REUTERS, 20 March 2013; "Budget cuts hurt trade policy, official says," ASSOCIATED PRESS, 19 March 2013; "France Seeks Slower Pace of Negotiations for a U.S.-Europe Trade Pact," THE NEW YORK TIMES, 25 March 2013; "France Threatens to Delay Quick Start of EU-U.S. Trade Talks," REUTERS, 25 March 2013.



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## WORLD TRADE ORGANIZATION

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# ITA Expansion Talks Aim for Final Product List by Summer

Members working on the proposed expansion of the WTO's Information Technology Agreement – a plurilateral pact aimed at liberalising trade in information and communication technology products – are aiming to have a final list of goods to add to the deal's coverage ready by the summer break, sources told Bridges last week.

The ITA provides for participants to completely eliminate duties on IT products covered by the agreement. The process to update the deal – which first entered into force in 1997 – began last spring, when Canada, Japan, Korea, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Singapore, and the US presented a concept paper calling for negotiations to expand the pact's product coverage and membership.

Since then, the number of members working on the ITA expansion has increased from the original six in May 2012 to approximately 20 today. However, this group does not encompass all of the ITA's 49 participants, which now covers 76 members – including the 27-member EU – after this month's addition of Tajikistan to the pact.

### **Proposed list being pared down**

The group discussing the ITA expansion has been meeting monthly since the start of this year to evaluate tariff and non-tariff issues that would feature in an updated agreement. With regards to tariffs, members at this stage have eliminated a total of 120 items from a proposed list of products to add to the ITA's coverage – a list that had originally numbered over 350.

Of these, 22 were removed last week alone, according to sources familiar with the discussions. Some of the products removed were reportedly deemed too sensitive by some of the participants involved; others, meanwhile, were ultimately considered irrelevant to the overall ITA pact.

Whittling down the list has already been a tough process, some members acknowledged at Friday's meeting of the ITA Committee. Korea, for instance, called the removal of some of its original proposals a "difficult decision," sources told Bridges. Hong Kong, meanwhile, noted that there is still a need to remove more products.

Looking forward, delegates familiar with the talks noted that the process of eliminating more products could pose some challenges. "The idea of deleting things can't continue indefinitely," one said ahead of last week's meetings. "Sensitivities are now coming up – the question is how you deal with those, and there hasn't really been a structured way of doing that up to now."

The goal, Switzerland noted last Friday, is to reach a product expansion that is "credible for industry and manageable for customs administrations."

What role China will ultimately play in the discussions has also captured the attention of trade observers. While sources say that Beijing had been "very passive and quiet" in the early technical discussions, China has now reportedly provided a list of its priority products that it would like to see in an expanded ITA – a list that is expected to generate substantial discussion in the coming months.

"If China is not on the same page on things, we may have to relook at what's doable or not, as China is critical," one delegate familiar with the talks commented.

### **Next steps**

The group is planning to hold additional meetings in April, May, June, and July in order to refine and streamline the list further. Sources say that the group hopes to have a new consolidated and agreed list by the end of July.

"We could see the shape [of a final list] by July, maybe, and then bits and pieces by Bali," one source said, referring to December's WTO ministerial conference in Bali, Indonesia. "We're trying to use that timeframe to set the pace – otherwise there is a risk that it might drift off beyond Bali."

"There's a sense that the majors are trying to shift gears now – to see how do we deal with sensitivities, and the endgame of negotiations," one source said.

With the current talks being conducted by only a subset of the ITA's membership, how the expanded product list would be extended to the rest of the group is another issue that "remains to be worked out," and is likely to become an increasingly prominent topic as the Bali ministerial approaches.

ICTSD reporting.

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## WORLD TRADE ORGANIZATION

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# Kazakhstan WTO Accession Tentatively Eyed for Bali Ministerial

Kazakhstan could be invited to become the WTO's 160<sup>th</sup> member in time for the organisation's ministerial conference in Bali, Indonesia this December, officials involved in the negotiations said last week. The Central Asian country has been working to join the Geneva-based trade organisation since 1996.

In order for Astana to be formally welcomed into the global trade body by December, the Working Party (WP) tasked with the talks would need to accelerate its work so as to conclude the negotiations by July, according to WP chair Vesa Himanen of Finland.

"The process is now at a very advanced stage," Himanen told the Working Party last Thursday, according to sources familiar with the discussions. However, he noted that "rapid decision-making by the acceding government is needed" if Astana aims to conclude the negotiating process this year.

Sources said that the US and EU echoed these sentiments at last week's Working Party meeting, warning that there are many open issues remaining.

In an effort to resolve some of these outstanding issues, plurilateral meetings were also held last week to address differences relating to sanitary and phytosanitary (SPS) measures – which involve food safety and plant and animal health – and agriculture. Another area of concern is trade-related investment measures (TRIMS), in particular regarding the length of the transition period that Astana would be granted for eliminating all measures that are inconsistent with the WTO's TRIMS Agreement.

Any accession to the WTO hinges on a unanimous agreement among all current members, which reached 159 in number after Tajikistan joined earlier this month. Once members sign off on Astana's accession terms, the country will still need to ratify the accession package domestically and then undergo a 30-day waiting period before its membership becomes final.

### **Russia likely to make tariff adjustments, officials say**

One dimension of the trade negotiations that has complicated matters is Kazakhstan's customs union with neighbours Russia and Belarus – an initiative launched in early 2010 that was intended as the first step toward a broader economic alliance of former Soviet states, fashioned similarly to the EU.

Before Russia formally joined the WTO last August, the three countries had considered seeking membership as a group. However, due to the lack of any precedent for a customs union bid to the WTO, as well as any framework for such proceedings, that method of accession was ultimately abandoned some months later. (See Bridges Weekly, [21 October 2009](#)) Russia is now the only one of the three customs union members to be part of the WTO.

Earlier this month, Andrey Slepnev – who serves as the trade minister for the Eurasian Economic Commission, the custom union's governing body – told Bloomberg that Russia

will cut some import tariffs to somewhat approximate those that its partner Kazakhstan is likely to accept in its accession protocol.

"We suggested a formula which allowed to adjust the level of the common tariff on the goods in accordance with the share of markets of these goods," Slepnev explained, adding that it would be a "fair deal" involving Russia making some concessions to fellow WTO members. He also noted that nearly all of the regional group's tariff lines and regulations are now in line with WTO rules.

### **Next steps**

Himanem has urged WTO members to continue working on an ambitious schedule, sources told Bridges. The goal, the Finnish official said, would be to hold two more working party meetings – followed by a meeting by October, at the latest, in order to sign off on the package *ad referendum* – so that Kazakhstan's accession can be included on the December ministerial's agenda.

ICTSD reporting; "Russia to Reduce Import Duties to Match Kazakhstan's WTO Pledges," BLOOMBERG, 4 March 2013.

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## PREFERENTIAL AGREEMENTS

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# EU, Japan Trade Talks to Begin in April

The EU and Japan have formally agreed to launch negotiations for a bilateral trade deal, leaders from both sides said on Monday, with the first round scheduled for mid-April.

European Commission President José Manuel Barroso, European Council President Herman Van Rompuy, and Japanese Prime Minister Shinzo Abe officially gave the green light on Monday for the talks to begin, despite the postponement of a bilateral summit that had been originally scheduled for kicking off the talks.

The news marks "a historic event," European Trade Commissioner Karel De Gucht told journalists in Tokyo, stressing the bloc's commitment to liberalising trade barriers. However, the commissioner added, it is hard to tell how long the talks themselves will last, given the sensitivities of some of the topics that the trade talks are set to address.

Non-tariff barriers, particularly with regards to automobiles, have long been a sticking point between Brussels and Tokyo, and are expected to be a major point of discussion in the talks. The directives approved by the European Council's trade ministers last November require that Japan's non-tariff barriers be eliminated in parallel to any tariff reductions on the EU side. (See Bridges Weekly, [5 December 2012](#))

If progress is not seen in non-tariff barriers, railways, and urban roadmaps within a year of launching the negotiations, the Commission will be required to suspend the negotiations.

The two sides are also expected to pay close attention to foreign direct investment (FDI), having expressed hope that the trade talks will encourage mutual growth of FDI. "Only three percent of European foreign direct investment is in Japan," De Gucht told Agence France Presse this week. "This shows the EU-Japan trade and investment relationship could and should be greatly enhanced."

Given the EU's fragile economic recovery and the prolonged struggles of the WTO's Doha Round of trade talks, Brussels has been increasingly pursuing bilateral and regional trade deals in recent years in order to boost growth and jobs in the 27-member bloc.

Japan, for its part, is also undertaking its own series of trade initiatives, as the Asian economy continues to rebuild following the aftermath of the March 2011 earthquake and tsunami. Along with the planned Brussels talks, Tokyo recently announced its intent to pursue entry into the 11-country Trans-Pacific Partnership (TPP) negotiations. ([See Bridges Weekly, 20 March 2013](#)) Japan has also kicked off trade talks for a trilateral pact with South Korea and China, with the three sides formally launching their negotiations yesterday.

[According](#) to the European Commission, a bilateral EU-Japan pact could result in the creation of 400,000 jobs and a 0.6 to 0.8 percent growth in the 27-member EU bloc's GDP.

Japan is currently the EU's seventh largest trading partner, and its second largest trading partner in Asia, with total exports reaching €49 billion in 2011 according to European Commission [data](#). Exports to the EU from Japan, meanwhile, reached €67.5 billion in 2011, representing the third largest trade relationship for Tokyo.

ICTSD reporting; "Japan, European Union Announce Free Trade Talks to Start April," BLOOMBERG, 25 March 2013; "EU and Japan agree to launch free trade talks," DEUTSCHE WELLE, 25 March 2013; "Japan, EU agree to start free-trade negotiation," THE ECONOMIC TIMES, 25 March 2013; "SKorea, China, Japan begin free trade talks," THE ASSOCIATED PRESS, 26 March 2013, "Too Early To Give Up On Big Asia," FN ARENA, 26 March 2013.

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## EVENTS & RESOURCES

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# Events

### Coming soon

28-29 May, Beijing, China. GLOBAL SERVICES FORUM. This event, organised by the United Nations Conference on Trade and Development (UNCTAD) together with the Chinese Ministry of Commerce and the People's Government of Beijing Municipality will be held concurrently with the second China International Fair on Trade in Services (CIFTIS). The purpose of this event is to deepen the understanding of opportunities and challenges for developing countries in fostering sustainable and inclusive development through services. The Global Services Forum aims to gather together prominent players in the services sector, from governments, the business world, and academia. Event organisers hope that the ideas emerging from the interaction of participants will help create and strengthen networks and partnerships for the development of the services sector. More information is available [here](#).

28 March – 18 April, Washington, US. WITA TPP SERIES. This series of four Washington International Trade Association breakfast panels will explore a wide range of issues within the ongoing Trans Pacific Partnership (TPP) trade negotiations. The panel topics in this series are "21st Century Issues" (28 March), "Sensitive Market Access Issues" (3 April), "US Priorities and Objectives," (11 April), and "Views from TPP Partner Nations" (18 April). The series will then be followed by a private embassy reception on 18 April for those who register for all four panels. For more information, or to register, please click [here](#).

3 April, Hong Kong, China. AN EVOLVING INTERNATIONAL MONETARY SYSTEM: RISKS TO GLOBAL MONETARY AND FINANCIAL STABILITY. This event, hosted by Chatham House together with the Centre for International Governance Innovation (CIGI) and the Institute for New Economic Thinking (INET), will provide a forum for discussing the stability and functionality of the current global international monetary system (IMS) both now and in the future, as well as the possibility and challenges of transitioning to a multiple reserve currency world. Please note that attendance at this event is by invitation only. More information can be found [here](#).

### WTO Events

An updated list of forthcoming WTO meetings is posted [here](#). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

3 April: Committee on Trade and Development – Dedicated Session on Small Economies

5 April: Working Party on the Accession of Algeria

5 April: Working Group on Trade and Transfer of Technology

8-9 April: Workshop on E-Commerce, Development and Small and Medium-Sized Enterprises

8-10 April: Committee on Regional Trade Agreements

10 + 12 April: Trade Policy Review Body – Indonesia

### Other Upcoming Events

4 April, Paris, France. PARIS FORUM 2013: GREEN INDUSTRY PLATFORM. Convening under the theme "Towards a Sustainable Economic Paradigm: From Labour to Resource Productivity," this meeting is being organised by the UN Industrial Development Organization's (UNIDO) Green Industry Initiative, in cooperation with the UN Environment Programme's (UNEP) Green Economy Initiative. The forum aims to bring world leaders and key actors together to debate the need for a shift away from labour- and resource-intensive production, towards resource-efficient productivity. For more information, click [here](#).

4-5 April, Paris, France. 2013 GLOBAL FORUM ON DEVELOPMENT. The 2013 Global Forum on Development, hosted by the Organisation for Economic Co-operation and Development (OECD), will bring together representatives from governments, business, civil society, and academia to discuss the shifting dynamics of poverty and their implications for poverty reduction strategies, in the context of the post-2015 world. The forum will include discussion sessions on: national policy frameworks and global challenges of poverty reduction; the links between poverty, environment, and growth; poverty reduction and social cohesion; measuring well-being and progress in developing countries; and statistical capacity development in an emerging post-2015 development agenda. More information can be found [here](#).

8 April – 5 May, online. MEDIATION SKILLS. This Internet-based course from the United Nations Institute for Training and Research (UNITAR) aims to improve the practical skills of diplomats in international mediation and in understanding the role of the UN in resolving conflicts. The course will also assess the process of gaining entry into a mediation initiative and examine the early and later stages of mediation. The cost of the course is US\$600. To learn more, visit the [website](#).

8 April – 5 May, online. MULTILATERAL CONFERENCES AND DIPLOMACY. This online training course, organised by the United Nations Institute for Training and Research (UNITAR), aims to develop and enhance participants' performance as conference delegates and demonstrate techniques for holding effective and productive events. The course will take a close look at the world of multilateral conferences, formal and informal processes of conferences, negotiation and decision-making, as well as how to prepare for an international conference. The cost is US\$600. For more information, click [here](#).



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## Resources

BRUSSELS BRIEFING ON ENVIRONMENT – MARCH 2013. By Vieuws (March 2132). This short clip from new agency Vieuws recaps the latest environmental policy developments in Brussels. The video includes discussion on the EU's 2030 climate and energy policy, indirect land-use change, biofuels, and environmental proposals. Also included are statements from Jos Delbeke, Director General for Climate Action at the European Commission, and Corinne Lepage, MEP and rapporteur on the Indirect Land Use Change (ILUC) proposal in the European Parliament's Environment Committee. To watch the video, visit their [website](#).

CRAFTING A TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP: WHAT CAN BE DONE. By Jeffrey Schott and Cathleen Cimino for the Peterson Institute for International Economics (March 2013). This policy brief discusses the proposed Transatlantic Trade and Investment Partnership (TTIP) between Washington and Brussels and the implications such a deal would bring for both US-EU bilateral trade and the global trading system. The authors also include analysis on current US-EU trade ties and explain US and EU trade agreements with other nations, specifically with South Korea. The publication can be reached [here](#).

EFFECTS OF EXCHANGE RATE MISALIGNMENTS ON TARIFFS. By Vera Thorstensen, Emerson Marçal, and Lucas Ferraz for the Consumer Unity & Trust Society (CUTS) (February 2013). This briefing paper argues that currency and trade wars are gradually gathering interest among policy makers and experts, and that the exchange rate topic must therefore be addressed in the WTO context. They also discuss the how the exchange-rate misalignment in countries with overvalued or undervalued currencies are eroding the objectives of rules-based multilateral trade. To read the publication, click [here](#).

FOOTPRINTING WILL CLIMB THE AGENDA IN THE CAR CO2 DEBATE. Interview conducted by Sonja van Renssen for Vieuws (March 2013). This five-minute interview with MEP Fiona Hall focuses on a recent draft opinion on carbon emission standards voted on by the European Parliament's industry, energy, and research (ITRE) committee. The opinion, if approved by MEPs and member states, would set new goals for automobile CO2 emissions that can implemented by 2020. She goes on to explain how new rules would contain strict CO2 emission standards and mandate frequent testing of both new and old cars for emission standards. To watch the interview, click [here](#).

IMF'S NEW VIEW ON CAPITAL CONTROLS. By Kevin Gallagher and José Antonio Ocampo for The Global Development and Environment Institute at Tufts University (March 2013). This short op-ed explains the new position that the International Monetary Fund (IMF) has taken on capital controls and explains the impact that it will have on the free movement of capital. The authors endorse the decision, while highlighting what they argue are shortcomings of the new institutional view. For more information, click [here](#).

PREFERENTIAL RULES OF ORIGIN IN REGIONAL TRADE AGREEMENTS. By Maria Donner Abreu for the World Trade Organization (March 2013). This publication surveys preferential rules of origin in 192 regional trade agreements (RTAs), and how these rules affect trade. The author analyses data on the use of RTAs' preferences, and, in their absence, of their margins of preference. To learn more, click [here](#).

GENEVA CONSENSUS FOR TRADE MULTILATERALISM: A RELOOK AT THE EIGHTH MILLENNIUM DEVELOPMENT GOAL-GLOBAL PARTNERSHIP FOR DEVELOPMENT. By

Pradeep Mehta, Bipul Chatterjee, and Rashid Kaukab for the Consumer Unity & Trust Society (CUTS) (March 2013). In this briefing paper, the authors argue that the current state of trade multilateralism is in crisis, and the implications that this will have, particularly on the poor. It argues that the current state of trade multilateralism is not in a position to address civil society concerns such as food security, or the environment. The publication includes suggestions from the authors advising the WTO secretariat to conduct joint studies and capacity building with the United Nations in order to create a better understanding on trade-related issues in governing global public goods, such as climate change and food security. To read the text, click [here](#).

UNCTAD'S GLOBAL INVESTMENT TREND MONITOR. From the United Nations Conference on Trade and Development (UNCTAD) (March 2013). This publication focuses on the theme of "BRICS and Africa: Partnership for development, integrations, and industrialization". The text outlines the role that the BRICS – Brazil, Russia, India, China, and South Africa – play in the African economy, in terms of foreign direct investment (FDI), and states what measures the five-member group can take in order to increase BRICS-Africa FDI linkages. For more information, click [here](#).

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