

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 18, ISSUE 21, 12 JUNE 2014

CLIMATE CHANGE

Leaders Weigh Climate,
Economic Goals as Paris
Deadline Approaches 1

UKRAINE

New Ukraine President Affirms
Readiness to Ink EU Trade Pact.. 4

FISHERIES

Officials: EU, Faroes Reach
Political Understanding in
Fisheries Row 6

RARE EARTHS

China to Nix Rare Earth Export
Restrictions Following WTO
Ruling 8

AFRICA

African Union, EU Outline
Priorities for Post-2015
Development Agenda 10

DISPUTES

Indonesia Lodges WTO
Challenge on EU Biodiesel
Import Duties 13

RENEWABLE ENERGY

EU Industry Group Claims
Violations of China Solar Trade
Deal 14

PREFERENTIAL AGREEMENTS

TPP: US, Japan Meet to Iron
Out Automobile Trade
Differences..... 16

EVENTS & RESOURCES

Events..... 18
Resources..... 21

CLIMATE CHANGE

Leaders Weigh Climate, Economic Goals as Paris Deadline Approaches

National leaders from various countries have become increasingly vocal on domestic emissions reduction approaches in recent weeks, as the deadline to negotiate a new international climate deal draws ever nearer. The prime ministers of Australia and Canada jointly slammed carbon taxes and emissions trading schemes as viable solutions earlier this week, while US President Barack Obama and other officials have touted these as economically-sound ways to transition to cleaner energy sources and reduce emissions.

The debate over how to balance emissions cuts with economic competitiveness concerns has taken on additional resonance in recent years, in light of the fall-out from the global financial crisis and the goal of concluding a binding international climate deal by end-2015 to replace the Kyoto Protocol.

A trio of reports released by UN climate scientists in recent months indicated that there is a 95 percent probability that climate change is primarily influenced by human activity. Furthermore, they said, rising emissions could have dire economic consequences – in the form of a 0.2 to 2.0 percent cut in global economic output annually – should there indeed be a 2 degree Celcius temperature increase above pre-industrial levels. (See BioRes, [2 April 2014](#))

Obama climate move fuels debate

The Obama Administration made headlines last week when the US Environmental Protection Agency – a federal agency tasked with protecting human health and the environment – released draft plans for slashing carbon emissions for all existing American power plants. While the US President had made clear last year that such a move was on his agenda, the details were released just last week. (See Bridges Weekly, [5 June 2014](#))

Under the EPA initiative, known as the “Clean Power Plan,” carbon dioxide emissions would need to be cut by 30 percent from 2005 levels by 2030 from all existing US power plants. Though the scheme was designed at a federal level, states would be allowed substantial flexibility in determining how to help meet this national goal.

The plans were hailed by environmental groups as a significant positive step, though many have said that this needs to be part of a broader strategy if the US is to be truly successful in combatting climate change.

Meanwhile, some US lawmakers and industry leaders have criticised the plans as having the potential to cripple the country's economic growth, particularly after a prolonged recession.

Noting that he could receive pushback both from Republicans as well as some Democrats from states that rely heavily on certain industries and "old-power" sources, he stressed that showing "the price of inaction – that billions and potentially trillions of dollars are going to be lost because we do not do something about it" – could help convince those who remain sceptical of such solutions.

"We've gone through, obviously, a tough economic crisis," Obama [told](#) New York Times columnist Thomas Friedman, in an interview about the EPA plans. "One of the hardest things in politics is getting a democracy to deal with something now where the payoff is long term or the price of inaction is decades away."

"If there's one thing I would like to see, it'd be for us to be able to price the cost of carbon emissions," he told Friedman in the same interview.

Though efforts to introduce a cap-and-trade scheme have stalled on the federal level, some state and regional initiatives have managed to gain traction in recent years, most notably a [programme](#) in California launched in early 2012, and the Regional Greenhouse Gas Initiative, which operates across nine US states – Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont.

Others, such as Washington state and Pennsylvania, are reportedly considering introducing their own cap-and-trade initiatives or joining existing ones, according to the Financial Times.

EPA estimates place the cost of complying with the draft rules in 2030 at US\$8.8 billion. However, the agency said, cooperation among states could reduce this figure to US\$7.3 billion.

Some analysts have also suggested that the long implementation timeframe, coupled with the various options available for reaching this goal, could mean that the costs of the scheme will be lower than feared.

G-7 pledges support for 2015 climate deal

Just days after the EPA plans were released, G-7 countries pledged their support last Thursday for a global climate treaty in time for the UN Framework Convention on Climate Change's (UNFCCC) 21st Conference of the Parties (COP) in Paris next year.

The support came just as the annual mid-year UN talks in Bonn, Germany, began, with those negotiations continuing through 15 June.

"We affirm our strong determination to adopt in 2015 a global agreement – a new protocol, another legal instrument, or an agreed outcome with legal force under the convention applicable to all parties – that is ambitious, inclusive, and reflects changing global circumstances," G-7 leaders said in their final declaration last week.

The group pledged to communicate their planned nationally determined contributions well ahead of next year's COP in Paris, with those ready to do so aiming to send theirs in by the first quarter of next year.

The G-7 includes Canada, France, Germany, Italy, Japan, the UK, the US, and the presidents of the European Council and European Commission.

Australia, Canada PMs "like-minded" against carbon taxes

Meeting in Ottawa on Monday, Australian Prime Minister Tony Abbott and Canadian Prime Minister Stephen Harper openly lambasted carbon taxes and emissions trading schemes as measures that would, in their view, do little to tackle climate change while causing substantial harm to their respective economies.

"The argument is not about climate change – the argument is about the best means to respond to climate change and I believe that carbon taxes and emissions trading schemes are the wrong way to go," Abbott told reporters on Monday.

The Australian leader was on his way to Washington for a meeting with Obama, scheduled for later today. Climate change is widely expected to be on their joint agenda, given the recent EPA announcement and Abbott's own stance on the subject.

Australia is one of the world's largest per capita emitters, with much of the country's domestic energy sourced from coal, a major source of export revenue for the island country. Whether climate change will also feature prominently on the G-20 agenda during November's summit in Brisbane is another open question, given that Australia holds this year's presidency of the group.

Members of the Group of 20 major industrialised and emerging economies have agreed to aim for a two percent increase in their collective GDP over the next five years, above the current trajectory. To that end, leaders are set to present national plans for meeting that collective goal during their meeting later this year. (See Bridges Weekly, [27 February 2014](#))

Back home, Abbott has made repealing the controversial "carbon tax" – a controversial measure which entered into force in 2012, during the tenure of then-Prime Minister Julia Gillard – a top priority in his policy agenda, and has pledged to replace the scheme with a "Direct Action Plan." The repeal is expected to come to a vote in the Australian Senate next month. (See Bridges Weekly, [26 September 2013](#))

The Canadian premier praised Abbott's efforts in this area, echoing the view that carbon taxes would be detrimental to economic competitiveness.

"You've used this international platform to encourage our counterparts in the major economies and beyond to boost economic growth, to lower taxes when possible, and to eliminate harmful ones, most notably the job-killing carbon tax," Harper told Abbott.

The idea that these emissions-cutting schemes would hurt economic growth was, however, publicly refuted by International Monetary Fund (IMF) Managing Director Christine Lagarde in a speech in Montreal shortly prior.

Speaking to an international economic conference, the IMF chief said that some mechanism – be it a carbon tax or a cap-and-trade scheme – must be put in place to reflect emissions costs, particularly in major energy producers such as Canada.

"Free markets yes, but (at) the right price," she said, according to Canadian news agency iPolitics, warning against "ignoring these cost factors." Furthermore, she noted, such countries must act quickly, even before the Kyoto Protocol expires. Canada withdrew unilaterally from the Kyoto Protocol in late 2011. (See Bridges Weekly, [18 January 2012](#))

ICTSD reporting; "PM says carbon tax, ETS 'wrong way to go'," BUSINESS SPECTATOR, 9 June 2014; "US states consider carbon trading schemes," FINANCIAL TIMES, 9 June 2014; "Cost of US carbon cuts likely to be modest, analysts say," FINANCIAL TIMES, 8 June 2014; "Tony Abbott, Stephen Harper take hard line against carbon tax," CBC NEWS, 9 June 2014; "Lagarde, in Montreal speech, urges countries like Canada to set a price on carbon emissions," IPOLITICS, 9 June 2014.

UKRAINE

New Ukraine President Affirms Readiness to Ink EU Trade Pact

Ukraine President Petro Poroshenko took office this past weekend, immediately promising to sign a long-awaited trade deal with the European Union as soon as the latter approves the pact. The pledge came within days of a meeting of leaders from the Group of 7 industrialised countries in Brussels, where the coalition reaffirmed its readiness to impose further sanctions on Russia – including sectoral ones – should the crisis escalate further.

"The return of Ukraine to its natural, European state has been long-awaited by many generations," Poroshenko [said](#) during his inauguration on Saturday, in a speech that also featured calls for peace and security, as well as improved relations with neighbouring Russia.

"My pen is in my hands and as soon as the EU approves the respective decision, the signature of the President of Ukraine will appear in this fateful document," he continued, referring to the bilateral trade pact.

The trade pact at issue – known formally as the Deep and Comprehensive Free Trade Agreement – is part of a broader Association Agreement negotiated between Brussels and Kiev. While the political provisions of the association deal were signed in March, the fate of the trade deal has been an open question over the past several months.

EU officials have indicated that the deal could be signed in time for a summit in Brussels on 27 June, which would also see the 28-nation bloc ink deals with Georgia and Moldova.

The two sides were meant to sign the deal late last year, only for the government of then-President Viktor Yanukovich to opt against it. The resulting protests in the Eastern European country, divided between those that wanted closer ties with Europe and those wishing to align more with Russia, triggered an international crisis, with Yanukovich ultimately being ousted from his post.

Russia's own involvement in the crisis, meanwhile, has been lambasted by Western countries, particularly the EU and US, bringing diplomatic ties to their lowest point in decades.

The arrival of new leadership in Kiev last week has been touted by some leaders, such as European Council President Herman Van Rompuy, as a potential "[game changer](#)," with US President Barack Obama [saying](#) last week that he was "deeply impressed by [Poroshenko's] vision."

However, with Ukraine-Russia bilateral ties still under strain, a flailing domestic economy, and violence rampant in certain parts of the country, the road ahead for Kiev – and Poroshenko – remains uncertain.

G-7 meets without Russia

Shortly ahead of Poroshenko's inauguration, leaders from the G-7 industrialised country coalition – which includes Canada, France, Germany, Italy, Japan, the United Kingdom, the US, and the presidents of the European Council and European Commission – met in Brussels, in what marked their first gathering without Russia in well over a decade.

Russia had been set to hold this year's summit of the G-8 in Sochi, only for the G-7 members to agree jointly not to attend the event as a response to Moscow's handling of the Ukraine crisis.

"In the face of unacceptable interference in Ukraine's sovereign affairs by the Russian Federation, we stand by the Ukrainian government and people," the G-7 leaders said in their final [summit declaration](#).

The group also pledged to "stand ready" to ramp up their existing sanctions on Russia, which have mainly taken the form of visa bans and asset freezes for individuals or entities involved in the crisis, adding that they would be prepared to implement "significant additional restrictive measures to impose further costs on Russia should events so require."

"As this is our immediate neighbourhood the European Union has a special responsibility," European Commission President José Manuel Barroso [told journalists](#) following the G-7 meeting. "That's why we have mobilised fast and are deploying financial and technical assistance already to Ukraine. And that's why we aim to sign the remaining parts of the association agreement as soon as possible."

Sectoral sanctions?

Sanctions that would target sectors of the Russian economy could be next, US President Barack Obama said last week in a [joint press conference](#) with UK Prime Minister David Cameron, in the event that Russia does not change its stance on Ukraine in the coming month.

Technical work between the US and EU on these sanctions is ongoing, Obama said, noting that the teams are aiming to identify sanctions that would "maximise impact on Russia and minimise adverse impacts on European countries."

"We've seen significant capital flight just from the sanctions that we've already applied; that could easily worsen," Obama told reporters. "And if we have sectoral sanctions, I think it will inevitably hit Russia a lot worse than it hits Europe, which have much more diversified and resilient economies."

Meanwhile, Moscow's signing of a multi-billion dollar gas deal with Beijing, and the announcement of a Eurasian Economic Union with Belarus and Kazakhstan, has been viewed as a sign that Russia may be looking to deepen ties with other partners, in order to buffer somewhat the effects of diplomatic and economic isolation from the West. (See Bridges Weekly, [5 June 2014](#))

ICTSD reporting; "With Group of 7 Backing, Obama Gives Russia One-Month Ukraine Deadline," THE NEW YORK TIMES, 5 June 2014; "Poroshenko: 'My pen is in my hands' to sign EU pact," EU OBSERVER, 8 June 2014.

FISHERIES

Officials: EU, Faroes Reach Political Understanding in Fisheries Row

European officials announced this week that they had reached a "political understanding" in their dispute with the Faroe Islands over herring stocks, in a move expected to soon bring two international legal proceedings – one of them at the WTO – to a close.

At issue in the row was a decision last August by the European Union to impose trade restrictions on imports of herring and mackerel caught by Faroese fishermen, as well as a ban on Faroese fishing vessels entering European ports.

The measures, EU officials had said at the time, were necessary to protect fish stocks after Faroese fishing fleets caught over 100,000 tonnes of herring last year – well over the 31,000 tonne catch share allocated to them under a joint management plan for Atlanto-Scandian herring stocks.

North Atlantic mackerel and herring are managed together by the EU, the Faroe Islands, Iceland, Norway, and Russia. Tórshavn had said that the catch share they were given for 2013 was not "equitable" in light of today's distribution of herring stocks. The Islands had already increased their mackerel catch in 2010, in a decision that the EU said also disrupted the "normal bilateral exchanges of fishing rights."

The agreement confirmed on Wednesday commits the Faroes to ending their "unsustainable herring fishing," the EU said. In return, the 28-nation bloc would lift its trade restrictions on imported herring from the archipelago and on Faroese fishing fleets.

To that end, the European Commission will submit a draft regulation to EU member states, which would then need to be adopted for these restrictions to be lifted. Sources say that the agreement will next be discussed on the EU side during a Council working group meeting, set to be held on Thursday in Brussels. The draft regulation will then be reviewed by the Committee for Fisheries and Aquaculture next week. The full process to remove the trade restrictions could last through end-July.

In percentage terms, the herring catch share that had been allocated to the Faroes in 2013 was just over 5 percent of the total allowable catch, or TAC. Meanwhile, the amount of herring actually caught that year by the Islands' fishing fleets was the equivalent of 17 percent of the recommended TAC.

Sources familiar with this week's political agreement say that the final number for this year will likely be between those two.

Tensions between the two sides had already shown signs of easing earlier this year, when the Faroes agreed to become part of the joint arrangement among coastal countries on managing mackerel for 2014. However, the herring issue had remained unresolved.

"After long and intensive negotiations, I am satisfied that we can soon consider the herring dispute as something of the past: Faroese fishermen will be able to come back to EU waters and European fishermen can continue their traditional fisheries in Faroese waters," said European Commissioner for Maritime Affairs and Fisheries Maria Damanaki on Wednesday.

Legal proceedings expected to end

The political agreement is expected to bring to a close the two different legal proceedings that the Faroe Islands had launched last year, both in response to the EU restrictions.

The Islands had first challenged the EU measures under the UN Convention on the Law of the Sea (UNCLOS) last August, asking that an international arbitration tribunal hear their concerns.

A few months later, the Faroes also filed a request for consultations at the WTO, in what marked Tórshavn's first-ever complaint at the global trade arbiter. After bilateral consultations failed to yield a result, the case had proceeded to the next stage in dispute settlement proceedings, with an expert panel being established to hear the Faroese challenge. (See Bridges Weekly, [7 November 2013](#) and [27 February 2014](#), respectively)

In an unusual turn, the WTO dispute was launched by Denmark – itself an EU member state – on the Faroes' behalf, as the Islands are a self-governing Danish territory and are therefore covered by the latter's membership of the global trade body. However, despite their relationship with Denmark, the Faroe Islands are not themselves part of the European Union.

According to the European Commission, the Faroes have agreed to terminate these two legal processes, though sources say that this will occur only after the trade restrictions are indeed lifted.

ICTSD reporting.

RARE EARTHS

China to Nix Rare Earth Export Restrictions Following WTO Ruling

China is said to be planning to get rid of strict export quotas and duties on certain rare earth elements, media reports indicated late last week. The rumoured move comes shortly after a March 2014 ruling by a WTO dispute panel, which deemed these measures to be in violation of global trade rules and Beijing's accession commitments.

The 17 rare earths in question, as well as tungsten and molybdenum, are used in high-tech and green energy products like wind turbines and engines used in electric and hybrid vehicles. They are also featured in goods used in the defence sector and in medical equipment.

China has long dominated the rare earths industry, being responsible for 90 percent of global production, according to the US Geological Survey, while holding just under a quarter of the world's supply of these minerals.

Beijing imposed the controversial quotas and duties in 2010 as part of a broader effort to regulate the sector, which is rife with illicit production and has seen serious environmental impacts resulting from the extraction and production processes.

The dispute against the export quotas and duties on rare earth minerals was first lodged at the WTO in early 2012, when the US, EU, and Japan submitted nearly identical complaints against China claiming that the measures were geared toward increasing global prices and favouring domestic industry.

This past March, a WTO dispute panel ultimately found these measures to be in violation of international trade rules, deeming that there was "no basis" in China's accession protocol for justifying the use of export duties until Article XX of the General Agreement on Tariffs and Trade (GATT). Furthermore, the panel found, the export quotas appeared to be geared more toward meeting industrial goals than the conservation objectives that Beijing had claimed. (See Bridges Weekly, [27 March 2014](#))

"China has every right to charge whatever the market will bear for rare earths but they should not use them to advantage their own end-product producers or extort foreign companies into manufacturing in their nation," said Michael Silver, chief of American Elements, in comments reported by Reuters.

In the weeks following the dispute panel ruling, the US filed a conditional appeal, in anticipation of a submission from China. The US' conditional appeal focused primarily on procedural concerns regarding the panel's review of evidence and less so on the substance of the ruling (See Bridges Weekly, [17 April 2014](#))

Beijing subsequently lodged its own appeal, requesting the Appellate Body – the WTO's highest court – to review certain facts of law and legal interpretation in the panel ruling, such as how China's accession protocol ties into the WTO Agreements overall.

The Asian economy has also asked WTO judges to reverse the panel's findings that the export quotas were not sufficiently linked to conservation. (See Bridges Weekly, [1 May 2014](#))

Domestic measures

Aside from the export duties and quotas, China is also reportedly looking at alternative means of regulating the industry at home. According to a 21 May article in China Daily, China's official English-language newspaper, these measures may include imposing a value tax on natural resource producers or requiring a valid environmental compliance certificate in order to be eligible for export.

"What they need to do in the long-term is to take what was once an export tariff and turn it into a resource tax so the net result is positive," said Ryan Castelloux, founding director of Adams Intelligence, a leading mining and metals consulting firm.

"The tools of the day are now taxes, exchanges, and regulations to consolidate companies into a few champions," said David Abraham, an independent resource analyst.

Alternative supply sources?

Beijing's plans to increase its regulation of the rare earths industry at the domestic level could spur rare earths production abroad, experts say.

"Higher prices may spur the development of overseas rare earths' mining projects," said Chen Huan, a rare earth analyst with Beijing Antaike Information Development Co, in comments reported by Bloomberg. This association estimates that prices could rise by one-fifth of their current levels as a result of the new rules.

At least 18 companies are reportedly planning to begin production outside of China by the end of this decade, the news agency said. Greenland, Australia, Namibia, and Malaysia are among some of the development sites.

ICTSD reporting; "China Preparing to Cancel Tariff on Rare Earth Exports: Source," REUTERS, 4 June 2014; "China's Rare Earth Toxic Time Bomb to Spur Mining Boom," BLOOMBERG, 4 June 2014; "China Will Cancel Rare Earth Tariffs – But It Still Has A Chokehold On The Market," REUTERS, 4 June 2014.

AFRICA

African Union, EU Outline Priorities for Post-2015 Development Agenda

The African Union Commission and the European Union each released their respective priorities for the post-2015 development agenda last week, shortly after the circulation of a “zero draft” that would serve as a potential launching point for negotiating a set of Sustainable Development Goals (SDGs).

The Sustainable Development Goals would replace the current Millennium Development Goals (MDGs) when they expire next year, and are part of a broader initiative aimed at establishing a “post-2015 development agenda.”

African position highlights consensus

The release of the [Common African Position \(CAP\)](#) came during a 3 June [meeting](#) of the African Union Commission, held in Addis Ababa, Ethiopia. The document is a direct result of the work undertaken by a High Level Committee (HLC) set up by the African Union a year ago, and is meant to encapsulate the continent’s key priorities as it participates in the post-2015 negotiations.

The HLC process involved several consultative and technical meetings, in which officials reviewed a list of priorities developed by institutions across the continent with the goal of reaching consensus on a proper post-MDG framework.

The resulting CAP “reflects the aspirations of the African people,” said Liberian President Ellen Johnson Sirleaf, who chaired the High Level Committee.

Carlos Lopes, who serves as the Economic Commission for Africa’s (ECA) Executive Secretary, similarly hailed the CAP as “a concrete step towards mainstream[ing] all the key issues at the global level but with an African perspective addressing all the Sustainable Development Goals.”

“We therefore commit ourselves to speak with one voice and to act in unity to ensure that Africa’s voice is heard and is fully integrated into the global development agenda,” the consensus document says.

Scaling up the transformative agenda

The document groups Africa’s development priorities into “six pillars.” These include structural economic transformation and inclusive growth; science, technology and innovation; people-centred development; environmental sustainability, natural resources and disaster management; peace and security; and finance and partnerships.

“The overarching goals of CAP are to eradicate poverty and ensure human development, which are anchored in the six pillars,” said Anthony Maruping, Commissioner of Economic Affairs of the African Union Commission, who presented the document.

African countries have pledged to strengthen their productive capacities in order to foster industrialisation. They also aim to promote the processing of primary commodities by developing value chains across sectors, together with beneficiation policies, especially in

the extractive sectors of their economies. Beneficiation refers to the treatment of raw materials, such as mineral ore, to improve their properties for further processing.

The CAP also calls for the modernisation of the agricultural sector, together with the enhancement of agricultural productivity, in order to ensure food self-sufficiency. Furthermore, the document emphasises the role of services and infrastructure development in facilitating economic transformation.

The current Millennium Development Goals have come under criticism by some experts, who claim that these placed a disproportionate focus on the social sector and took too much of a quantitative – as opposed to qualitative – approach to development.

This new common position therefore centres on value addition and proper use of resources, rather than the socially-oriented planning of past development models, said Ibrahim Mayaki, head of the New Partnership for Africa's Development (NEPAD), in comments reported by Sierra Express Media.

NEPAD serves as the development arm of the African Union.

In the next phase of its work, the HLC will begin negotiations with other regions of the world as well as the continent's development partners to ensure Africa's vision is included in the post-2015 global development agenda.

EU bets on sustainable development to tackle poverty

Separate to the CAP launch, the European Commission issued its own [proposal](#) last week outlining its development aspirations for the new SDGs.

According to the Brussels document, eradicating poverty and achieving sustainable development are fundamentally interrelated. The communication features "poverty", "inequality," and "food security" as the first three priority areas in a total of 17, and indicates the Commission's plan to cluster them based on interlinkages.

The communication also highlights the role of trade liberalisation for poverty eradication and sustainable development.

"We encourage our partners, notably developed and advanced developing economies, to provide Duty Free and Quota Free (DFQF) and market access for products originating from LDCs as well," the document says.

The European Commission also refers to the value of universality, while acknowledging the need to take "into account different national contexts, capacities, and levels of development." Such differentiated treatment, it said, requires a consideration of each country's respective starting points and capacities, and the need to ensure achievability, ownership, and measurability.

Brussels also says that the post-2015 framework should ensure a "rights-based approach" to promote sustainable development by ensuring "justice, equality and equity, good governance, democracy and the rule of law, peaceful societies and freedom from violence."

Finally, the communication stresses the EU's commitment to a strengthened global partnership, highlighting the 28-nation bloc's role as one of "the driving forces behind mobilising action internally and worldwide."

The Commission document will next be discussed by the Council of Ministers and the European Parliament. The result of these discussions, EU officials say, will serve to guide the bloc's position in the UN negotiations.

September 2015 target date

The creation of the SDGs is a central part of the framing of the post-2015 development agenda, which will be negotiated by UN member states until September 2015.

Some experts have suggested that the value of the sustainable development agenda lies in its ability to identify connections between many issues. However, in terms of practical implementation, this is proving easier in theory than in practice.

The Open Working Group tasked with formulating these new SDGs will be holding their next formal gathering from 16-20 June, in what is expected to be a key meeting in advancing this process. The working group is expected to publish its conclusions next month, ahead of the UN Secretary-General's report later this year. (See [Biores](#), 2 June 2014)

ICTSD reporting; "EC Adopts Communication on SDGs," IISD, 2 June 2014; "As it plans its own future, Africa engages with the world," SIERRA EXPRESS MEDIA, 2 June 2014; "Millennium Development Goals and post-2015 Development Agenda," ECOSOC, 2014.

DISPUTES

Indonesia Lodges WTO Challenge on EU Biodiesel Import Duties

Indonesia has filed a WTO complaint (DS480) against the EU's anti-dumping duties on imported biodiesel, sources confirmed to Bridges on Wednesday.

The duties under scrutiny were confirmed by the EU last November, following a 15-month European Commission investigation into claims that Argentina and Indonesia were exporting their energy product to the 28-nation bloc at a price below its normal value, a practice known as "dumping."

The investigation had been launched in July 2012 at the request of the European Biodiesel Board, a group of producers that represents over a quarter of the EU's total biodiesel production.

The November 2013 duties were set [at an average](#) of 24.6 percent for Argentine producers and 18.9 percent for Indonesian ones, with the duties set to apply for five years. However, under the EU's "lesser duty rule," the actual duties imposed for these companies are between 22 and 25.7 percent for Argentina, and between 8.8 and 20.5 percent for Indonesia, in order to reflect the actual "injury margin."

European officials stressed at the time that the duties were not meant to penalise the two countries, but rather to correct for the negative effects felt by domestic industry as a result of this alleged dumping.

Argentina and Indonesia together make up 90 percent of the EU's biodiesel imports, as well as over 20 percent of the 28-nation bloc's market share. The two countries are the world's top suppliers of the fuel.

Sources familiar with the Indonesian complaint – which will be made publicly available in the coming days – say that Jakarta is also challenging certain provisions from a November 2009 Council Regulation regarding anti-dumping measures on imports from outside the EU.

Argentina complaint at panel stage

Argentina had already filed a complaint ([DS473](#)) at the global trade arbiter on the subject in January. The South American country had claimed that the duties were not only calculated unfairly, but also that they were imposed to protect an EU market that was not able to be competitive on its own. (See Bridges Weekly, [16 January 2014](#))

A panel has already been established in the Argentina case, though sources say it has not yet been composed. Should Indonesia's complaint also advance to the panel stage, the two disputes would likely be heard jointly. (See Bridges Weekly, [1 May 2014](#))

Under WTO dispute settlement rules, Brussels and Jakarta must now conduct consultations for a minimum of 60 days, in an effort to reach a mutually acceptable result. Should these discussions prove unsuccessful, Indonesia may then ask that a WTO panel be established to hear the case.

ICTSD reporting.

RENEWABLE ENERGY

EU Industry Group Claims Violations of China Solar Trade Deal

EU ProSun, an industry group, has asked the European Commission to investigate claims of whether Chinese solar producers are violating a "price undertaking" deal agreed in 2013, in a move that could reignite solar trade tensions between Beijing and Brussels.

The price undertaking agreement was established in July of last year, following months of openly strained ties between the EU and China due to allegations that Chinese producers were selling solar panels and their components abroad at prices below their normal value, a practice known as "dumping."

The arrangement reached last year had been welcomed by EU officials as a solution that would help stabilise the European solar market and remove injury to the bloc's producers that had resulted from the alleged dumping.

The 28-nation bloc imports approximately €21 billion worth of solar panels and their component wafers and cells from the Asian economic giant every year. The European solar industry, for its part, has struggled to keep pace with lower-priced products being imported from the EU's second-largest trading partner.

Under the terms of the deal, participating Chinese exporters are able to export up to 7 gigawatts of solar products to the EU at a price of at least 56 cents per watt. Since then, media reports say, the price has been lowered to 53 cents per watt. Complying with these terms has thus exempted those Chinese solar companies from having to pay hefty anti-dumping duties, which would have averaged at 47.6 percent. (See Bridges Weekly, [5 September 2013](#))

Nearly a year after the deal was struck, EU ProSun – which says it represents over 40 manufacturers in Europe – says that the arrangement has not yielded the intended result. The coalition had been behind the original complaint that prompted the European Commission anti-dumping investigation, as well as a separate subsidy probe.

"EU trade rules are being systemically violated by Chinese manufacturers," said EU ProSun President Milan Nitzschke last week, claiming that "not one" Chinese producer appears to be following the agreed minimum prices.

"Dumped Chinese solar products continue to flood the EU market, destroying European industry and jobs," he continued, urging the Commission to take action.

Included in the list of alleged violations are marketing grants, which EU ProSun say are essentially "kickback payments," along with false product statements that do not reflect the actual volumes of solar products imported into the 28-nation bloc.

Chinese companies deny claims

Representatives from Trina Solar and JinkoSolar, which were reportedly both cited by EU ProSun as violators of the price undertaking deal, have denied the claims.

"Trina is following the rules to the letter and if there is any evidence to the contrary then show it to me," Ben Hill, Trina Solar's vice president for Europe, told PV Tech, a news magazine focusing on the international solar photovoltaic supply chain.

EU trade officials have pledged to investigate the complaint and, should there indeed be evidence of violations, respond accordingly with a withdrawal of the agreement.

"Allegations of possible violations are always thoroughly scrutinised and taken very seriously," EU Trade Spokesman John Clancy said in a statement. However, he added, these violations must be "duly established based on facts and evidence."

The EU ProSun allegations come hot on the heels of the US Commerce Department's decision, in a separate investigation, to impose preliminary countervailing duties on imports of Chinese-made solar cells, panels, and modules, in a decision that was criticised by Beijing officials as being detrimental to the competitiveness of the photovoltaic industry worldwide. (See Bridges Weekly, [5 June 2014](#))

ICTSD reporting; "EU Solar Firms Accuse Chinese Rivals of Violating Agreement," WALL STREET JOURNAL, 4 June 2014; "Trina Solar dismisses accusations of EU trade breach," PVTECH, 6 June 2014.

PREFERENTIAL AGREEMENTS

TPP: US, Japan Meet to Iron Out Automobile Trade Differences

US and Japanese trade officials met in Washington earlier this week in an effort to resolve some of their outstanding issues related to automobile trade, with just weeks until the next meeting of chief negotiators for the 12-country Trans-Pacific Partnership (TPP) Agreement.

Differences between Japan and the US – the two biggest economies in the TPP talks – on agricultural and automobile trade have been cited as the largest stumbling blocks for clinching an overall 12-country deal.

The two sides have therefore held a series of bilateral meetings on both topics over the past several months in an effort to reach a mutually acceptable agreement.

Regarding automobiles, Washington is pressing Tokyo to open its market to more imports, mainly through the removal of non-tariff barriers. The two sides had agreed last year that bilateral discussions on the subject – a long-standing sticking point between them – would be held in parallel to the TPP talks, as one of Japan's conditions for entry into the overall negotiations. (See Bridges Weekly, [18 April 2013](#))

On the agricultural front, Washington had until recently been pushing for total tariff elimination, which Japan has said it cannot agree to given the domestic sensitivities surrounding farm trade. (See Bridges Weekly, [22 May 2014](#)).

Following an April summit between US President Barack Obama and Japanese Prime Minister Shinzo Abe, it appeared that Washington would settle for tariff elimination "to the maximum extent possible," giving Tokyo some room to maintain limited protections for particularly sensitive agricultural goods like beef, sugar, and dairy.

This prospect has rankled the highly influential US farm lobby, which has repeatedly threatened to withhold its support for the deal if tariffs are not eliminated as previously hoped.

"We are not going to allow a bad deal with Japan to go forward," said Nick Giordano, vice president of the National Pork Producers Council, which represents American pig farmers. "It's going to invite other countries in the TPP to scale back what they are willing to give to the United States."

American dairy farmers have similarly complained, with members of the National Milk Producers Federation and the US Dairy Export Council saying in a letter to the Office of the US Trade Representative (USTR) and the US Department of Agriculture that it would be "unacceptable" for Japan not to grant full access to this sector.

US trade officials have said that they are working with Japan to achieve the maximum possible access for American farm exports.

"I'm confident that TPP will cover the full range of Japanese agricultural products," US Trade Representative Michael Froman told the Reuters news agency this week.

July meeting

This week's two-day talks were the first since last month's ministerial-level meeting in Singapore, where the group pledged to ramp up their negotiating efforts in order to soon clinch a deal.

To that end, chief negotiators are reportedly gathering the week of 3 July in Canada, in a meeting that has been termed by some officials as crucial for achieving a near-term result.

Even so, whether an agreement will indeed be possible this year remains in question, with Australian Trade Minister Andrew Robb recently suggesting that the talks could drag on into late 2015.

"It's a very complicated thing and I think we have probably negotiated 80 percent," Robb told AAP last week, noting that the bulk of the remaining work revolves around market access.

ICTSD reporting; "TPP Trade Deal Likely in 2015, says Robb," THE SYDNEY MORNING HERALD, 5 June 2014; "Japan, U.S. Restart Trade Talks on Auto Industry," THE JAPAN TIMES, 10 June 2014; "Anger by U.S. Farmers Threatens Ambitious Pacific Trade Pact," REUTERS, 10 June 2014; "U.S. Dairy Industry May Pull Support for Trans-Pacific Partnership," THE NEW AMERICAN, 11 June 2014; "TPP chief negotiators to meet in Vancouver from July 3," KYODO NEWS, 11 June 2014.

EVENTS & RESOURCES

Events

Coming Soon

12 June, Melbourne, Australia. ENHANCING THE INVESTMENT ENVIRONMENT IN APEC AND ASEAN ECONOMIES. This training programme, hosted by the Asian Development Bank Institute, is a follow-up to a seminar hosted last September in Beijing on the same subject. The course aims to build the capacity of regional investment officials regarding the review and implementation of policies that could lead to improved predictability, stability, and transparency in national investment decision-making. The event will address a range of investment-focused topics, such as state-owned enterprises, policy frameworks to promote uniform investment screening, and emerging international deals in trade and investment and their effect on foreign direct investment flows. For more information, visit the event [website](#).

12 June, Washington, US. THE ROAD AHEAD FOR JAPANESE ENERGY. At this event, hosted by the Brookings Institution, Toshikazu Okuya, director of the Energy Supply and Demand Policy Office at Japan's Ministry of Economy, Trade and Industry (METI), will present the Fourth Strategic Energy Plan of Japan. At present, Japan relies heavily on imported fossil fuels. Meanwhile, many nuclear energy plants remain under review following the 2011 disaster at the Fukushima Daiichi nuclear facility. METI's plan therefore looks to create a resilient, multi-faceted energy security structure that would improve Japan's self-sufficiency in this area. Following the presentation, several other government representatives and stakeholders will join Okuya for a panel discussion about the Asian country's energy outlook. For more information, visit the event [website](#).

16-20 June, Manila, Philippines. 9TH ASIA CLEAN ENERGY FORUM 2014. The Asian Clean Energy Forum (ACEF), jointly organised by the Asian Development Bank (ADB), USAID, and the World Energy Council, aims to create a platform where best practices in policy, technology, and finance can be shared in order to help the region respond to its climate and energy security challenges. The forum is designed to facilitate knowledge-sharing among clean energy practitioners in Asia; highlight innovative approaches to packaging and scaling up clean energy initiatives; and take stock of the progress in advancing the clean energy agenda in the region. For more information, visit the event [website](#).

16-20 June, Washington, US. AMERICAN UNIVERSITY, WASHINGTON COLLEGE OF LAW ENVIRONMENTAL LAW SUMMER 2014 SESSION. This weeklong seminar, co-hosted by American University's Washington College of Law and the Organization of American States, will focus on capacity-building in the area of trade and environment in the Americas. The course will consist of a series of modules taught by leading practitioners, focusing on topics such as trade and environment law and policy; environmental dimensions of international trade; and the enforcement of trade-related environmental commitments. The seminar will also include a site visit to ExxonMobil to learn about private sector considerations and will conclude with a trade negotiation simulation exercise. The seminar schedule, modules, and more information can be accessed [here](#).

18 June, Tokyo, Japan. THE EUROZONE: END OF CRISIS OR CRISIS WITHOUT END? This event is part of a seminar series hosted by the Asian Development Bank Institute. The seminar will be hosted by Klaus Merk, Deutsche Bundesbank's representative to Japan, and will focus on the economic status of the eurozone in the wake of the sovereign debt crisis. While much has improved since the crisis began, unemployment rates remain high in many countries, with setbacks still possible. The event will address how the crisis may ultimately

be solved, such as through implementing structural reforms or reinforcing the regulatory framework of the European Monetary Union, among other policy changes. For more information, visit the event [website](#).

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.

13 June: Working Group on Trade, Debt and Finance

17 + 19 June: Trade Policy Review: Organisation of Eastern Caribbean States

17 June: Working Group on Trade and Transfer of Technology

18: Committee on Trade and Development – Session on Aid for Trade

18-19: Committee on Technical Barriers to Trade

19 June: Dispute Settlement Body

19 June: Committee on Trade in Financial Services

19 June: Council for Trade in Goods

19 June: Council for Trade in Services – Special Session

Other Upcoming Events

18-19 June, Geneva, Switzerland. UNCTAD PUBLIC SYMPOSIUM. This annual outreach event by the UN Conference on Trade and Development (UNCTAD) will focus on how increased inequality can create problems for sustainable development, with sub-themes on the "macroeconomic dimensions of inequality" and "from best policy practices to global transformation." This year's Symposium will also open with the **Third Geneva Dialogue**, part of a series of events where experts debate global economic issues, including the post-2015 development agenda. For more information, visit the event [website](#).

19-23 June, Geneva, Switzerland. CLIMATE, FOOD, TRADE NEXUS: LINKING EAST AFRICAN ISSUES TO THE GLOBAL CONTEXT. This international conference, hosted by CUTS International, will focus on lessons learned from a three-year project in East Africa titled "Promoting Agriculture-Trade-Climate Linkages in the East African Community" (PACT EAC), and address how these can be integrated into global discussions. The project examined the policy linkages between climate change, food security, and trade. Key topics for discussion include why these three policy areas matter to Africa; the food security agenda in the context of last year's WTO Bali Ministerial Conference; and the role of trade policies in the EAC in ensuring food security. For more information, visit the event [website](#).

20 June, London, UK. CHINA'S INTERNATIONAL ECONOMIC POLICY: REGIONALIZATION AND GLOBAL ECONOMIC GOVERNANCE. At this Chatham House event, Wang Yong, who heads Peking University's Centre for International Political Economy, will provide an analysis of China's international economic policy. Wang will focus on the country's responses to mega-regional free trade agreements (FTAs), such as the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) currently under negotiation. He will also review China's regionalisation strategy,

including bilateral FTAs and the Regional Comprehensive Economic Partnership (RCEP), and the country's position in other international global governance forums. For more information, visit the event [website](#).

30 June, London, UK. THE 2014 CHATHAM HOUSE ANNUAL COMPETITION POLICY CONFERENCE: COMPETITION POLICY IN REGULATED MARKETS. This year's edition of Chatham House's Annual Competition Policy conference will assess the role of competition policy in regulated markets, with a particular focus on financial, mobile telephony, and electricity. Speakers will also discuss what effects today's intellectual property system has on innovation, and whether economic theory must be adapted to global antitrust practice, among other questions. For more information, visit the event [website](#).

Resources

WORLD TRADE ORGANIZATION ANNUAL REPORT 2014. Published by the WTO (May 2014). This report provides an overview of the global trade body's activities in 2013 and early 2014. The report's chapters address topics such as membership, trade negotiations, implementation and monitoring, dispute settlement, building trade capacity, outreach, secretariat, and budget. The report is available in printed form, as a PDF, and via app. To learn more, or to access the report, click [here](#).

THE EUROPE 2020 COMPETITIVENESS REPORT 2014: BUILDING A MORE COMPETITIVE EUROPE. Published by the World Economic Forum (2014). In 2010, the European Commission proposed the Europe 2020 strategy as a means of focusing the bloc and its individual member states on improving their global competitiveness. This report is the second edition of a biennial series that aims to assess Europe's progress in advancing competitiveness based on the Europe 2020 strategy. The report finds that Europe still lags in bridging the competitiveness gap with the US and other advanced economies, and highlights the continued competitiveness divide within the EU itself. The WEF report concludes that the competitiveness agenda must be at the core of national and European policy in order to meet the 2020 goals. The complete report can be accessed [here](#).

ENVIRONMENT TARGETS NEEDED IN ALL UN SUSTAINABLE DEVELOPMENT GOALS. Published by viEUws (June 2014). In this video interview, Director General of WWF International Marco Lambertini discusses the planned post-2015 Sustainable Development Goals (SDGs) with environmental journalist Sonja van Renssen. In the interview, Lambertini argues that environmental protection can no longer exist as an isolated issue, but should instead be integrated into all SDGs related to economic growth. Furthermore, he says, the establishment of a more universal and global agenda under the SDGs will require broader participation, beyond just that of political and private business initiatives. The video interview can be seen [here](#).

ALTERNATIVES TO CURRENCY MANIPULATION: WHAT SWITZERLAND, SINGAPORE, AND HONG KONG CAN DO. By Joseph E. Gagnon for the Peterson Institute for International Economics (June 2014). This policy brief examines the economic policies of Switzerland, Singapore, and Hong Kong in the years since the 2008-09 global recession. All three have kept the value of their currencies low, the author finds. However, he argues, similar macroeconomic outcomes could have been achieved through greater fiscal and domestic monetary ease, and would have required less currency intervention and declining current account surpluses. Furthermore, Gagnon suggests, these strategies could have sparked increased domestic demand, and in turn sped up the global economic recovery. The full document can be accessed [here](#).

EXPLORE THE TRADE AND SUSTAINABLE DEVELOPMENT
WORLD FURTHER WITH ICTSD'S BRIDGES NETWORK

BIORES

Analysis and news on trade and environment for a global audience
<http://www.ictsd.org/bridges-news/biores>
English language

BRIDGES AFRICA

Trade and sustainable development news and analysis on Africa
<http://www.ictsd.org/bridges-news/bridges-africa>
English language

PUENTES

Latin America-focussed analysis and news on trade and sustainable development
<http://www.ictsd.org/bridges-news/puentes>
Spanish language

МОСТЫ

CIS-focussed analysis and news on trade and sustainable development
<http://www.ictsd.org/bridges-news/МОСТЫ>
Russian language

PONTES

Analysis and news on trade and sustainable development for the Portuguese-speaking world
<http://www.ictsd.org/bridges-news/pontes>
Portuguese language

桥

Analysis and news on trade and sustainable development for the Chinese-speaking world
<http://www.ictsd.org/bridges-news/桥>
Chinese language

PASSERELLES

Africa-focussed analysis and news on trade and sustainable development
<http://ictsd.org/news/passerelles>
French language

PUBLISHED BY



International Centre for Trade
and Sustainable Development
Chemin de Balexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

Bridges Weekly Trade News is made possible
through generous contributions of donors and
partners including

DFID - UK Department for
International Development

SIDA - Swedish International
Development Agency

DGIS - Ministry of Foreign Affairs
Netherlands

Ministry of Foreign Affairs, Denmark

Ministry of Foreign Affairs, Finland

Ministry of Foreign Affairs, Norway

Copyright ICTSD, 2014. Readers are encouraged
to quote and reproduce this material for
educational, non-profit purposes, provided the
source is acknowledged.



This work is licensed under the Creative
Commons Attribution-Noncommercial-No-
Derivative Works 3.0 [License](http://creativecommons.org/licenses/by-nc-nd/3.0/).

Your support to BRIDGES and the BRIDGES series
of publications is most welcome; if interested,
please contact Andrew Crosby, Managing
Director at +41-22-917-8335.

Contributors to this issue are Sofia Alicia Baliño,
Jessica Berns, and Kiranne Guddoy. This edition of
Bridges Weekly Trade News Digest is edited by
Sofia Alicia Baliño.

The Publisher and Director is Ricardo Meléndez-
Ortiz. The Editor in Chief is Andrew Crosby.
Comments and suggestions are welcomed and
should be directed to the [editor](#) or the [director](#).

Price: €10.00

ISSN 1563-0

