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DISPUTES

Indonesia Announces Deal with US on Clove Cigarettes Trade Dispute

Indonesia announced on Tuesday that it has reached an agreement with the US to settle its WTO dispute ([DS406](#)) concerning Washington's ban on the production and distribution of clove cigarettes, bringing the long-standing row to a close. The deal appears to keep the US ban in place, while making concessions to Indonesia in other trade areas.

The dispute has been one of the WTO's more high-profile, given that it highlighted the difficult issue of how to reconcile public health goals with international trade rules.

The case has been significant in terms of clarifying specific aspects of WTO law, namely the organisation's Technical Barriers to Trade (TBT) Agreement.

Together with separate cases on a US dolphin-safe labelling scheme and the US' country-of-origin labelling requirement for livestock and meat exports, the clove cigarettes case had raised the question of how to design technical regulations – such as those aimed at achieving other public policy objectives, like consumer health – without creating unnecessary obstacles to trade.

According to Jakarta's trade ministry, the two countries now have a Memorandum of Understanding, or MOU, in place that will bring the dispute to an end "by way of a settlement accommodating to the interests of both parties involved."

The news comes just a week after Washington announced it had reached a settlement in a separate WTO case with Brazil, this one involving US cotton subsidies. (See Bridges Weekly, [2 October 2014](#))

Prolonged dispute

Dispute proceedings on the subject had kicked off at the WTO four years ago, with Indonesia filing a request for consultations in April 2010.

At issue in the case was the US' Family Smoking Prevention and Tobacco Control Act of 2009, which banned the production and sale of clove and most other flavoured cigarettes in the United States in the hopes of discouraging young people from smoking. However, menthol cigarettes were not included in the ban.

Among other claims, Jakarta had argued that menthol and clove cigarettes are like products, and that since menthol cigarettes consumed in the US are primarily US-produced, this gave them an unfair advantage over other flavoured cigarettes.

During the dispute proceedings, Washington had explained that menthol was not included at the time both due to a lack of information over the effects a menthol ban might have, and also the fear that a black market in such cigarettes could emerge. (See Bridges Weekly, [7 September 2011](#))

The 2009 ban had particular significance for Indonesia, the world leader in clove cigarette production. Prior to the prohibition, clove cigarettes consumed in the US were primarily imported from the island country.

Notably, the ban did not extend to flavoured cigars and cigarillos, a fact that has since been criticised by some public health advocates and American lawmakers. For instance, Representative Henry Waxman – a US lawmaker from the state of California – [submitted a letter](#) in 2011 asking that the US Food and Drug Administration (FDA) extend the ban to flavoured cigars.

The lawmaker cited alleged evidence that Kretek International, a company that imports clove tobacco products from Indonesia and had controlled 97 percent of the US clove cigarette market prior to the ban, had introduced clove-favoured cigars to circumvent the measure.

In 2012, the WTO's Appellate Body had confirmed that the US legislation was discriminatory against imports of Indonesian clove cigarettes, with the US being given until late July of that year to comply with the ruling. The Appellate Body is the WTO's highest court, with its decisions being final. (See Bridges Weekly, [11 April 2012](#))

In August 2013, Indonesia asked the WTO's Dispute Settlement Body (DSB) to authorise retaliatory measures, the value of which was reportedly around US\$55 million, against the US, claiming that Washington had not taken the necessary steps to bring its measures into compliance with global trade rules.

Responding to a US request, the DSB then agreed to refer those matters to arbitration, in line with Article 22.6 of the Dispute Settlement Understanding (DSU), which is the WTO agreement that governs the adjudication of trade disputes.

In late June, after the arbitrator made its draft decision, the two parties [jointly asked](#) the arbitrator to suspend the circulation of the decision to the public, and to keep the award confidential during that time.

Both parties then conducted a series of ambassador- and ministerial-level meetings in order to come up with the agreement announced on Tuesday.

Ban to remain in place

Under the terms of the MOU, the US ban will apparently remain in place, though Washington has agreed that it will not take steps to impede the market access of imported Indonesian cigars and cigarillos, at least not until new regulations "that are non-arbitrary and non-discriminative" can be enacted.

Though the 2009 prohibition remains, Bachrul Chairi, Jakarta's Director General of International Trade Cooperation, emphasised that Indonesia is still set to benefit from the agreement in other ways.

"What we gain by settling outside the WTO is more significant than what we would gain by taking retaliatory measures valued at US\$55 million out of Indonesia's total imports from the United States," said Bachrul.

Beyond just ending the clove cigarette saga, Washington and Jakarta have agreed to intensify their trade and investment cooperation in the context of the Indonesia-US Trade and Investment Framework Arrangement (TIFA).

The US will also refrain from submitting any WTO challenges regarding Indonesia's controversial mineral export restrictions. (See Bridges Weekly, [16 January 2014](#))

Other potential benefits to Jakarta from the deal include a pledge by the US to grant additional "facilities" under Washington's Generalised System of Preferences (GSP) scheme "that exceed certain value limitations for the next five years," without going into further detail.

The GSP expired in mid-2013, though renewal of the preference scheme is expected.

Additional cooperation in the area of intellectual property rights has also been promised. Furthermore, Bachrul said, the MOU does not eliminate the fact that the DSB has found Washington guilty of violating WTO agreements.

ICTSD reporting.

CLIMATE AND ENERGY

EU Commission Revises Transport Fuel Proposal, Drops “Tar Sands” Distinction

The European Commission released a new proposal this week for implementing the 28-nation bloc's Fuel Quality Directive. Notably, this revised plan omits a requirement that oil extracted from tar sands be labelled as “highly polluting,” in a move that is expected to assuage past tensions with Canada on the subject while drawing the ire of environmental groups.

The EU's Fuel Quality Directive (FQD) was amended in 2009, in the context of an agreement on a legislation package to govern the bloc's climate and energy policies until 2020. Among the revised FQD's aims is a requirement that suppliers slash the “life-cycle greenhouse gas intensity” of energy sources for road vehicles – including fuel – by 6 percent by 2020 from 2010 levels.

Among the specific changes in the new FQD was a stipulation that, from 2011, suppliers would need to report on the greenhouse gas intensity of the fuel stocks provided to relevant authorities in EU member states.

However, the legislation at the time did not include rules to account for greenhouse gas (GHG) emissions from various crude oil sources, instead requiring the EU executive to propose relevant implementing legislation.

The European Commission [proposal](#) announced on Tuesday would no longer require that oil derived from tar sands be classified separately from other types of oil, contrary to a previous iteration of the proposals made nearly three years ago.

Instead, it will establish a methodology for calculating the carbon intensity for four broad fuel types, namely, petrol, diesel, Liquefied Petroleum Gas (LPG) and Compressed Natural Gas (CNG). These figures will then be used by suppliers for the required exercise of the overall fuel feedstock. The new proposal also obligates suppliers to inform the Commission as to the origin of their feedstock.

Some environmental groups have historically argued that tar sands oil should be assigned a separate carbon intensity value. Extracting oil from clay-like sands requires large volumes of water and energy and the derived oil is known to emit more carbon over its life-cycle. Green campaigners have also warned that the process can destroy fragile ecosystems and leave lasting scars on the natural landscape.

While Canada has only recently begun shipping tar sands crude to Europe, the government had hoped to be able to expand energy exports across the Atlantic, especially at a time when the 28-nation bloc is looking to diversify away from dependence on Russian oil.

Officials in Ottawa have in the past said that a de facto “dirty oil” label could also potentially damage other energy trade prospects. A proposed plan to run a pipeline from the Canadian Albertan oil sands down to refineries on the US Gulf Coast has also been met with resistance from various stakeholders in both countries. The Keystone XL pipeline, as the project is formally known, has faced a myriad of delays and has become a lightning rod for controversy over the last six years.

The change in the Commission's proposal comes hot on heels of the successful signing of a bilateral free trade pact between the EU and Canada. The Comprehensive Economic and Trade Agreement (CETA), was inked last month, nearly a year after officials reached agreement in principle of the subject.

The bilateral deal slashes almost all customs tariffs on both sides barring a few exceptions. [Provisions](#) are made for scaling up mutual access to various energy utilities and services markets, although the pact does not include a separate energy trade chapter.

However, the agreed-upon bilateral deal will, require ratification by the legislatures of both parties, a step that could prove a possible stumbling block given negative reactions by certain EU member states since the signing. (See Bridges Weekly, [2 October 2014](#))

The revised FQD proposal may also have implications for a separate bilateral Atlantic trade pact the EU is in process of negotiating with the US. The Transatlantic Trade and Investment Partnership (TTIP) could have an energy and raw materials chapter, although the US currently has a long-standing restriction on crude oil and gas exports in place.

Push-and-pull

The prospect that tar sands could be singled out as particularly polluting had been a sore point between the EU and Canada, given that the Canadian province of Alberta has one of the world's largest oil reserves, surpassed only by Saudi Arabia and Venezuela. The energy sector as a whole accounts for 6.5 percent of Canada's GDP and the country has weighed in among the top ten energy producers in the world in recent years.

In February 2012, a vote to pass a different version of the proposal – one that would have revised the bloc's Fuel Quality Directive by adding a new rank of "tar sands" – ended in deadlock, with an EU committee unable to reach the "qualified majority" needed to either pass it or defeat it. (See Bridges Weekly, [29 February 2012](#))

While environment ministers had been set to vote on the subject in June of that year, that plan was also put on ice in order for the Commission to have time to conduct an impact study of the measure, specifically on how it would affect markets and businesses.

Reports in 2011 had suggested that the issue could have soured the then-ongoing CETA negotiations. A week ahead of the February 2012 committee vote, Ottawa was rumoured to be considering the possibility of filing a WTO case against the planned move, had the original Commission proposal advanced. (See Bridges Weekly, [2 March 2011](#) and 22 February 2012, [respectively](#))

"It is no secret that our initial proposal could not go through due to resistance faced in some member states," said outgoing EU Climate Action Commissioner Connie Hedegaard [in a statement](#) on Tuesday. "However, the Commission is today giving this another push, to try and ensure that in the future, there will be a methodology and thus an incentive to choose less polluting fuels over more polluting ones, like for example oil sands."

The new proposal must now go to the European Council for approval within the next two months. The proposal will then be submitted to EU parliamentarians for review.

The announcement also comes just weeks ahead of a leaders' meeting to review the Commission's proposed 2030 climate and energy framework. Among the new mitigation targets on the table for consideration is a 40 percent cut to greenhouse gas emissions from 1990 levels. (See BioRes, [23 January 2014](#))

Fuel used in various forms of transport currently accounts for around 31 percent of the EU's total carbon emissions, making it one of the bloc's most polluting sectors.

Environmental groups react

The new proposal has drawn sharp criticism from some environmental groups, with Greenpeace EU energy and transport policy director Franziska Achterberg [warning](#) that the measure "will do nothing to stop climate-wrecking fuels like tar sands from entering the EU market."

"This should be a lesson to [incoming Commission President] Juncker and his team. Public opposition will only intensify if he allows trade deals to be used to undermine the EU's environmental legislation," Achterberg added.

Transport & Environment (T&E), a group that is said to represent over 50 organisations across the bloc that focus on sustainable transport policies, similarly slammed the move.

"[The proposal] is not just a tragedy for the climate; excusing the oil industry from carbon reduction efforts is unfair, inefficient, and costly as well," [said](#) Nusa Urbancic, who runs the fuels team at T&E.

Meanwhile, industry groups welcomed the new FQD proposal, saying it outlined an effective methodology. FuelsEurope, an association for Europe's refiners, said the reporting rules approach would "limit the impacts on the competitiveness of the European refining industry."

ICTSD reporting; "UPDATE 2-EU vote on tar sands oil delayed until 2013," REUTERS, 20 April 2012; "Canada Gets EU Oil Sands Reprieve," WALL STREET JOURNAL, 7 October 2014; "European Union drops plan to label oilsands crude 'dirty'," REUTERS, 7 October 2014.

PREFERENTIAL AGREEMENTS

TPP Ministerial Set for Australia, Robb Suggests "Basic Elements" of Deal by Year-End

Members of the 12-country Trans-Pacific Partnership (TPP) talks appear to be ramping up their negotiating efforts in the hopes of reaching the main elements of an agreement by the end of this year, with Australia confirming last week that it would be hosting a ministerial-level meeting in Sydney later this month.

"After more than four years of intense negotiations the conclusion of the world's largest regional trade agreement is within reach," said Australian trade minister Andrew Robb [in a statement](#) announcing the 25-27 October meeting.

The goal of the event, the trade minister's office said, was to advance the talks "with an eye to concluding the basic elements of the agreement before the end of the year."

Robb had previously been one of the officials suggesting that a completed TPP would be unlikely this year, and was more likely for early 2015. (See Bridges Weekly, [26 June 2014](#))

The announcement has also prompted speculation that a basic TPP deal could be ready in time for US President Barack Obama's trip to Asia next month for the Asia-Pacific Economic Cooperation (APEC) leaders' meetings, despite earlier scepticism over the feasibility of this goal.

All 12 TPP members are part of the 21-country regional group, which will be having its annual gathering in China this November. The US executive has said that he would like to see some sort of document that Congress and the public could look at by that time.

Eyes on US, Japan

Whether the US and Japan will be able to resolve their differences on agricultural and automobile trade in time for the Sydney meeting is unclear, particularly given that ministerial-level meetings last month between US Trade Representative (USTR) Michael Froman and Japanese Trade and Economy Minister Akira Amari failed to yield any significant breakthroughs.

In the lead up to last month's meetings, US Trade Representative Michael Froman spoke encouragingly about working "hand-in-hand" with Japan, and Japanese Prime Minister Shinzo Abe promised that his country would "boldly contribute to reaching an agreement."

However, in a [press release](#) issued following the meetings, the Office of the US Trade Representative (USTR) suggested that those discussions had yielded no movement on "key outstanding issues." Amari similarly told media that a "gap" between the sides had impeded any further progress.

The breakdown of the September session led to media reports that implied growing frustration on both sides, prompting many to question whether any resolution would be possible.

After receiving an unsatisfactory offer on the reduction of beef tariffs, with Japan suggesting that a safeguard mechanism be put in place should imports exceed a certain level, US officials reportedly threatened to retract a previous offer to eliminate a 2.5 percent tariff on auto parts.

On 26 September, US Vice President Joe Biden and Abe attempted to ease tensions during a short meeting in New York. [According](#) to the White House, Abe and Biden agreed on “the need to resolve outstanding bilateral issues in TPP negotiations, including on agriculture and automobiles, as soon as possible.”

Since Japan joined the TPP negotiations in July 2013, the two sides have been at loggerheads over these specific trade issues, with the disagreements being blamed for slowing down the rest of the group's negotiations.

Acting Deputy USTR Wendy Cutler is now set to meet with Japanese officials from 10 October in an effort to “lay the groundwork” for resuming the bilateral talks, according to a [press schedule](#) released by the Office of the USTR earlier this week.

Abenomics

Since announcing his support of the TPP in early 2013, Abe has made the negotiations a priority within his three-pronged economic plan of structural, fiscal policy, and monetary policy reforms, jointly dubbed “Abenomics.”

But Japanese public support for the TPP is tempered by an overall uncertainty on the benefits of enhanced international trade. According to [a recent Pew Research poll](#), only fifteen percent of the Japanese population believes that increased foreign trade leads to job creation.

Meanwhile, the powerful Japanese farming lobby, which strongly opposes agricultural tariff cuts, has presented another challenge to Abe's TPP agenda.

During an [address](#) to the Council on Foreign Relations last month, Abe suggested that overcoming “resistance from the people who have been protected by vested interests” within the country's political system is an “enormous task.”

Unlike their counterparts in Japanese agriculture, American agribusiness has been strongly advocating for deep tariff cuts, and even tariff elimination, on farm products in the TPP. In a recent [press statement](#), the National Pork Producers Council (NPPC) suggested that “[t]he tail is wagging the dog in Japan” because a small group of “protectionist farmers” is preventing Japan and eleven other countries from signing the trade deal.

If Japan is unwilling to meet the tariff reductions agreed to by the other TPP partners, the NPPC argued, a deal should be concluded independently.

Election timing

Despite the year-end suggestion for a basic deal, there is no formal deadline for the TPP talks. However, pressure to conclude a deal is growing, with Singaporean Prime Minister Lee Hsien Loong recently suggesting that a deal must be struck this year to avoid “further delays of an indefinite nature,” given the upcoming 2016 American presidential elections.

Meanwhile, other open questions include whether a completed TPP deal will be able to make its way through the US Congress, given that the US legislative branch has been slow to advance the renewal of Trade Promotion Authority (TPA), which allows negotiated trade deals to be submitted for a straight up-or-down vote, without amendments.

The Obama Administration has said that an ambitious TPP agreement could help make a case for passing TPA renewal. However, some lawmakers have said that they would not approve a TPP deal unless TPA is approved first.

ICTSD reporting; "TPP talks fail, again, as Tokyo and Washington continue to disagree on autos and food," KYODO NEW, 25 September 2014; "This year is last chance to conclude TPP negotiations: Singapore PM," XINHUA, 20 September 2014; "Despite Bold Japan Trade Pledges, U.S. Still Wonders: 'Where's the Beef?'," WALL STREET JOURNAL, 27 September 2014; "Glum outlook for reaching TPP agreement in Nov," ASIA ONE, 27 September 2014; "Japan, U.S. blame each other for snag in TPP talks," REUTERS, 28 September 2014; "GOP Senate no slam dunk on trade for Obama," POLITICO, 15 September 2014.

DISPUTES

Argentina Import Restrictions Case to Undergo WTO Appeal

The WTO Appellate Body is set to hear appeals on the dispute over Buenos Aires' controversial import restrictions, with the EU, Japan, and Argentina all filing notices of appeal with the global trade arbiter over the past fortnight.

A previous dispute panel had ruled in late August that these restrictions were in violation of international trade rules, siding largely with the EU, US, and Japan, which had all filed complaints on the subject in 2012. (See Bridges Weekly, [10 September 2014](#))

Namely, the panel had deemed that Buenos Aires' requirements that "economic operators" replace imports with their domestically-produced equivalents – such as by requiring that imports be limited in volume or in price, or that operators export at least the same value as what they are importing – were in violation of WTO rules.

The five requirements involved were termed jointly as "Restrictive Trade-Related Requirements," or TRRs, and have been part of the Argentine government's managed trade policy, known in Spanish as *comercio administrado*. Even though the measures were not explicitly outlined in Argentine law, the panel deemed that it had found enough evidence of the TRRs at play to make a ruling against them.

The Appellate Body, which is the WTO's highest court, can now review and – if necessary – amend alleged errors of law or legal interpretation by the original panel.

Should Argentina's policies be confirmed to be in violation of trade rules, Buenos Aires will be asked to bring those policies into compliance. If Argentina fails to do so, the complainants will have the right to ask the global trade arbiter to authorise countermeasures.

Argentina asks for reversal on TRRs, DJAI decisions

Argentina was the first to file its appeal notice, having already pledged to challenge the panel's findings at the time the latter's report was released.

Buenos Aires has flagged two main areas where it would like to see the Appellate Body revise the panel's findings – namely, the rulings on the TRRs, and the panel's findings regarding a separate import licensing requirement, known as the *Declaración Jurada Anticipada de Importación* (DJAI) in Spanish.

First, Argentina has said that the TRRs were actually outside of the panel's terms of reference, given the way the complainants had presented them in their panel requests. Argentina has also said that the panel's methods for determining that these unwritten TRRs even exist did not apply the correct legal standard.

For this and other reasons, Argentina has asked that the Appellate Body both reverse the panel's findings that these measures existed or "operate[d] as a single measure," as well as the panel's determination that the TRRs violated both WTO rules on the general elimination of quantitative restrictions, as well as those involving treating imported goods as favourably as their domestic counterparts.

Both of the relevant articles – XI:1 and III:4 – are found in the WTO's General Agreement on Tariffs and Trade (GATT).

Regarding the DJAI – whose adoption in early 2012 had been one of the main drivers behind the dispute – Argentina has asked that the Appellate Body change a series of findings made by the panel, namely over whether the DJAI was indeed a restriction on imports or was instead an import-related formality. This determination is essential to choosing which GATT article to review the measure under.

Under the DJAI, importers had to file online affidavits and wait for government approval before importing. While import licenses are allowed under global trade rules, they must be approved automatically. Any non-automatic import licenses must comply with specific WTO requirements and be issued within 60 days.

"Even if the Panel were to accept that the DJAI procedure is used by AFIP as a 'customs risk assessment tool', that is not the only manner in which the DJAI procedure is used," the panel had said in August.

"The DJAI procedure is not directed at a mere observance of forms; it is not a mere formality imposed by Argentina in connection with the importation of goods. Rather, it is a procedure by which Argentina determines the right to import," the panel added.

Buenos Aires has said that, even if the DJAI did qualify as an import restriction, a complainant would have to prove that the limitation on imports is separate to the trade-restricting effect that naturally comes from import-related formalities.

EU, Japan lodge counter claims

Just over a week after Argentina submitted its appeal notice, two of the complainants – the EU and Japan – sent in their own notices.

Brussels and Tokyo took different approaches, however. The EU, for its part, has asked the Appellate Body to review the panel's finding that a set of 23 measures – which Brussels had described as specific cases where these TRRs were put into practice – were not well-enough identified as "measures at issue" in its panel request.

This had led the panel to decide not to rule on these measures, a decision that the EU claims was in error. Furthermore, should the Appellate Body decide to reverse any parts of the panel findings that involve the existence – or WTO-inconsistency – of the TRRs, the EU has then asked the Appellate Body to examine whether these individual 23 measures were themselves in violation of international trade rules, namely those involving the use of quantitative restrictions and national treatment.

Japan, for its part, has asked that the Appellate Body look at whether these TRRs do indeed violate Article X:1 of the GATT, which deals with the prompt publication of regulations relating to trade. The panel had chosen not to rule on this, citing the need for "judicial economy," given that the measures were already deemed WTO-illegal as quantitative restrictions under a separate provision of the GATT, Article XI:1.

Dispute panels have the discretion to not address all claims raised under a dispute, if it deems that others are sufficient to solve the case.

Next steps

A final report is usually issued within 90 days after the appeals period closes. Whether the US will file its own appeal for consideration was unclear at the time of this writing.

ICTSD reporting.

GLOBAL ECONOMY

New IMF Forecasts Indicate Weaker Global Growth Ahead of Washington Meetings

After a year fraught with uneven growth and social and political turmoil across the Middle East, West Africa, East Asia, and Eastern Europe, new data released by the International Monetary Fund (IMF) and other organisations this week are indicating that the global economy could potentially pay the price.

The news comes as the IMF and the World Bank prepare to hold their Annual Meetings in Washington from 10-12 October, which are expected to focus on lagging growth and the fragility of the worldwide recovery from the "Great Recession," as well as the advances made to date toward ending extreme poverty and promoting shared prosperity, twin goals endorsed at a 2013 meeting.

Growth down, despite bright spots and past predictions

On Tuesday, the IMF released its semi-annual World Economic Outlook (WEO), which is traditionally released ahead of the Spring and Annual Meetings of the two Bretton Woods institutions.

While the Fund anticipates that advanced economies such as the US, Canada, and the UK will maintain solid or even robust growth, the IMF downgraded its overall projections.

Tuesday's WEO contrasts sharply with earlier predictions by the Fund in April ahead of its Spring Meetings, where it forecast 3.6 percent global growth for the year. (See Bridges Weekly, [17 April 2014](#))

The IMF now says growth will top out at 3.3 percent in 2014. Projections for 2015 are at 3.8 percent, lower than April's 3.9 estimate.

Speaking last Thursday at Georgetown University ahead of the WEO release, IMF Managing Director Christine Lagarde [warned](#) that "grey clouds" of stagnation threaten "blue skies of growth and prosperity." Without "bold" reforms, she said, the world will be forced to accept a "new mediocre" level of growth for some time to come.

Eurozone and emerging markets

The bleak picture painted by the WEO is largely the result of disappointing performances by the eurozone and emerging economies.

While slashing the eurozone growth forecast to 0.8 percent on Tuesday, the IMF urged the European Central Bank (ECB) to "do more" to stave off potential deflation and recession. The ECB recently began an unprecedented programme of asset purchases to kick-start more investment, but the Fund has suggested this may not be enough.

In emerging markets, the IMF has pointed towards a worrying pattern of prolonged slowing. Whereas strong growth buoyed global figures in recent years, countries such as China, Turkey, and Brazil have yet to regain their pre-recession vigour.

Chinese growth is predicted to stay at 7.4 percent, unchanged from July predictions but slightly lower than April forecasts. [Analysis released by the World Bank](#) on East Asia also notes a slight fall, from 7.5 to 7.4 percent. A potential real-estate bubble is of particular concern, and efforts to switch to a "sustainable path" are also expected to have a moderating effect on growth in 2015.

Recent geopolitical upheaval in Ukraine has also taken its toll. Russia, which has been subject to costly sanctions over its role in the Ukrainian crisis, is expected to see growth of only 0.2 percent this year and 0.5 percent in 2015.

One lone emerging-market bright spot is India, which has seen increases in exports and investment. The IMF suggests that New Delhi could see some notable economic policy advances under new Prime Minister Narendra Modi.

"The post-election recovery of confidence in India also provides an opportunity for that country to embark on its much-needed structural reforms," the IMF noted.

WTO, G-20 raise similar concerns

The WEO projections come within weeks of similar warnings from other international organisations, such as the WTO, as well as groups such as the G-20 major industrialised and emerging economies.

In the WTO's [recent revision](#) of its trade projections, it reported that world trade would grow at only 3.1 percent this year, rather than the 4.7 percent previously estimated. According to Director-General Roberto Azevêdo, "uneven growth and continuing geopolitical tensions" could decrease this rate even further.

Meanwhile, after a late-September G-20 meeting in Cairns, Australia, finance ministers and central bankers from group's member economies [suggested](#) that growth remains "uneven" and "below the pace required to adequately generate much needed jobs."

On a more positive note, the officials said at the time that their efforts to marshal enough growth-focused measures to increase the group's GDP growth by two percent over current trajectories by 2018 is on the right track. The proposed measures will be revealed in each member's respective national growth strategy, due in mid-November during the G-20 leaders' summit in Brisbane.

During last Thursday's Georgetown speech, Lagarde said that policymakers needed to "aim higher and try harder," both this week and in the future. While emphasising that solutions must be country-specific, the IMF chief stressed a broad need for growth- and job-friendly fiscal policies, structural reforms, and public investment in infrastructure.

IMF, World Bank warn of "unacceptably high" number of poor

While the fate of the global recovery is still uncertain, the IMF and the World Bank have warned that "much more work needs to be done to end poverty and close the gap in living standards" between the poor and rich, according to their jointly-produced Global Monitoring Report released on Wednesday.

The World Bank made headlines in April 2013 when the Development Committee – a ministerial-level forum for both the IMF and World Bank – endorsed the goal of reducing the percentage of those living in extreme poverty to three percent by 2030. The current threshold for extreme poverty is living on under US\$1.25 a day. (See Bridges Weekly, [25 April 2013](#))

"The world has made great progress in the last quarter-century in reducing extreme poverty – it was cut by a stunning two-thirds – and now we have the opportunity to end

poverty in less than a generation," Bank President Jim Yong Kim said in a statement. "But we will not finish the job unless we find ways to reduce inequality, which stubbornly persists all over the world."

ICTSD reporting; "IMF sees risk of new Eurozone recession," FINANCIAL TIMES, 7 October 2014; "World Bank cuts China growth forecast," FINANCIAL TIMES, 6 October 2014; "World Economic Outlook has some cheer, some woes," FINANCIAL EXPRESS, 8 October 2014.

EVENTS & RESOURCES

Events

Coming Soon

10 October, Washington, US. PUBLIC PRIVATE PARTNERSHIPS: A CONVERSATION WITH DANISH MINISTER FOR TRADE AND DEVELOPMENT COOPERATION MOGENS JENSEN. This event, hosted by the Global Economy and Development programme at the Brookings Institution, will feature Danish Minister for Trade and Development Cooperation Mogens Jensen as the main speaker. Jensen will elaborate on Denmark's experience in public-private partnerships, and address some of the larger dynamics involving corporate social responsibility. To view the event agenda, or to register, please visit the Brookings [website](#).

13-16 October, Geneva, Switzerland. WORLD INVESTMENT FORUM 2014: INVESTING IN SUSTAINABLE DEVELOPMENT. This biennial high-level event, hosted by the UN Conference on Trade and Development (UNCTAD), will bring together nearly 4000 participants from over 140 countries in order to discuss investment-related challenges that have emerged in recent years. The conference aims to provide a platform for stakeholders to discuss "investment for development," with the goal of promoting investment flows that contribute to sustainable and inclusive development. More information on the meetings is available at the [UNCTAD website](#). A [multidisciplinary academic conference](#), focusing on "Shaping a Future Research Agenda for Investment for Development," will also be held on the occasion of the Forum.

14 October, Tokyo, Japan. ADBI-BANK OF FINLAND SEMINAR ON RECENT ECONOMIC DEVELOPMENTS IN THE EURO AREA AND THE RUSSIAN FEDERATION. The Asian Development Bank Institute (ADBI) and the Bank of Finland will be co-hosting this panel discussion, which will focus on the recent economic developments seen in both Russia and the eurozone economies. The panel will feature Tuomas Välimäki, chief economist at the Bank of Finland, and Iikka Korhonen, the director of the Bank of Finland Institute for Economies in Transition. The event is expected to attract an audience from across the diplomatic, economic policy, and research communities. More information is available at ADBI [website](#).

15 October, Washington, US. THE END OF CONVERGENCE? This event, hosted by the Organisation for Economic Co-operation and Development (OECD), will focus on a recently-released report on how convergence between richer and poorer countries has slowed in recent years, while productivity growth in developing countries has struggled to rise rapidly enough. The report will be presented by Carl J. Dahlman, the head of the Thematic Division and the head of Global Development Research at the OECD's Development Centre. The Carnegie Endowment for International Peace's Uri Dadush will serve as a discussant, with Vikram Nehru as moderator. The three speakers will share their considerations on what Brazil, Russia, India, China, and other developing countries need to do to achieve the living standards of the most advanced countries. To register, or to view the agenda, please visit the event [website](#).

15-16 October, Jakarta, Indonesia. POLICY DIALOGUE: FINANCING SMES-SHARING IDEAS FOR EFFECTIVE POLICIES. This event, organised by the Asian Development Bank Institute (ADBI) will focus on the financing of small and medium-sized enterprises (SMEs), highlighting recent developments, evaluating current financing initiatives in Asia, and reviewing best practices and cases. The event is designed for mid-level to senior policymakers from developing Asian countries. To read more about the event, please click [here](#).

16 October, online. BRIDGING THE PACIFIC: TOWARD FREE TRADE AND INVESTMENT BETWEEN CHINA AND THE UNITED STATES. This event by the Peterson Institute for International Economics will feature the launch of a new book, entitled *Bridging the Pacific: Toward Free Trade and Investment Between China and the United States*. The authors of this publication argue that both the US and China would reap significant benefits from developing a bilateral free trade and investment deal, noting that such a process could also help with internal economic challenges. The publication itself will also be available for purchase online. To register, please 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.

13-14 October: Workshop on Risk Analysis (Sanitary and Phytosanitary Measures)

15 + 17 October: Committee on Sanitary and Phytosanitary Measures

16 October: Trade Negotiations Committee

17 October: Working Party on the Accession of Seychelles

Other Upcoming Events

19 October – 6 November, Muscat, Oman. 30TH REGIONAL COURSE ON KEY ISSUES ON THE INTERNATIONAL ECONOMIC AGENDA. This course, organised by the Knowledge Development Branch of the UN Conference on Trade and Development's (UNCTAD) Division on Technology and Logistics with the support of the Sultanate of Oman's Ministry of Commerce and Industry, will focus on the links between trade, investment, finance, technology, and development. The classes are geared toward policymakers, with the goal of providing them the necessary knowledge and skills for designing and implementing trade and development policies. More information about the programme is available [here](#).

31 October, Washington, US. WHAT WE THINK, WHAT WE KNOW: ATTITUDES AND EVIDENCE ON TRADE AND JOBS. This event, hosted by the Washington International Trade Association (WITA) and involving both the Organization for Economic Co-operation and Development (OECD) and the Pew Research Center, will address recent studies on people's perceptions regarding the relationship between trade, growth, employment, and well-being, as well as the actual data on trade's impact on growth and jobs. The discussants will review where the public perception matches – or diverges from – the data, and what lessons can be drawn for policymakers. To learn more about the discussion, please visit the WITA [website](#).

9-11 November, Dubai, United Arab Emirates. SUMMIT OF THE GLOBAL AGENDA. This summit, convened by the World Economic Forum, will bring together more than 80 groups of experts from business, government, academia, and civil society to discuss latest developments in international trade, society and technology, and other related topics. The groups, which are from the WEF's Network of Global Agenda Councils, will work to provide a deeper understanding of the fundamental transformations affecting today's world and to brainstorm for innovative collaboration approaches to solve some of the most pressing global challenges. More information about the Summit is available [online](#).

Resources

GREEN GROWTH INDICATORS FOR AGRICULTURE. Published by the Organization for Economic Co-operation and Development (OECD) (October 2014). This book features various green growth indicators for agriculture, spanning areas such as natural resource productivity and environmental efficiency. The indicators have then been applied to a selected group of OECD countries, highlighting the transition to a low-carbon agricultural sector and the enactment of policies that could help bring to bear economic opportunities from green agricultural growth. The report is available [here](#).

5 TOUGHEST QUESTIONS FACED BY CECILIA MALMSTRÖM (TRADE) – HEARINGS OF JUNCKER COMMISSION. By viEUws (September 2014). This video features a selection of what the viEUws broadcasting agency deems were the toughest questions faced by Cecilia Malmström – the EU Commissioner-designate for Trade – during her recent hearing at the European Parliament's Committee on International Trade (INTA). The questions highlighted focus on whether the recently-ratified EU-Ukraine trade deal will be modified, given recent demands by Russia; what Malmström's approach will be in negotiating with the US on the proposed Transatlantic Trade and Investment Partnership (TTIP); and if the Swedish official would consider removing the controversial investor-state dispute settlement mechanism from trade agreements. To listen to her answers and watch the video, please click [here](#).

5 TOUGHEST QUESTIONS FACED BY MIGUEL ARIAS CAÑETE (CLIMATE ACTION & ENERGY) – HEARINGS OF JUNCKER COMMISSION. By viEUws (October 2014).). This video features a selection of what the viEUws broadcasting agency deems were the toughest questions faced by Miguel Arias Cañete – the EU Commissioner-designate for Climate Action and Energy – during his hearing at the European Parliament's Committees on Industry, Research & Energy (ITRE) and Environment, Public Health & Food Safety (ENVI). The questions raised include the Spanish official's thoughts on the proposed market stability reserve for the EU's Emissions Trading System (ETS); the relationship between the EU's planned 2030 Climate and Energy package to the UN climate talks; and what priorities he will set in aiming to secure the EU's energy supply. The full video is available at the viEUws [website](#).

THE ECONOMIC IMPACT OF THE 2014 EBOLA EPIDEMIC: SHORT AND MEDIUM TERM ESTIMATES FOR GUINEA, LIBERIA, AND SIERRA LEONE. Published by the World Bank (September 2014). This report aims to inform the response to the ongoing Ebola virus epidemic by estimating the macroeconomic and fiscal effects suffered by the three countries hit the hardest – Guinea, Liberia, and Sierra Leone. While the authors caution that the results will be imprecise, given data limitations and uncertain factors, they note that the effort is still valuable in helping plan the economic assistance that should accompany humanitarian efforts. For more information or to download the full report, please [click here](#).

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