

# BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 18, ISSUE 34, 16 OCTOBER 2014

## GLOBAL ECONOMY

IMF Calls for Structural Reforms, Cooperation to Spur Global Growth..... 1

## PREFERENTIAL TRADE AGREEMENTS

EU Releases TTIP Negotiating Mandate..... 4

## BILATERAL TIES

EU, China Resolve Telecoms Trade Row, De Gucht Says ..... 8

## CLIMATE CHANGE

Australian Political Leaders Spar on Climate Policy as International Action Ramps Up.. 10

## PREFERENTIAL TRADE AGREEMENTS

China Coal Tariffs Move Complicates Australia Trade Talks ..... 13

## AGRICULTURE

WTO Panel Grants US Victory in India Poultry Ban Dispute..... 16

## EVENTS & RESOURCES

Events..... 18

Resources..... 20

## GLOBAL ECONOMY

### IMF Calls for Structural Reforms, Cooperation to Spur Global Growth

Structural reforms will be key in shoring up the fragile global economic recovery, particularly in light of increased downside risks, said the world's finance chiefs and central bankers following the International Monetary Fund's (IMF) Annual Meetings in Washington this past weekend.

Officials also reviewed the economic needs of West African countries being hard-hit by the Ebola crisis, while hearing calls from the WTO's top official to support the implementation of the Trade Facilitation Agreement and, in the longer-term, an ambitious trade agenda in order to prop up global growth.

"Seventy years after Bretton Woods, the international community stands at another fork in the road," [said IMF Managing Director](#) Christine Lagarde in opening the 10-12 October meetings.

"The tried-and-true modes of cooperation seem to be fraying around the edges. The sustainability of the global economic engine itself is increasingly being questioned," she continued.

The IMF chief said that policymakers must be prepared to act collectively, given that their choices will determine whether the global economy accelerates or stagnates, achieves stability or continues being fragile, and embraces solidarity versus adopting policies of seclusion.

"We risk getting stuck in a 'new mediocre' of poor growth and paltry job creation," she warned, calling for "new momentum" in the policy world.

Discussions during the three-day event, held concurrently with the World Bank Group's Annual Meetings, focused particularly on the difficulties caused by an uneven and unexpectedly weak recovery, following dismal projections.

The Fund had warned last week in its World Economic Outlook (WEO) – released in advance of the meetings – that global economic growth this year will be lower than previously anticipated, hitting only 3.3 percent rather than 3.6 percent. (See Bridges Weekly, [9 October 2014](#))

## Structural reforms

Among the various recommendations in the International Monetary and Financial Committee's (IMFC) final communiqué was a call for "bold and ambitious measures" geared toward ramping up demand while eliminating supply constraints.

Doing so, the IMFC said, would require both accommodative macroeconomic policies and "critical structural reforms," with the policy steering body stressing the need for measures that would increase labour demand and supply, cut youth unemployment levels, and improve the business environment in a way conducive toward drawing in private investment.

Ensuring strong growth, the Committee added, will also require a significant scaling up of public and private infrastructure investment.

The IMFC is composed of 24 members drawn from the organisation's 187 governors, specifically the finance ministers and central bank governors of member countries.

"Overall, we are only halfway through this journey of recovering from the crisis," [said](#) Tharman Shanmugaratnam, who chairs the IMF policy steering committee. "We are facing new financial risks at the same time," he added, while noting that there are "ways of avoiding this risk of a prolonged period of sub-par growth."

"We know what needs to be done, and we need to do it," said the Singaporean finance minister. "Doing it is something that requires political courage. But importantly, it involves changing the political narrative."

## Ebola crisis in focus

The rapidly-escalating Ebola crisis, and its effect on trade flows and West African economic growth prospects, also played a key role in the three-day IMF and World Bank Group discussions.

The Fund recently [signed off on](#) US\$130 million in emergency financial assistance to Guinea, Liberia, and Sierra Leone – the three countries where the virus has taken the largest toll. The joint IMF-World Bank Development Committee [has also called](#) for "swift and coordinated action and financial support" in order to limit the crisis' economic impacts, both now and in the longer-term.

"Our growth rate for this year was set for 11.3 percent, we were doing well, and our macroeconomic fundamentals were also strong," Sierra Leone Finance Minister Kaifala Marah [told reporters](#) in Washington during the meeting.

"Then came Ebola, in May, and everything was reversed," he said, noting that key agricultural exports like cocoa and coffee were languishing as producers abandoned their farms. Manufacturing and mining have also taken a hit, he said.

The isolation resulting from the downtick in air travel – particularly after some airlines stopped flights to the region – have been tantamount to an "economic embargo," he said.

The crisis has already significantly hampered the region's growth and trade prospects, and UN agencies such as the Food and Agriculture Organization (FAO) have warned that West African food security may also be at increased risk. (See Bridges Weekly, [10 September 2014](#))

Some finance officials have also noted that the economic damage wrought by the outbreak is spilling over into other parts of Africa, such as in Kenya.

### **Azevêdo warns against trade "complacency"**

WTO Director-General Roberto Azevêdo was also on hand during the Washington meetings, urging finance chiefs to give their full support for a breakthrough in the struggling global trade talks underway in Geneva.

Specifically, the planned incorporation of the WTO's recently-inked Trade Facilitation Agreement (TFA) into the organisation's legal framework was put on hold in July, after India insisted that the adoption of the required "Protocol of Amendment" be linked to finding a permanent solution on public food stockholding.

The demand – and the resulting fall-out among WTO members – has put a damper on broader efforts to elaborate a "work programme" for resolving the ongoing Doha Round trade talks.

Such a work programme was meant to be completed by the end of this year. However, negotiations on the subject have screeched to a halt, given that many members are unwilling to advance these discussions before a resolution to the current impasse is found. (See Bridges Weekly, [25 September 2014](#))

In the meantime, the global trading system continues operating on a rule-book agreed in the mid-1990s, a result that many say could have damaging prospects for global growth.

"We have been living too much off past trade liberalisation," [Azevêdo said](#) in Washington. "We can't afford to become complacent," he added, noting that one way to respond to the WEO's bleak growth projections is through new trade liberalisation.

An updated global system of rules is key in this endeavour, he said, and an essential step is implementing the decisions reached during last year's WTO Ministerial Conference in Bali, Indonesia, including the TFA.

However, he warned, "if no solution is found then members must ask themselves some tough questions – about how members see the future of the Bali package and the post-Bali agenda. And what this means for the WTO's negotiating function."

Behind-the-scenes efforts to resolve the stalemate in Geneva have ramped up in recent weeks, sources say. A [recent Financial Times report](#) indicated that some major players are considering possible work-arounds to the WTO's consensus principle, such as adopting TFA on a "plurilateral basis," which others have confirmed is under consideration in some quarters.

Such a possibility was already rumoured last July, shortly after India first made its request. However, many officials have commented privately that doing so would be a second-best option, given the potential long-term implications for the WTO's negotiating function.

The coming days will see WTO members hold a series of key meetings – namely, an informal Trade Negotiations Committee set for today and a General Council gathering next Tuesday – that could shed light on whether a solution is even possible.

Speaking to Canadian press before his arrival in Washington, Azevêdo noted that the discussions so far have not yielded any signs of a potential breakthrough. "[A deal] would be a dream come true, but right now it doesn't look like much more than a dream," he told The Globe and Mail newspaper.

ICTSD reporting; "WTO begins talks to break deadlock over 'consensus' principle," FINANCIAL TIMES, 12 October 2014; "WTO chief admits compromise on failed global trade deal unlikely," THE GLOBE AND MAIL, 9 October 2014; "Trade engine shifts down just as global growth needs a boost," REUTERS, 12 October 2014.

---

## PREFERENTIAL TRADE AGREEMENTS

---

# EU Releases TTIP Negotiating Mandate

EU governments last Thursday decided to make public negotiating [instructions](#) given to the European Commission in June 2013 for hammering out the bloc's ongoing transatlantic trade talks with the US.

EU Trade Commissioner Karel De Gucht welcomed the news, noting that he had previously encouraged member states to release the mandate.

"It allows everyone to see precisely how the EU wants this deal to work, so it contributes to economic growth and jobs' creation across Europe while keeping our commitment to maintain high level of protection for the environment, health, safety, consumers, data privacy, or any other public policy goal," the EU trade chief added in a [press release](#).

Efforts to seal a Transatlantic Trade and Investment Partnership (TTIP), as the planned deal is formally known, have been ongoing for over a year. While both sides initially expressed willingness to cut a deal by late 2014, the talks have since moved at a slower pace than anticipated.

The move comes as the two trading partners work to assuage public concerns over transparency in the negotiations, qualms that have also been echoed by legislators. The European Parliament Greens Party, which has in the past been among those levelling the accusation that the talks are too secret, also applauded the move.

Green trade spokesperson Yannick Jadot added, however, that member states should now release specific negotiating documents.

"The devil is in the detail and it is only by scrutinising the detail in these negotiating documents that those not directly involved in the negotiations can know where these devils lie," Janot [said](#) last Thursday.

### Unpacking the EU mandate

The declassified mandate confirms that both parties envisage an agreement tackling three broad areas, namely, market access, regulatory issues and non-tariff barriers, and rules. While the deal will be consistent with WTO obligations, the document indicates the level of ambition will also go beyond commitments at the multilateral level.

The preamble and general principles governing the negotiations from the EU's side reiterate the bloc's commitment to sustainable development and wielding trade as a tool to this end. Listed EU objectives include promoting high levels of protection for the environment, labour, and consumers, consistent with international environmental and labour agreements.

In a section specifically dedicated to trade and sustainable development, the EU indicates that consideration will be given in the planned deal to measures that facilitate trade in environmentally-friendly and low carbon goods, as well as those related to energy and resource efficiency. Mention is also made to environmentally-friendly services and technologies, including through green government procurement.

In this area, the EU is also part of a separate effort between a group of 14 WTO members to cut a tariff-cutting environmental goods trade agreement, as is the US. (See BioRes, [30 September 2014](#))

The 28-nation bloc also commits to facilitating an assessment of the economic, social, and environmental impacts of the deal in parallel with the negotiations, which would be finalised before the agreement is signed. The so-called Sustainability Impact Assessment (SIA) would involve civil society and seek to clarify the likely effects of the agreement on sustainable development.

One separate section in the mandate focuses on trade-related energy and raw materials. The EU says the agreement will include provisions to address trade- and investment-related aspects in these areas. Negotiators from both sides have not yet decided, however, whether or not to include a separate energy chapter in the agreement, though the EU has been advocating for one. The decision, officials have said, will depend on whether energy issues can be sufficiently addressed in other parts of the TTIP, or if they merit their own separate chapter.

The EU has said that an energy chapter is key, not just given the importance of the 28-nation bloc to focus on diversifying its energy sources away from Russia, but also in order for both sides to set a new global standard in this area. (See Bridges Weekly, [28 May 2014](#))

Regarding regulatory issues, the EU document says on multiple instances that the effort to achieve regulatory compatibility "shall be without prejudice" to each parties' right to enact regulations in areas such as health, safety, consumer, labour, and environmental protection, as well as cultural diversity.

The mandate also makes clear that audiovisual services are off the table in the negotiations, and that the TTIP Agreement should "respect the policies of the EU and its member states for the promotion and protection of cultural diversity," which had been a major concern of some countries – particularly France – before the start of the negotiations. (See Bridges Weekly, [25 April 2013](#))

Also of potential significance is the EU's push to build upon the disciplines in the revised WTO Government Procurement Agreement (GPA), which was finalised at the global trade body's eleventh ministerial conference in December 2011 and entered into force in April of this year. (See Bridges Weekly, [10 April 2014](#))

Disagreements between Brussels and Washington, among others, had been one of the major final sticking points in the negotiation process. The EU has said that it now hopes to complement the outcome of the GPA revision talks, aiming for better access on both sides to public procurement markets at the national, regional, and local levels. Furthermore, Brussels hopes to include provisions aimed at barriers "having a negative impact" on procurement markets, such as the US' controversial Buy America(n) provisions.

### **EU public concern**

The release of the TTIP mandate came just ahead of planned pan-European civil society demonstrations over the talks. Approximately 400 activist groups mobilised protesters across Hamburg, Berlin, Madrid, Ljubljana, Helsinki, London, Vienna, and Paris on Saturday to express concern over issues ranging from perceived lack of transparency to environmental and health fears.

TTIP opposition varies widely between member states. Some groups fear that the trade deal will spark a race to the bottom in environmental standards. Demonstrators in France said they feared that the agreement would force the extraction of known shale gas reserves and boost trade in genetically modified organisms.

Meanwhile, groups in Germany have claimed that TTIP could weaken the regulatory power of the German regions known as Länder.

Officials from both sides have been adamant that any decisions made in TTIP will not detract from regulators' ability to establish regulations in the public interest. However, such assurances do not appear to have persuaded detractors.

Public concern also exists in various member states, and particularly in Germany, around the possible inclusion of an international arbitration process for settling disputes between governments and business. The proposed investor-state dispute settlement (ISDS) mechanism has been touted as a major concern by Berlin since the recent inking of a free trade pact between the EU and Canada. (See Bridges Weekly, [2 October 2014](#))

The ISDS-related discussions in TTIP are currently on hold, as the Commission reviews the results of a public consultation conducted earlier this year on the subject.

The mandate released last week says that including such a policy will ultimately depend on "whether a satisfactory solution" is reached in line with the bloc's interests, such as providing European investors with legal certainty abroad, or ensuring that certain standards of treatment for investors are established.

Such a mechanism should also feature safeguards versus "manifestly unjustified or frivolous claims," the mandate says, and any TTIP investor protection provisions will be "without prejudice to the right of the EU and the member states to adopt and enforce... measures necessary to pursue legitimate public policy objectives," so long as these are done in a non-discriminatory manner.

### **State of play**

Political advances in TTIP are, for the moment, not expected until after the ongoing hand-over at the European Commission and next month's congressional midterm elections in the US are completed.

Officials have also said that making technical progress now will pave the way for the more difficult political decisions later on. In this context, the seventh round of trade talks, which ended earlier this month, focused primarily on making technical advances, with discussions focusing on areas such as regulatory coherence, sanitary and phytosanitary standards, and technical barriers to trade.

The two sides also worked to advance their understanding of each side's respective services proposal, with discussions regarding the EU's submission now over halfway complete. Energy and raw materials, as well as intellectual property rights and small- and medium-sized enterprises, were also discussed during the talks, held in Chevy Chase, Maryland.

Other topics under discussion reportedly included agreement language on both agricultural and industrial products regulations and standards.

"Ultimately, of course, as this painstaking work of building a foundation for an agreement is completed, we will need to make a high-level push to achieve the comprehensive and ambitious results that we are now working to support," [explained](#) US chief negotiator Dan Mullaney at the time.

Even so, trade observers are watching closely to see when the tough political decisions might take place, particularly given concerns in some quarters that the high-profile talks may be losing steam.

Recent comments from US Trade Representative Michael Froman appear to have placed the responsibility of taking the talks to the next level squarely on Brussels' side, with the US trade chief writing in a Financial Times op-ed that this should be the goal of the EU's incoming College of Commissioners.

"Once a new Commission is in place, the EU has an opportunity to re-energise its negotiations with the US on the Transatlantic Trade and Investment Partnership (TTIP)," [Froman said](#) in the 10 October piece.

A political review of the TTIP talks to date has been promised by Trade Commissioner-designate Cecilia Malmström, who was recently approved by the European Parliament's International Trade Committee. (See Bridges Weekly, [2 October 2014](#))

ICTSD reporting; "TTIP negotiating mandate finally declassified," EURACTIV, 9 October 2014; "Anti-TTIP demonstrations seize European capitals," EURACTIV, 13 October 2014; "Harder push for trade deals needed to spur global growth," FINANCIAL TIMES, 10 October 2014.

---

## BILATERAL TIES

---

# EU, China Resolve Telecoms Trade Row, De Gucht Says

Brussels and Beijing have clinched a deal that would end their long-running disagreement over telecommunications trade, according to EU Trade Commissioner Karel De Gucht, who confirmed the news to the Reuters media outlet on Tuesday.

"I will in the coming days ask the College [of Commissioners] to drop the case in light of the agreement we have reached and the agreement itself will be made official in the coming days as well," the EU trade chief told Reuters, without outlining the terms of the settlement.

The news comes as officials from both sides prepare to meet in Milan, Italy on 16-17 October for the Asia-Europe Meeting (ASEM), which is billed as an informal dialogue bringing together the EU's 28 members and two other European countries with twenty Asian nations, including China.

The EU had long alleged that Chinese telecoms network producers were receiving unfair state aid, which was in turn giving them an undue competitive edge over their European counterparts; the threat of the Commission moving forward with its anti-subsidy investigation had in turn put a significant damper on ties between the two trading partners.

The EU is China's top trading partner, and the Asian country is in turn the EU bloc's second-largest trading partner, with the European Commission statistics placing the value of bilateral goods trade at over €1 billion daily.

However, the relationship has seen a series of ups and downs in recent years, with heated disagreements over subjects including solar products and wine trade. In parallel, the two sides are also in the early stages of negotiating a bilateral investment deal, which many suggest could lay the groundwork for a future trade pact.

The resolution to the telecoms issue was reported to be a major goal of De Gucht's before the end of his term, scheduled for 31 October. Cecilia Malmström of Sweden has been nominated to take his place from 1 November onward, and she is expected to be confirmed when the full slate of Commissioners-designate goes for a vote on 22 October, given that she was already approved by the EU Parliament's trade committee. (See Bridges Weekly, [2 October 2014](#))

### **Subsidies in question**

After months of speculation and burgeoning trade tensions, the row formally kicked off in May of last year, when the EU trade chief announced a decision "in principle" to start both anti-dumping and anti-subsidy investigations into imported mobile telecoms networks and their essential elements – namely radio access network and mobile network core – from China. (See Bridges Weekly, [23 May 2013](#))

Such probes would have been aimed at, respectively, determining whether or not Chinese telecommunications equipment had been sold on the European market at prices below their normal value – a practice known in trade jargon as dumping – and whether Chinese producers had been the recipients of unfair government support.



The probes themselves, however, were not actually launched, with EU officials [explaining at the time](#) that – despite having gathered sufficient evidence for a potential investigation – they wanted to first allow time for negotiations.

Also significant was the decision that these investigations would be on an “ex officio” basis – in other words, on the Commission's own authority. Usually, when trade probes are started, these are done in response to an industry complaint. In this case, acting without a formal industry complaint was meant to serve as a “shield” for European producers from potential retaliation from Beijing.

Exports of telecoms network equipment from China to the EU is valued at over €1 billion annually. When the “in principle” decision was announced, Chinese officials warned that the investigations could have damaging effects on bilateral trade, should the probes indeed move forward.

This past March, the Commission then [announced](#) that it was revising its decision “in principle” in order to address only anti-subsidy claims, explaining that it found the problems being faced by the European market were largely the result of unfair subsidisation and not, as initially believed, the result of dumping.

The move was welcomed at the time as a sign of potential improvement in Sino-European trade ties, given that the two sides had also reached a settlement on one of their other high-profile trade cases involving solar products.

“I am pleased that [the] EU and China have recently been able to resolve a number of trade frictions, not least the polysilicon case and the wine case,” De Gucht said at the time.

### **Deal likely to hinge on export credits**

People familiar with the discussions told the Reuters news agency ahead of De Gucht's announcement that Beijing was considering limiting its export credits in order to close the deal with EU. Whether this decision was indeed made in the final settlement was unclear as Bridges went to press.

The news agency had suggested that Beijing and Brussels were planning to agree on reviewing and monitoring the market share of China telecoms companies in EU and vice versa, while also taking steps to improve industrial research cooperation.

ICTSD reporting; “EU says hopes to resolve China telecoms dispute next week,” REUTERS, 10 October 2014; “Exclusive: China, EU close to deal on telecoms trade dispute-sources,” REUTERS, 8 October 2014; “EU, China near deal on Huawei, ZTE subsidies dispute,” TOTAL TELECOM, 9 October 2014; “China, EU to soon reach final deal on telecom trade – report,” TELECOMPAPER, 9 October 2014; “EU, China have resolved telecoms dispute: EU trade chief,” REUTERS, 14 October 2014.

---

## CLIMATE CHANGE

---

# Australian Political Leaders Spar on Climate Policy as International Action Ramps Up

Australia's main political opposition leader Bill Shorten reignited the country's often-fraught debate on climate policy last week when he confirmed that the Labor Party would endorse carbon pricing policies in the next election campaign.

The Labor leader clarified, however, that the party would not re-visit a carbon tax as part of its proposed strategy to tackle climate change.

"Labor doesn't support a carbon tax, but in terms of real and effective action on climate change I do support a market-based system to set a price and that's where the rest of the world's going," Shorten informed journalists last Friday.

The next Australian federal election could be held as early as August 2016, and as late as January 2017.

Australia's current Liberal-National Coalition government successfully axed a nation-wide carbon tax in July after two failed attempts. Prime Minister Tony Abbott had made the repeal a signature feature of his election campaign last year. (See BioRes, [17 July 2014](#))

The polarising carbon tax was originally introduced in 2011 under a Labor administration headed up by then-Prime Minister Julia Gillard and entered into force in July 2012. (See Bridges Weekly, [4 July 2012](#))

Designed as a primary tool for tackling Australia's emissions, the carbon tax imposed levies of A\$23 (US\$23.67) per tonne of carbon emitted for top polluters, with annual increases set at a rate of 2.5 percent. The tax had been scheduled to move to a floating emissions trade scheme next year with planned links to the EU's cap-and-trade system. (See Bridges Weekly, [12 September 2012](#))

Reacting to Labor's endorsement of a possible market mechanism for clamping down on emissions, Abbott said that the opposition had not sufficiently changed its stance on climate mitigation policies.

"Nothing's changed. It's still the same old Labor," the Australian premier said last Friday.

Environment Minister Greg Hunt, who helped lead the charge to remove the country's carbon tax, also struck out at Labor's intended electoral position. "It's a carbon tax. He knows it, we know it, the Australian people know it," Hunt told reporters on Saturday.

Officials in the current Abbott government have said that the carbon tax had had a damaging effect on Australia's economy, particularly its export competitiveness.

"As a major energy exporting nation, we were right out there on a limb when few other nations had the same sort of price on carbon that we had," Australian Federal Treasurer Joe Hockey [told reporters](#) in Washington this past weekend, following a meeting of G-20 finance ministers and central bank governors.

"It was clearly penalising the Australian economy," Hockey continued. "However, that does not diminish our commitment to deliver on a bipartisan goal to reduce carbon emissions by 2020," he said, referring to Australia's plans to slash emissions by five percent from 2000 levels by the end of this decade.

In place of the repealed carbon tax the Abbott government has proposed setting up an Emissions Reduction Fund (ERF) as part of its climate mitigation plan known formally as "Direct Action." In theory, the ERF would see the government pay for emissions reductions from pre-approved projects on the basis of a set price per tonne of carbon dioxide, following an auction selection process. (See BioRes, [15 May 2014](#))

Reaching agreement on the types of climate policy tools to deploy has also proved to be a tricky exercise in a number of countries besides Australia, often due to concerns that aggressive action on emissions would render certain industries and exports uncompetitive.

Meanwhile an international [report](#) released earlier this year sought to identify ways for major economies, including Australia, to decarbonise while maintaining development priorities.

Academic debates have also raged over the past several years over the feasibility and shape of a potential global carbon price.

According to a [World Bank](#) report released last May, however, around 39 national and 23 sub-national jurisdictions have implemented carbon-pricing instruments, including through the much-discussed policy option of emissions trading schemes.

### **Wooing business**

Some experts have suggested that Shorten's ruling-out of a new carbon tax is aimed at winning back certain Australian business votes and smoothing over those rifts caused by Labor's previous fiscal measures, which had proved unpopular. For its part, the Abbott government scrapped a divisive mining tax last month, which was also a relic from the previous Gillard administration. (See BioRes, [9 September 2014](#))

Shorten took the opportunity on Friday to call on Abbott's government to use ongoing bilateral free trade talks as a way to convince China to roll-back its recent decision to reinstate certain coal import tariffs. (For more on the coal tariffs decision, see related article, this edition].

The Asian giant represents the second largest destination for Australian coal. The country's miners last week warned the duties would disproportionately hit their coal exports.

The Abbott government described Beijing's move as a "bump in the road" in the free trade talks and said the issue would be addressed before the hoped-for deal finish line of the G-20 leaders' summit scheduled for Brisbane, Australia in November.

### **Global climate governance**

The political jousting among Australian politicians over climate-related policy comes hot on the heels of warnings by climate scientists last month that the punishing heatwaves suffered by the country last year were almost certainly directly related to man-made greenhouse gas emissions.

Climate modelling from five groups of researchers unanimously suggested that the extreme weather would likely not have occurred without such high long-term emission concentrations in the atmosphere.

The current Abbott government has faced international criticism in recent months from some corners for a perceived foot-dragging on climate action. A top US official recently chastised Australia, which currently holds the rotating G-20 presidency, for not leaving enough room on the agenda for the November summit for discussion on climate change.

Caroline Atkinson, an international adviser to the White House, last week alleged that US President Barack Obama was considering teaming up with EU leaders to push for climate considerations in Brisbane. The US official said this would be important for international climate governance given that G-20 economies are responsible for around 80 percent of the world's total carbon emissions.

Australia's climate stance was also put in the spotlight in September due to the prime minister's absence from a high-profile UN climate summit. The occasion, designed to ramp up support for talks on a global emissions-cutting deal, saw some 73 countries, several regional governments, and more than 1000 businesses declare their [support](#) for strong carbon pricing initiatives. (See BioRes, [30 September 2014](#))

Australia, along with its 2020 emissions reduction pledge, has also said it will ramp up its efforts toward reaching ambitious international climate agreement under the banner of the UN Framework Convention on Climate Change (UNFCCC) talks.

Negotiators will meet again later this month in Bonn, Germany with a view to making progress on the draft elements of the planned 2015 climate agreement.

Climate stakes were made clear last month when the World Meteorological Organization (WMO), the UN weather and climate monitoring body, warned that greenhouse gas concentrations had hit record highs in 2013.

ICTSD reporting; "Carbon price on Bill Shorten's agenda as he goes to electorate," THE SYDNEY MORNING HERALD, 10 October 2014; "Tony Abbott blasts Bill Shorten on carbon," THE AUSTRALIAN, 12 October 2014; "Australia hit by China coal tariff move," THE FINANCIAL TIMES, 10 October 2014; "Scientists Trade Extreme Heat in Australia to Climate Change," THE NEW YORK TIMES, 29 September 2014; "Obama plans climate tag team at G20 on Abbott," FINANCIAL REVIEW, 9 October 2014.

---

## PREFERENTIAL TRADE AGREEMENTS

---

# China Coal Tariffs Move Complicates Australia Trade Talks

Just one month before the planned completion of the long-awaited Sino-Australian free trade negotiations, Beijing announced a new tariff on coal imports that experts say could potentially have significant implications for the trade talks, which have been underway since 2005.

The regulation, which went into effect Wednesday, would raise import tariffs on non-coking coal to 6 percent, and on coking coal and anthracite coal to 3 percent.

The announcement comes just weeks ahead of a looming, self-imposed November deadline to clinch a trade deal. The planned conclusion of negotiations has been set to coincide with pre-G20 meetings in Brisbane that are being hosted by Australian Prime Minister Tony Abbott, with Chinese President Xi Jinping expected to attend. (See Bridges Weekly, [17 April 2014](#))

Although the tariff is not specific to the resource-rich Oceanic nation, it will likely have its greatest impact there, given that coal is Australia's single largest export to China.

### Surprise in Canberra

China's decision, announced last Thursday, reportedly surprised Australian officials. While some expressed frustration, others suggested that the episode reinforced the importance of cementing trade ties with Beijing through a bilateral pact.

Speaking from a meeting of G-20 finance ministers on the sidelines of the International Monetary Fund Annual Meetings, Australian Treasurer Joe Hockey said he was "surprised" at China's "unilateral" and "harm[ful]" decision.

Australia has a "right to respond" during trade negotiations, he added.

Meanwhile, Trade Minister Andrew Robb took a more conciliatory tone, saying that he would seek clarity from Beijing, but that there would always be a place for Australian coal in China.

Robb also added that the issue "highlights the importance of concluding high quality FTAs."

An Australian trade source told the Reuters news agency that they still thought the trade deal could establish a zero-tariff regime on Australian coal imports.

### Domestic mining sector

The move comes as China's domestic miners struggle to adjust to price drops and cost increases, and the decision has been read by analysts as an effort to help the industry.

Whereas years of explosive growth fueled a coal boom both domestically and in countries such as Australia, a slowing in the Chinese growth rate and an increased emphasis on renewables has seen the global coal supply overtaking demand. (See Bridges Weekly, [9 October 2014](#))

In recent months, coal prices have plummeted, hitting Chinese producers particularly hard; estimates suggest that more than two-thirds of Chinese coal operations are currently unprofitable.

### **Next steps for trade talks?**

Although declining coal prices suggest waning Australian influence, experts are split over the implications of the recent tariff on FTA negotiations.

Some have suggested that Beijing's worries over coal could provide Canberra with leverage on other key issues, such as agricultural products. If China refuses to drop tariffs, former Australian trade ambassador Alan Oxley told the Australian Financial Review, "it helps Robb stare at them more vigorously over agriculture."

Others, such as University of Sydney professor Mark Melatos, have commented to the Financial Times that the new tariff is evidence that Beijing is "losing interest" in a trade pact, or trying to exploit the fact that "Australia wants this deal more than China."

### **Political implications**

Having tied his first term inextricably to the success of the coal industry and enhanced trade with Asia, Prime Minister Abbott could face a significant setback if FTA talks sour.

Abbott, who famously led the first successful effort to repeal a national carbon tax earlier this year, called the Chinese coal tax a "hiccup" on Friday, before assuring media that negotiations would continue on schedule. The Australian premier also championed the repeal of the country's controversial mining tax, which went through just last month. (See Bridges Weekly, [17 July 2014](#) and [10 September 2014](#), respectively)

On Monday, Abbott remained upbeat as he attended a mine opening in Queensland. "Coal is good for humanity," Abbott proclaimed, adding that he believed coal would be the world's principal energy source "for many decades to come."

China's decision also comes at a time when experts have been calling for a transition to a low-carbon economy, such as in the New Climate Economy Report released ahead of the UN Climate Summit last month. (See Bridges Weekly, [25 September 2014](#))

Countries are looking to agree on a binding global climate deal by the end of next year, to take effect from 2020 onward. The policies of China and Australia, both major greenhouse gas emitters, have thus been watched closely in this context. For its part, the Asian economy has also been taking steps to reduce pollution and increase spending on cleaner energy sources.

Back in Australia, another fight on the carbon subject could soon be on the horizon, with Bill Shorten – leader of the main opposition Labor Party – pledging to push for carbon pricing policies during the next federal election campaign. (See related story, this edition)

### **Numbers on coal**

Environmentalists have expressed outrage by the carbon and mining tax repeals, while opponents of these taxes have highlighted the important role coal plays within the Australian economy.

Last year, China imported over 61 million tonnes of Australian coal. Meanwhile, the total value of trade between Australia and China stood at US\$120.2 billion, making Australia China's second-largest trading partner.

Should the recently-confirmed tariffs persist, coal analysts in Beijing estimate that pricing issues might cut annual Australian coal production by up to 20 million tonnes. In the last two years, 12,500 Australian mining jobs have already taken a hit, largely as a result of depressed prices.

ICTSD reporting; "China's push for coal import tariff could cost Australian mining jobs," ABC NEWS AUSTRALIA, 10 October 2014; "UPDATE 2-Australia miners push for China tariff relief for battered coal sector," REUTERS, 10 October 2014; "Australia hit by China coal tariff move," FINANCIAL TIMES, 10 October 2014; "Abbott vows to fight China coal tariffs," THE AUSTRALIAN FINANCIAL REVIEW, 11 October 2014; "Tony Abbott says 'coal is good for humanity' while opening mine," THE GUARDIAN, 13 October 2014; "Crucial final stages of free trade talks between Canberra and Beijing," COAL GURU, 11 October 2014; COLUMN-China coal tariff sends message to cut supply: Russell," REUTERS, 9 October 2014; "China's new import tariff the last straw for struggling coalminers," THE AUSTRALIAN, 11 October 2014.

---

## AGRICULTURE

---

# WTO Panel Grants US Victory in India Poultry Ban Dispute

A WTO dispute panel has ruled against India's prohibition on imports of certain US agricultural products, specifically poultry, chicken, and eggs. The panel's report ([DS430](#)), issued on Tuesday, concludes that the import restrictions – implemented following concerns over avian influenza or "bird flu" – breaches a series of WTO rules relating to sanitary and phytosanitary standards, which are those meant to protect human, animal, or plant life or health.

India had justified the restrictions over fears that low pathogenic avian influenza carried by US poultry could mutate into high pathogenic strains, which are extremely infectious and have high mortality rates. The prohibitions were outlined mainly in the Livestock Importation Act 1898, and the relevant 2001 amendments, as well as a Statutory Order issued in July 2011 by the Indian Department of Animal Husbandry, Dairying, and Fisheries.

### Animal health standards

The import measures were geared toward any country reporting avian flu outbreaks, with India arguing that it should be allowed to prohibit trade on such products under the [Terrestrial Animal Health Code](#) of the [World Organisation for Animal Health](#) (OIE).

The OIE is tasked with setting health standards for trade in animals and animal products, as part of its overall mission to improve global animal health.

India had continued to impose its restrictions despite assurances at the time from Alex Thiermann, President of the OIE Code Commission that "the code very clearly says that low pathogenic influenza allows for trade." (Bridges Weekly, [7 March 2012](#)).

Though the US has notified the OIE of cases of low pathogenic avian flu, the country has not seen an outbreak of high pathogenic avian flu since 2004, while India has seen over 90 such outbreaks domestically between 2003 and 2013.

Washington then decided to challenge the measure, filing a formal request for consultations – the first stage of WTO dispute settlement – in March 2012, alleging that the ban was not based on international guidelines or a risk assessment, lacked scientific justification, and applied requirements that are not required of like domestic products.

After consultations between Washington and New Delhi failed to resolve the issue, the US requested that a dispute panel be set up to review the claims. (See Bridges Weekly, [30 May 2012](#))

The report issued on Tuesday agreed with the bulk of the US' claims, stating that India's restrictions are not justified through the relevant international standards – in other words, the OIE Terrestrial Code – and "arbitrarily and unjustifiably" discriminated between products from WTO members "where identical or similar conditions prevail."

### US officials, industry welcome ruling

The ruling is "a major victory for American farmers," [said](#) US Trade Representative Michael Froman in response to the news.



The US trade chief continued to say that the result was tantamount to an affirmation of the Obama Administration's "commitment to ensuring WTO members play by the rules, and that America's farmers, workers, and businesses get the fair shot they deserve to sell Made-in-America goods under WTO rules."

"India's ban was thinly veiled protectionism," stated James Sumner, president of the USA Poultry and Egg Council, and Michael Brown, president of the National Chicken Council, in a joint statement on the dispute. "We recognise that work remains to open India's market – but this ruling is an important step toward securing that objective."

The move potentially opens up an export market worth an estimated US\$300 million annually to the US.

### **Next steps**

Under WTO rules, either side can appeal the ruling within 60 days following the release of the report.

If either the US or India decides to file an appeal, the WTO's Appellate Body will then have 90 days from the close of the appeals period to issue a final report on the case. The Appellate Body can review aspects of law – such as legal interpretation – but generally will not interfere with the panel's factual findings.

As Bridges went to press on Thursday, India had not made a public statement on the panel's findings, nor had it indicated whether it would appeal the report.

In the absence of an appeal, India will be obliged to bring its measures into WTO compliance within a "reasonable period of time" agreed upon by the parties.

ICTSD reporting; "UPDATE 3-U.S. chicken exports to India more likely after WTO ruling", REUTERS, 15 October 2014.

## EVENTS &amp; RESOURCES

## Events

### Coming Soon

17 October, Geneva, Switzerland. THE INTERNATIONALIZATION OF THE RENMINBI. The Centre for Finance and Development of the Graduate Institute of International Studies will host this one-day high level forum in order to address the question of the changing role of China's currency, the renminbi (RMB). Event participants, which are expected to include senior academics, policymakers, and members of the private sector, will review the domestic and global impacts surrounding the internationalisation of the renminbi. For more information, please visit the event [website](#).

17 October, Washington, US. MODI'S TRANSFORMATIVE MOMENT? This event, hosted by the Carnegie Endowment for International Peace, will focus on the evolution of India's economic and foreign policies during new Prime Minister Narendra Modi's first few months in office. Two Carnegie scholars, Christophe Jaffrelot and Milan Vaishnav, will share their insights and research on the Indian premier's economic policies, raising the question of whether continuity has prevailed, or whether the new budget and recent leaders' meetings reflect a new focus. To learn more or to register for the event, please click [here](#).

20 October, London, UK. TEN YEARS AT THE HELM OF THE EUROPEAN COMMISSION: SOME REFLECTIONS ON EUROPE. In this Chatham House event, outgoing European Commission President José Manuel Barroso will outline a series of reflections on the 28-country bloc, building on his ten years of experience as head of the EU executive branch. Barroso will also address questions about the EU's future during the session, which will be chaired by Chatham House Director Robin Niblett. To learn more, please visit the event [website](#).

19-22 October, Tokyo, Japan. THE ASIAN ENFORCERS ROUNDTABLE AND THE 10<sup>TH</sup> EAST ASIA TOP LEVEL OFFICIALS' MEETING ON COMPETITION POLICY. This roundtable, organised by the Asian Development Bank Institute in partnership with the Japan Fair Trade Commission, will focus on the recent progress and challenges seen in East Asian competition policies and economic development. This year's meeting will review the developments seen over the past decade and discuss what may be needed to improve the effectiveness of competition law and policy. To read more about the event, please visit the Asian Development Bank's [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.

17 October: Committee on Sanitary and Phytosanitary Measures

17 October: Working Party on the Accession of Seychelles

20 October: Dispute Settlement Body

20 October Committee on Import Licensing

20 October: Appellate Body Swearing-in Ceremony

21 October: General Council

22 October: Committee on Market Access

22 + 24 October: Trade Policy Review Body - Mauritius, Djibouti

### **Other Upcoming Events**

27 October, Geneva, Switzerland. IDENTIFYING KEY RENEWABLE ENERGY GOODS FOR INCLUSION IN THE EGA. This event, organised by the International Centre for Trade and Sustainable Development (ICTSD) will bring together WTO delegates and key experts on environmental goods trade. The goal will be to explore technical aspects related to identifying those renewable energy goods that could be suitable for inclusion in the proposed Environmental Goods Agreement (EGA), which is currently being negotiated by a group of 14 WTO members, including the EU, US, and China. More information about the event is available at the ICTSD [website](#).

4-6 November, New Delhi, India. INDIA ECONOMIC SUMMIT: REDEFINING PUBLIC-PRIVATE COOPERATION FOR A NEW BEGINNING. This event, which is being convened jointly by the World Economic Forum and the Confederation of Indian Industry (CII), aims to provide an opportunity for high-level leaders from government, civil society, and the private sector in order to review the implementation of promises made during the recent Indian national election. Discussions will also review ways to collectively shape policies for inclusive growth in India. For more information, please visit the World Economic Forum [website](#).

10 November, Kuala Lumpur, Malaysia. SMALL AND MEDIUM ENTERPRISE (SME) PRODUCTIVITY IN ASIA: GETTING THE POLICIES RIGHT. This workshop, convened by the Asian Development Bank Institute, aims to develop the capacity of government officials to plan effective policies and programmes for improving the productivity of small and medium enterprises (SMEs). SMEs comprise the vast majority of business in Asia and provide a significant share of jobs and output. The event is geared toward senior and mid-level government officials from major Asian Development Bank (ADB) member countries. To gain more information, please visit the event [website](#).

12-14 November, Geneva, Switzerland. EXPERT MEETING ON THE IMPACT OF ACCESS TO FINANCIAL SERVICES, INCLUDING BY HIGHLIGHTING REMITTANCES ON DEVELOPMENT: ECONOMIC EMPOWERMENT OF WOMEN AND YOUTH. This event, organised by the UN Conference on Trade and Development (UNCTAD), will focus on the lack of access to financial services seen in many developing countries, and how this – combined with high transaction costs – can often pose difficult challenges to people living in poverty. In light of the ongoing efforts to elaborate a post-2015 development agenda, including a series of Sustainable Development Goals (SDGs), these discussions will focus on the importance of financial inclusion on the policy agenda. To register online for this expert meeting, please [click here](#).

---

## Resources

TACKLING AGRICULTURE IN THE POST-BALI CONTEXT: A COLLECTION OF SHORT ESSAYS. Edited by Ricardo Meléndez-Ortiz, Christophe Bellmann, and Jonathan Hepburn for the International Centre for Trade and Sustainable Development (ICTSD) (October 2014). This series of essays builds off of the latest analysis of global trends and domestic policy reforms, with the goal of informing WTO negotiations on a post-Bali agricultural trade agenda. The papers address all elements of WTO farm trade talks on market access, domestic support, and export competition. The volume is available in full as a free e-book. To learn more, or to download the text, please visit the ICTSD [website](#).

DIGITAL TRADE IN THE U.S. AND GLOBAL ECONOMIES, PART 2. Published by the United States International Trade Commission (August 2014). This report analyses the role of digital trade in both the US and global economy, focusing particularly on the effects of certain barriers and impediments to digital trade. The authors present a series of case studies that evaluate the impact of digital trade for selected US firms, while also featuring a survey on US businesses and analysis done at the economy-wide level on the same subject. To access the full report, please click [here](#).

TRADE BY SMES: AFRICA'S OPPORTUNITY BEYOND 2015. Written by Frannie A. Léautier for the International Trade Forum Magazine (September 2014). While 15 of the 20 countries making the best progress on the Millennium Development Goals (MDGs) are in Africa, the main issue remains how to prepare the African continent for when the MDGs expire in 2015 and are replaced by the post-2015 development agenda, including the planned Sustainable Development Goals (SDGs). The author suggests that particular focus should be placed on enacting policies that support small and medium-sized enterprises (SMEs) to deliver development results through trade and job creation. The publication can be viewed on the International Trade Centre [website](#).

DEVELOPMENT CO-OPERATION REPORT 2014: MOBILISING RESOURCES FOR SUSTAINABLE DEVELOPMENT. Published by the Organization for Economic Co-operation and Development (OECD) (October 2014). This annual OECD report features statistics and analysis on international aid trends. The latest edition places a particular emphasis on mobilising resources aimed at financing sustainable development, particularly in light of the efforts to elaborate and establish a set of Sustainable Development Goals (SDGs) that would replace the Millennium Development Goals (MDGs) once they expire next year. The publication is available [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://www.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](http://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 4.0 International [License](https://creativecommons.org/licenses/by-nc-nd/4.0/).

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,  
Kimberley Botwright, Yutong Jiang, William  
Kemp, and Milo Madole. 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

