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WORLD TRADE ORGANIZATION

India, US Clinch Deal on WTO Food Stocks, Trade Facilitation Impasse

India and the US have announced that their stand-off over food stockholding at the WTO has been resolved – potentially paving the way for the implementation of a separate deal on trade facilitation, as well as progress on the broader negotiating agenda at the global trade body.

"We are extremely happy that India and the US have successfully resolved their differences," said Indian Commerce and Industry Minister Nirmala Sitharaman in a [statement](#) on Thursday.

A separate statement from US Trade Representative Michael Froman confirmed that progress had been made. "On the basis of this breakthrough with India, we now look forward to working with all WTO members and with Director-General Roberto Azevêdo to reach a consensus that enables full implementation of all elements of the landmark Bali Package," Froman [said](#).

While specific details about the breakthrough were publicly unavailable, delegates in Geneva viewed it as a positive step, noting that the terms will next need to go to the rest of the membership for review.

Food security and farm subsidy rules

In July, India had refused to approve the adoption of a Protocol of Amendment that would allow the WTO's new Trade Facilitation Agreement (TFA) to be integrated into the global trade body's legal framework – a key step in the implementation process.

The reason, New Delhi explained at the time, was the slow progress in devising a "permanent solution" to problems developing countries face under current farm subsidy rules in buying food at government-set prices to stock as part of their food security schemes. (See Bridges Weekly, [31 July 2014](#))

The veto threatened to unravel the package of agreements that trade ministers had reached in Bali, Indonesia, at the organisation's ninth ministerial conference last December.

Among other elements, this included a deal not to initiate trade disputes against developing countries' food stockholding schemes, while a "permanent solution" was being negotiated for adoption in time for the 2017 ministerial conference.

The new US-India agreement clarifies that this "peace clause" mechanism will "remain in place until a permanent solution regarding this issue has been agreed and adopted," according to a [briefing](#) on the US Trade Representative's website.

The accord also "sets out elements for an intensified programme of work and negotiations" on food stockholding, the summary says, while noting that the TFA should be implemented "without conditions."

Sticking points resolved

The main aspects of the newly-announced accord had reportedly already been agreed between the two trading powers before talks fell apart just before midnight on 31 July.

However, it remained unclear how the US and India were expecting to resolve what had reportedly been the sticking point at that time: whether an eventual "peace clause" deal would take the form of a decision of the WTO's General Council, as New Delhi wanted – or a statement by its chair, as preferred by Washington.

Sources familiar with the talks told Bridges that, in July, the US had been reluctant to agree to India's demands on the legal form of the accord, as they feared it would effectively amount to rewriting the agreements reached at Bali.

In contrast, India had feared that the legal value of a statement from the chair of the General Council would not be adequate to protect it later from challenge it needed until a permanent solution was reached.

Sources told Bridges that they were expecting the US to agree to a General Council decision on the issue, along the lines of an outline deal that has been under discussion since September.

High-level maneuvering

The announcement of the bilateral agreement comes only two days before leaders from the G-20 group of major economies are set to meet in Brisbane, Australia.

Over the last three-and-a-half months the food stocks issue has risen to the top of governments' agendas, with the issue being discussed by US President Barack Obama and Indian Prime Minister Narendra Modi when they met in September. (See Bridges Weekly, [2 October 2014](#)).

With the topic reportedly already having dominated talks among G-20 trade ministers in July, sources speculated that trade officials were probably keen to ensure the issue did not overshadow the upcoming meeting among heads of state and government as well. (See Bridges Weekly, [24 July 2014](#))

Following a meeting between Modi and senior trade officials in New Delhi, an envoy was sent to Geneva last week – although no confirmation was made at that time of whether a formal accord was forthcoming. (See Bridges Weekly, [6 November 2014](#))

In the last few weeks India has also sought to address concerns its trading partners have raised about a lack of official data on its food stockholding and farm subsidy schemes. In September, the government notified figures for a seven-year period, up to 2010-11. (See Bridges Weekly, [18 September 2014](#))

At the same time, projections for food and agricultural markets are already anticipating substantial changes as the government begins to roll out plans to expand the provision of

subsidised food to millions of food insecure people. (See [Bridges Weekly](#), 6 November 2014)

Agriculture committee meeting today

Several delegates from other countries told Bridges that they were unaware of the exact details of the US-India agreement.

However, with the WTO's regular Committee on Agriculture meeting taking place today, trade officials said that the accord would not be discussed until later.

Regular sessions of the committee on agriculture are tasked with reviewing the implementation of existing WTO rules on farm trade, rather than negotiating new agreements.

TF next steps?

A few more steps still remain for implementing the TFA, sources noted. A few explained that the Preparatory Committee on Trade Facilitation – which is tasked with taking the necessary steps to allow the deal to be brought into force – will still need to meet to finalise the text of the Protocol of Amendment and associated General Council decision.

Both are necessary to incorporate the TFA into the WTO's legal framework so that individual members can then ratify it. While the drafting process had been underway before the stalemate, building on proposed protocol text submitted by Norway, this has since been on hold.

"We still don't actually have a protocol text," one source said. "The question will be how that is handled. We don't know at this stage."

Delegates familiar with the TFA process generally welcomed the US-India step as a positive sign, while cautioning that some potential difficulties could remain.

While the focus has been in recent months on New Delhi, some other delegations had in the past raised questions over the balance of the Bali package and whether the implementation of the TFA should be made provisional on the conclusion of the Doha Round. While that suggestion was seemingly put to rest in July, sources noted that those concerns still may remain among some members. (See [Bridges Weekly](#), [10 July 2014](#))

Whether members will meet the target of ratifying the TFA domestically by 31 July 2015 – as indicated by trade ministers in Bali – is another open question. Ratification by two-thirds of the membership is required for the deal to enter into force for those members.

Some sources suggested that the ratification process could take longer, given the length of the domestic legislative process in some countries.

Shifting timeline

One trade source told Bridges that they expected a special General Council meeting to be convened in November, while the December meeting of the same body could be postponed.

The objective would be to allow more time for WTO members to discuss the post-Bali work programme on how to resolve the outstanding Doha issues, the source said.

Many noted that today's breakthrough was indeed a step in the right direction. However, others cautioned that rebuilding some of the substantial trust lost over the past few

months could take time, and that meeting the end-year target for the Doha work programme would be unrealistic.

Another noted that the discussions among negotiating groups before the July breakdown were only just finishing their preliminary stages.

"The Director-General's vision was modalities, and we're a long way from that," one said. "If members want something really substantive, that's going to take time."

However, negotiators were broadly upbeat about the news of the US-India deal. "It's positive," said one, who added that "the WTO is still in business."

[In a statement](#) issued by the global trade body on Thursday, the Director-General welcomed the news, while urging members to "redouble" their efforts in making up for the lost time caused by the delay.

"The post-Bali work programme remains a priority. Members will need to make every effort to get it back on track as quickly as possible," Azevêdo said.

ICTSD reporting.

CLIMATE CHANGE

China, US Clinch Deal to Curb Emissions, Boost Clean Energy

In a landmark announcement on Wednesday, China and the US announced a joint plan to cut emissions, including the outlining of new post-2020 climate targets for both economies.

China indicated its carbon emissions will peak around 2030 and that it would try to achieve this before that time. In conjunction, the country would also scale-up the share of non-fossil fuels in the energy mix to around 20 percent in the same period. For its part, the US will seek to reduce emissions by 26-28 percent below 2005 levels by 2025, which will double the pace of current pollution mitigation efforts.

The news was unveiled at a press conference held by Chinese President Xi Jinping and US President Barack Obama in Beijing, China.

"[The US and China] have a critical role to play in combating global climate change, one of the greatest threats facing humanity. The seriousness of the challenge calls upon the two sides to work constructively together for the common good," the two leaders said in a [joint statement](#), which also listed a series of commitments to ramp up cooperation around clean energy technology.

The announcement paid homage to the latest warnings from UN climate scientists. Earlier this month the Intergovernmental Panel on Climate Change (IPCC) called for a 40 to 70 percent drop in emissions in the next forty years in order to avoid far-ranging climate consequences, including rising sea levels, floods and droughts, and ecosystem damage. (See BioRes, [4 November 2014](#))

Wednesday's joint statement also recognised, however, that prompt climate action could drive innovation and sustainable development. The two leaders signalled that the announcement was geared towards injecting momentum into efforts by nearly 200 nations to secure a global emissions-cutting deal by the end of next year in Paris, France.

The move came after months of quiet negotiations between the two economic giants, although hints of a rapprochement on the climate subject were given ahead of the announcement, including by US Secretary of State John Kerry.

Obama is currently in the midst of an Asia-Pacific tour that will culminate in a meeting of leaders of the world's largest advanced and emerging economies this weekend in Brisbane, Australia. Climate change has been a tricky subject on the G-20 agenda, with the US and EU nations among those lobbying hard to address it more comprehensively, a move allegedly resisted by the Australian presidency.

Ramping up cooperation

In Wednesday's announcement, China and the US also agreed to strengthen joint institutions and vehicles for cooperation in the areas of climate change and clean energy to help achieve the newly-outlined targets. These include further work through the US-China Climate Change Working Group (CCWG), a body [set up](#) in April of last year, and a joint Clean Energy Research Centre (CERC).

Both countries agreed to extend the CERC's mandate for an additional five years through to 2020, with renewed funding for existing research tracks, focused on building efficiency; clean vehicles; and advanced coal technologies with carbon capture, use, and sequestration. The launch of a new programme studying the interaction between water and energy was also announced.

The US will also undertake a number of additional projects to promote China's energy efficiency and renewables goals, including further cooperation on "smart grids" geared towards the cost-effective integration of renewable energy technology.

Enhanced technological cooperation to phase out hydrofluorocarbons (HFCs), a particularly potent greenhouse gas, is called for, building on an [agreement](#) by the two leaders in June last year. (See Bridges Weekly, [13 June 2013](#))

Mention is also made of a bid to promote trade in green energy goods, with several trade missions focused on green infrastructure, environmental trade sectors, and technology scheduled for the coming years.

China and the US are some of the biggest renewable energy investors, accounting for some US\$56 billion and US\$36 billion respectively out of a total US\$214 billion invested worldwide in 2013, according to a [joint report](#) released by Bloomberg New Energy Finance, the Frankfurt School of Finance & Management, and the Frankfurt School-UNEP Collaborating Centre for Climate & Sustainable Energy Finance.

Compare and contrast

As the world's top two carbon emitters, Beijing and Washington's climate policies have been closely watched by other capitals around the world.

"[In] climate diplomacy, as in life, you have to start at the beginning, and this breakthrough marks a fresh beginning," Kerry wrote in an [op-ed](#) on Wednesday for The New York Times.

A number of climate experts have long insisted that movement from the two sides holds the key to reaching a climate deal.

"This will help get other countries on board and greatly improves the odds for a solid global deal next year in Paris," said Bob Perciasepe, president of the Centre for Climate and Energy Solutions, a US-based advocacy group.

The global climate talks are being conducted under the banner of the UN Framework Convention on Climate Change (UNFCCC) with the next annual meeting set to kick off in less than three weeks in Lima, Peru. At that meet, countries are hoping to agree to the draft elements of the 2015 deal, along with the information that should be included in national contributions to the overall package, with the updated [draft texts](#) for this purpose recently released. (See BioRes, [29 October 2014](#))

Obama on Wednesday signalled that the US would submit its new 2025 target as part of its intended nationally determined contribution (INDC) no later than next March following the timeline agreed to at the 2013 UN talks in Warsaw, Poland. The new target represents an acceleration on the 17 percent reduction from 2005 levels he announced in 2009.

The news that China will cap emissions has been long-awaited in the climate community, eager to see Beijing consolidate efforts to rein in breakneck economic growth, which has come with a high environmental price tag.

China's bid to boost sustainable energy as laid out on Wednesday will require the deployment of an additional 800-1000 gigawatts of nuclear, wind, solar, and other clean energy sources, more than the total produced by the country's current coal-fired plants.

As reactions began to emerge on Wednesday, many commentators welcomed the move by the two economies to lay their cards on the table ahead of the Lima meet, though others expressed reservations.

"Also positive that China is ready to commit to a peak year. But 'around 2030' is very late – will the 2 degrees still be possible?" said former EU climate commissioner Connie Hedegaard on social media site Twitter, referring to the temperature increase from pre-industrial levels that is being used as a benchmark ceiling for global warming.

Hedegaard was in office until just weeks ago, and was heavily involved in the formulation of the 28-nation bloc's latest climate and energy framework, which includes a 40 percent emissions cut from 1990 levels by 2030. (See BioRes, [27 October 2014](#))

Some environmental groups have also expressed concern that China's clean energy target was not sufficiently ambitious, pointing to [studies](#) that the country is already on track to produce 20 percent of its energy from renewable sources by the end of this decade.

"Today's announcements should only be the floor and not the ceiling of enhanced actions," said Li Shuo, senior climate and energy campaigner for environmental activist group Greenpeace's East Asia branch, calling for further efforts.

Other commentators said that while a "G-2" climate push was critical for success in Paris, intensive negotiations over the next year would have to go beyond emissions reduction pledges, to address details such as finance, collective ambition, legal form, and adaptation.

Meanwhile, the Obama Administration may face political pushback at home to the new US target. Mitch McConnell, who will likely be the next Senate majority leader after Republicans won control of both chambers of the US Congress in last week's mid-term elections, said the move was "unrealistic" and tantamount to an "ideological war on coal."

Next week will see climate delegates gather in Berlin, Germany for a meeting dedicated to making pledges to a UN climate fund geared towards helping developing countries transition to low-carbon growth models. Capitalisation of the Green Climate Fund with at least US\$10 billion has been slated as another crucial success factor for the Lima talks.

ICTSD reporting; "US and China Reach Climate Deal After Months of Talks," THE NEW YORK TIMES, 11 November 2014; "China and US in deal to curb emissions," THE FINANCIAL TIMES, 12 November 2014; "United States and China reach landmark emissions deal – live," THE GUARDIAN, 12 November 2014; "Kerry: U.S., China should set example by agreeing on climate goals," REUTERS, 4 November 2014; "G20: Australia resists international call supporting climate change fund," THE GUARDIAN, 7 November 2014.

INFORMATION TECHNOLOGY AGREEMENT

US Announces Breakthrough with China on ITA Talks

Washington and Beijing have reached a "breakthrough" in their prolonged stalemate over which products to add to the scope of the WTO's Information Technology Agreement (ITA), the US confirmed on Monday. Officials say that this new development could allow for the broader negotiations on the tech trade deal to resume back in Geneva.

The announcement came amidst the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Week, hosted this year by China. The now 21-country regional grouping has been credited with being the impetus for the original 1996 ITA, a deal which eliminates tariffs across various information and communication technology (ICT) products.

"APEC has been the incubator of ambitious trade agreements at the centre of our agenda," US President Barack Obama [said on Tuesday](#) in his remarks to fellow leaders at an APEC plenary session. "So it's fitting that we're here with our APEC colleagues to share the news that the United States and China have reached an understanding on the ITA that we hope will contribute to a rapid conclusion of the broader negotiations in Geneva."

The move came after a prolonged stalemate over which products to include in an expanded ITA list, with the talks breaking down last November after Beijing asked for various sensitive items to either be excluded from the list or be subject to long tariff phase-out periods.

China is the world's top exporter of ICT products, and is also a manufacturing and assembly base for many of the products that are addressed in the original trade pact.

According to a [White House factsheet](#) released this week, products that the US and China have ultimately agreed to include in the expanded ITA, once the whole group's membership agrees, include next generation semi-conductors – which currently face tariffs of up to 25 percent – along with various high-tech medical devices, software media and video game consoles, and global positioning system (GPS) devices.

Overall, the details on what this new understanding entails were limited. For instance, the two sides have not made public any details as to what tariff phase-out periods China was willing to accept for some goods.

Still, the overall move has been welcomed as a sign of better economic relations between Washington and Beijing, who have a long history of butting heads in trade-related areas.

"This is encouraging news not just for the US-China trade relationship, it shows that the US and China work together to both advance our bilateral economic agenda, but also to support the multilateral trading system," said US Trade Representative Michael Froman [in a statement](#).

Obama-Xi discussions

Whether the APEC meeting would lead to any developments in the stalled efforts to expand the ITA's product coverage has been a key question on trade observers' minds in recent weeks.

Just a few days prior to the announcement, APEC ministers had [issued a statement](#) which made no reference to any new advances in the ITA talks, instead stressing “the importance of the negotiations” themselves and calling for an outcome that is commercially significant, balanced, and in line with recent developments to information technology trade.

The wording had prompted speculation that the talks could be moving up to leaders’ level, specifically between Obama and his Chinese counterpart, President Xi Jinping.

The effort to update the scope of the list began in 2012, in an effort to reflect the significant changes that the information technology landscape has seen in the 17 years since the original ITA entered into force.

Many of the products featured in the original pact have since fallen out of use, while new technologies have been developed that are not covered by the ITA’s scope – raising fears that leaving the deal in its current state would eventually lead to its losing commercial relevance.

Industry estimates cited by the White House suggest that a successful ITA expansion could liberalise trade on US\$1 trillion worth of global sales of ICT goods per year, and add an additional US\$190 billion to global GDP.

Next steps

While the disagreement between the US and China had been the main focus of the ITA stalemate, the negotiations across the entire ITA membership are not yet over.

Not only will the final consolidated list of products need to be approved by all the members currently participating in the ITA expansion talks – which are a subset of the full ITA membership – but eventually those members not involved in the expansion effort will need to be on board in order for the new products to be incorporated into the existing pact.

Some Geneva-based sources noted that, while the Washington-Beijing development was significant, particularly given the role that China plays in ICT trade, there may still be some hurdles to overcome with the sensitivities that some other ITA signatories have.

The group of countries that has been negotiating an expansion of the ITA’s product coverage include 25 WTO members, counting the EU as one, out of the deal’s 52 signatories, which includes 80 members. The benefits of the accord are multilateralised across the WTO membership, both for ITA signatories and non-signatories, though only the former are required to make concessions.

“We are going to take what has been achieved here in Beijing back to Geneva and work with our WTO partners, and while we don’t take anything for granted, we are hopeful that we’ll be able to work quickly to bring ITA to a successful conclusion,” Froman said.

The news has already drawn praise from WTO Director-General Roberto Azevêdo, who welcomed the announcement as a “significant step forward,” calling for the negotiations among all ITA participants to be finalised soon.

“An expanded ITA would be great news for the WTO and the multilateral trading system. It would show that it is possible to deliver negotiated outcomes in the WTO that benefit everyone,” the global trade chief [said](#), noting that an expanded ITA would be the organisation’s first successful tariff-cutting negotiation in over a decade and a half.

ICTSD reporting.

PREFERENTIAL TRADE AGREEMENTS

End of Trans-Pacific Trade Talks “Coming into Focus,” Leaders Say

Leaders from the 12 countries currently negotiating a Pacific Rim trade accord instructed their ministers and negotiators on Monday to make finishing the deal “a top priority,” given that the talks are now reportedly approaching their final stages.

The end of the Trans-Pacific Partnership (TPP) talks is “coming into focus,” leaders of the group said after meeting in Beijing, China, noting that ministers and negotiators have made significant strides in reducing their disagreements on the deal’s legal text and are “intensively engaging” in market access negotiations..

With this in mind, leaders added, the group remains committed to making sure that the final pact “reflects our common vision of an ambitious, comprehensive, high-standard, and balanced agreement that enhances the competitiveness of our economies, promotes innovation and entrepreneurship, spurs economic growth and prosperity, and supports job creation in our countries.”

No concrete breakthroughs were announced, however, leaving open the question of whether a final outcome – even on the basic elements of a deal – will indeed be possible this year, as suggested by officials such as Australian Trade Minister Andrew Robb and US Trade Representative Michael Froman just a few weeks ago during a ministerial-level meet in Sydney, Australia. (See Bridges Weekly, [30 October 2014](#))

The three-paragraph statement by leaders made no specific reference to timeframe, either for concluding the negotiations or for subsequent meetings at either the ministerial or chief negotiator level.

The meeting was hosted by US Barack Obama on the sidelines of the Asia-Pacific Economic Cooperation (APEC) leaders’ week. Whether such a meeting was even set to occur was a source of substantial speculation beforehand, given that China – this year’s APEC host – is not a TPP member.

“This has the potential for being an historic achievement,” Obama told fellow leaders before the TPP meeting, according to a [transcript of his remarks](#) provided by the White House. “It’s now up to all of us to see if we can finalise a deal that is both ambitious and comprehensive. The stronger the agreement, the greater the benefits to our people.”

The TPP economies together make up 40 percent of global GDP and a population of 800 million. Members include Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US, and Vietnam.

Trade ministers’ report

Trade ministers from the TPP countries met two days prior to the leaders’ discussions, releasing afterward a report outlining the progress achieved on the trade talks since the 12 leaders met a year ago.

"Ministers have been actively engaging, and we have developed a joint work plan to accelerate the process and agree on mutually acceptable outcomes on the remaining challenges," the [ministers' report](#) to leaders said.

With regards to the legal text of the deal, ministers highlighted intellectual property, state-owned enterprises, the environment, and investment as areas where additional work is still needed to reach common ground.

As for the market access talks, they noted that the 12 parties are working to reach "ambitious packages of commitments" in the areas of goods, services, investment, financial services, temporary entry of business persons, and government procurement.

In this vein, ministers and negotiators still aim to reach a market access package that allows "comprehensive, commercially meaningful, and duty-free access" to goods markets while easing restrictions in the other areas. The tariff-related negotiations, they said, are "well advanced" among various member countries, while noting that more work needs to be done on treating "certain products" and involving "certain countries."

While not mentioned explicitly in the document, goods market access talks have of late focused on agriculture, particularly on the bilateral level between the US and Japan. Many had hoped for news of a farm trade market access deal between Washington and Tokyo in time for this week's meeting, after months of protracted bilateral talks that have been blamed for slowing down the rest of the TPP process.

As for regional trade integration, ministers did note that there has been "substantial progress" on establishing common rules of origin for several products, and that they are near a deal on ways to eliminate non-tariff barriers and also promote cooperation on regulatory approaches.

With regards to the latter, ministers stressed that they have been "careful" to do so in a manner that does not prevent governments from enacting policies focused the public interest, in an apparent effort to answer some of the concerns that have been raised by advocacy groups in this area.

The ministers' report also features several paragraphs on the progress reached on "new trade issues," such as advances in work to establish rules that would ensure fair competition between state-owned enterprises and the private sector.

Intellectual property, meanwhile, remains one of the TPP's "most complex and challenging areas," though participants have reportedly made advances on reaching common approaches in this area.

"We also have worked hard to strike an appropriate balance that ensures our citizens' access to medicines and to fair use of online content, and that reflects the diversity of TPP economies," they added.

Notably, ministers said that they are also approaching a deal on both environmental disciplines and labour rights that would, for each area, be "enforceable," without providing further detail.

FTAAP?

The push to bring the TPP to a close in the near term has re-ignited debate over what the deal might mean not just for the global economy as a whole, but also for China as one of the world's largest traders.

Beijing is not part of the 12-country talks, and has been working on a separate regional initiative known as the Regional Comprehensive Economic Partnership (RCEP), which is

still in its early stages. This proposed trade area includes some TPP economies – such as Australia and New Zealand – along with China, India, South Korea, and all ten members of the Association of Southeast Asian Nations (ASEAN).

In this context, many analysts have questioned whether the TPP is aimed at countering the economic rise of China, and asked whether the RCEP should be viewed as being in competition with the Trans-Pacific Partnership pact.

The US has long sought to assuage those concerns, with [Obama telling business leaders](#) repeatedly at a CEO summit held during the APEC week that “the United States welcomes the rise of a prosperous, peaceful, and stable China.”

Meanwhile, the regular proceedings at the APEC leaders' summit focused on how – and to what extent – the group should work to advance with a broader trade area encompassing all 21 of their countries, an idea known as the Free Trade Area of the Asia-Pacific, or FTAAP.

China has been one of the main backers of such a free trade area, which has been under discussion since 2006. Efforts to advance this initiative have since slowed, despite an [agreement](#) reached four years ago to “take concrete steps” in realising this goal.

The US and China had reportedly disagreed ahead of the APEC meet on how much to push the FTAAP idea this year, with Washington said to be against significantly speeding up talks in this area.

Analysts such as Miriam Sapiro, a former deputy US Trade Representative who is now a visiting fellow at the Brookings Institution in Washington, [have argued that](#) – given the efforts already underway to advance both RCEP and TPP – “the time is ripe to undertake a [FTAAP] study but not to commit to launching a third effort.”

This week, APEC leaders ultimately agreed that the group “should make more important and meaningful contributions as an incubator to translate the Free Trade Area of the Asia-Pacific... from a vision to reality,” in what appeared to be a tacit acknowledge of the slow progress in this area, while not announcing the start of formal negotiations.

Rather, the final APEC [leaders' declaration](#) – entitled the Beijing Agenda for an Integrated, Innovative and Interconnected Asia-Pacific – included an [annex](#) outlining a “roadmap” for the group to contribute to realising the eventual regional trade deal.

Actions the group will take include launching a “collective strategy study” on the subject, incorporating an analysis of the potential costs and benefits of an FTAAP. Other commitments include improving transparency on existing trade deals and continuing relevant capacity-building activities.

Notably, APEC leaders stressed that any Asia-Pacific trade deal of this kind should address “next generation” trade and investment topics, while saying that a greater effort should be made to clinch deals that could serve as possible pathways to this FTAAP, referring to both the TPP and the Regional Comprehensive Economic Partnership (RCEP).

Furthermore, the FTAAP should be negotiated outside of APEC, leaders said, allowing the grouping itself to keep its own “non-binding, voluntary cooperation principles.”

ICTSD reporting; “Xi urges faster APEC talks on China-backed free trade area,” REUTERS, 11 November 2014; “Obama presses for Pacific Rim trade deal,” FINANCIAL TIMES, 10 November 2014.

MERCURY

Work on Implementing Global Mercury Treaty Advances

Representatives from over 120 governments gathered last week in Bangkok, Thailand to continue their work towards the implementation of an international binding treaty aimed at curbing mercury pollution.

Following the adoption of the Minamata Convention on Mercury in October 2013 at a diplomatic conference held in Kumamoto, Japan, negotiators must now thrash out the details required to put the new instrument into practice. (See BioRes, [17 October 2013](#))

Technical issues were particularly high on the agenda at the sixth session of the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury (INC6), as the group charged with steering the interim period between the Convention's adoption and entry into force is formally known.

Key areas discussed by delegates included voting rules on Convention-related decision making, financing for a permanent secretariat to facilitate implementation, and the tracking of mercury supply and trade.

Concerns were also raised around the financial implications of adhering to the new mercury rules, although those talks ultimately resulted in the establishment of an ad hoc working group of financing experts. The body is due to set up a programme to assist developing countries with implementing the Minamata rubric.

International mercury governance

Governments had reached agreement at a UN Environment Programme (UNEP) high-level meeting in February 2009 to hammer out a legally binding instrument on mercury governance, in recognition of the challenges posed by the metal element, with a text eventually clinched in January last year. (See BioRes, [28 January 2013](#))

The Minamata Convention, named after a devastating industrial pollution incident in the coastal Japanese town in the mid-twentieth century, targets various mercury-containing products for phase-out by 2020. Measures for regulating the artisanal and small-scale gold mining industry are also included, together with emissions controls.

Mercury is a naturally occurring, widespread metal element, and exposure to it in various forms is considered highly toxic for humans, with known effects including fetal neurological damage, lowered fertility, nerve impairment, and heart disease. Excessive mercury levels in the environment can also have detrimental ecological impacts.

Mercury is released into the atmosphere through its use in various products but also through activities such as industrial processes, mining, deforestation, waste incineration, and the burning of fossil fuels.

Elemental mercury has traditionally been used in manufacturing products such as thermometers, switches, batteries, and energy-saving light bulbs. The danger from this form comes from inhaling fumes rather than handling the substance itself. Methylmercury, a type of organic mercury that builds up in fish and shellfish as a

result of high mercury levels in the environment, presents serious health threats when ingested.

Trade issues

Among the areas tackled by negotiators last week was the format and content of trade notification forms designed to help eventual Minamata participating countries track mercury imports and exports.

According to ENB reporting, some delegates called for governments to list all possible sources of mercury, and for exporting countries shipping mercury to provide information such as transit countries and sources. Others said that such level of detail was excessive vis-à-vis the Convention requirements.

Consensus eventually swung towards the latter position and the group adopted an agreed outcome on four forms – covering both parties and non-parties – in relation to Article 3 of the Convention, which deals with the tricky areas of mercury supply sources and trade. While three of those forms relate to the consent for importing mercury, one involves non-party certification on the source of mercury when the export destination is a party to the Convention.

Agreement around a draft text on reporting requirements, however, did not prove as forthcoming, with the topic expected to resurface at the group's next meeting. Delegates considered questions relating to scope, structure, and style of questions in a draft reporting form that countries would submit to the Convention. Questions around capacity were reportedly raised, with some countries highlighting the specific technology required to measure mercury emissions.

Entry into force?

While the Convention has been adopted, it will go into effect after at least 50 countries and territories ratify it, with eight having done so thus far. The ratification progress is expected to take between three to four years.

According to the mandate given by governments at Minamata's adoption, a second interim session will need to be held prior to the first Conference of the Parties (COP) to the Convention, although dates have yet to be confirmed.

More implementation talk is likely for the eventual INC7, many participants said, with certain key issues still to be addressed to ensure the effective functioning of the instrument.

ICTSD reporting; "Summary of the Sixth Session of the Intergovernmental Negotiating Committee to Prepare a Global Legally Binding Instrument on Mercury," ENB, IISD REPORTING SERVICES, 10 November 2014.

WASHINGTON

Trade, Environment Questions Emerge as Washington Adjusts to Post-Election Landscape

As the dust settles in Washington a week after the Republican Party won both chambers of the US Congress, analysts are looking closely to see which policy areas could see potential cooperation between Republican lawmakers and the Democratic White House.

Comments made by officials in recent days have indicated that trade could be one source of common ground, while environment-related issues are among the many where the two sides are expected to clash.

Following last week's polls, the White House and incoming Republican leadership have pledged to pursue cooperation where possible. However, some analysts suggest that last week's results could risk two years of legislative standstills, particularly in traditionally contentious areas such as immigration reform and climate-related emissions curbs.

Trade

If Republicans are to find any common ground with the White House it will likely be on trade, analysts say, particularly in advancing the renewal of Trade Promotion Authority (TPA), a lapsed piece of legislation considered key to ensuring international trade deals negotiated by the executive branch are approved without congressional amendments. (See Bridges Weekly, [30 January 2014](#)).

"We can... work together to grow our exports and open new markets for our manufacturers to sell more American-made goods to the rest of the world," Obama [told reporters](#) post-election, referring to likely areas for cooperation with the Republican Party.

A [meeting](#) Obama held with congressional leadership last Friday to discuss potential topics where the two sides might come together did not appear to feature a mention of trade, focusing more on ways to counter the more immediate threats posed by Ebola and the Islamic State, as well as the need to pass a new budget for the remainder of the fiscal year.

However, both Obama and Mitch McConnell, a Republican from the US state of Kentucky who is expected to be the next Senate majority leader, have suggested in the past week that they will collaborate to help secure the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) deals, both still under negotiation.

McConnell has specifically said that he and the President are "interested in moving forward" on TPA, given this context.

Environmental issues

Other areas, such as climate and the environment, could be the site of future domestic political squabbles, particularly regarding efforts by the US executive to advance the implementation of new Environmental Protection Agency (EPA) regulations to curb emissions from coal-burning power plants.

After last week's result, that agenda is expected to be tougher to advance, though should Republicans try to enact legislation to counter these efforts, these would likely be vetoed, analysts say.

McConnell, for his part, staked his latest senatorial campaign partly on the promise to combat the President's "war on coal," and has promised to fight or stall new rules in this area, with experts predicting that this could occur through procedural methods. The senator's home state of Kentucky is one of the top coal producers in the country.

Nevertheless, the Obama Administration says it plans to move ahead. Despite "attempts to impede or scale back our actions," said John D. Podesta, a senior White House counselor who has led the President's climate agenda, "we're confident we can prevail."

On a second front, experts say that it is likely that the President will be forced to sign or veto the controversial Keystone XL Pipeline project, which if built would transport up to 830,000 barrels of heavy crude oil per day from Canada's western province of Alberta and the US states of North Dakota and Montana to refineries in the US' Gulf Coast.

Obama has long said that he would not approve the pipeline unless it was made clear that it would not increase net carbon emissions, and has previously delayed efforts to make a decision in response to what he deemed "arbitrary deadlines" set by Congress. (See Bridges Weekly, [6 February 2014](#) and [18 January 2012](#))

ICTSD reporting; "Republicans nominate trade as an area of co-operation with Obama," FINANCIAL TIMES, 5 November 2014; "US mid-terms: Obama and McConnell face new power balance," BBC NEWS, 5 November 2014; "Republicans Vow to Fight E.P.A. and Approve Keystone Pipeline," THE NEW YORK TIMES, 10 November 2014.

DEVELOPMENT

UN Vienna Meet Approves New Action Plan for Landlocked Developing Nations

Government officials, business leaders, and representatives from civil society and international organisations adopted a [new action programme](#) last week aimed at advancing economic growth and sustainable development in landlocked developing countries (LLDCs) over the coming decade.

The programme, inked during the Second UN Conference on LLDCs in Vienna, Austria, sketches out a strategic framework for 2014-2024 based on six priority areas: transit, trade, and infrastructure challenges, regional cooperation, structural transformation, and means of implementation.

"The Vienna conference has come out with a holistic, forward looking and action-oriented program and I clearly see that in the document that has been adopted," said the Secretary-General of the conference, Gyan Chandra Acharya, in [his closing remarks](#).

At the opening ceremony of the three-day meeting in the Austrian capital, UN Secretary-General Ban Ki-moon [called](#) for strengthening LLDCs' trade ties with regional partners, as "regional integration can transform countries from being landlocked to 'landlinked'."

According to the UN's classification, there are currently 32 LLDCs ranging from Afghanistan to Zambia with a combined population of 440 million people. Sixteen of these countries are located in Africa, 10 in Asia, 4 in Europe, and 2 in Latin America.

1370 kilometers to the nearest seaport

In Vienna, participants first took stock of the progress achieved since the [Almaty Programme of Action](#) was adopted in 2003 at the First UN Conference on LLDCs.

The Almaty Programme had set out a "new global framework" aimed at improving cooperation in transit transport for landlocked and transit developing countries, given the role played by transaction costs in impeding LLDC integration into world markets.

Eleven years later, conference participants in Vienna acknowledged while there has been "some progress" in implementing the Almaty plan, more global support is needed for LLDCs given the significant trade and development challenges these countries still face.

In an [op-ed](#) published in The Guardian newspaper prior to the Vienna conference, Gyan Chandra Acharya and Austrian Foreign Minister Sebastian Kurz noted that even though LLDCs' exports increased almost fivefold between 2003 and 2013, their share of global trade remains limited to a meagre one percent.

A recent [World Bank study](#) found that LLDCs pay over twice as much than their coastal neighbors – US\$3040 compared to US\$1268 – when exporting standard containers of cargo. These countries must also overcome an average distance of [1370 kilometers](#) to reach the nearest seaport, eight times more than the average industrialised country. [Experts](#) have thus said that it is being landlocked – rather than these economies' development level – which places a high trade cost burden on LLDCs.

The Vienna document acknowledges the heavy toll that this cost and resulting low level of

trade integration are predicted to have on LLDCs. Specifically, economic development "is on average 20 percent lower than what it would be were they not landlocked."

Recommendations

Given these challenges, the new Programme of Action calls for advances in the priority areas of transit policy, infrastructure development and maintenance, international trade and trade facilitation, regional integration and cooperation, structural economic transformation, and means of implementation.

On trade policy, the document notes that there is a need "to significantly increase the value added and manufactured component, as appropriate, of the exports of landlocked developing countries" as well as to boost these countries' share of intra-regional trade.

Moreover, the Programme contains recommendations for trading partners to grant better market access for goods from LLDCs, and urges against "arbitrary or unjustified" non-tariff barriers that may be in violation of WTO rules.

The Vienna document also highlights the pivotal role of services as "enablers of trade in goods and effective participation in international trade and global value chains."

Regarding means of implementation, the Vienna Programme of Action highlights the continued importance of both official development assistance flows and aid for trade, which are to be complemented with renewed efforts at South-South cooperation.

In order to ensure that governments and private actors follow up on these non-binding provisions, conference participants invited the UN General Assembly to consider holding a "comprehensive high-level midterm review" of this new programme. They also encouraged the High Representative for the Least Developed Countries, LLDCs, and Small Island Developing States to develop key indicators to track the success in enacting the plan.

Azevêdo: trade facilitation "crucial"

The potential for the WTO's recently-inked Trade Facilitation Agreement to help LLDCs cut transaction costs and boost growth was raised by WTO Director-General Roberto Azevêdo, who spoke at the conference. "Transit measures would likely be put in place as soon as the agreement is implemented," he [noted](#).

[Analysts](#) have said that the TFA, which was agreed at the WTO's 2013 Ministerial Conference, contains several crucial provisions for LLDCs, such as Article 11 on Freedom of Transit. The Vienna plan takes up these considerations by calling upon development partners, especially transit countries, to ensure that initiatives such as the TFA "are developed and implemented together with landlocked developing countries in all the relevant areas."

While the TFA was agreed late last year, implementation efforts stalled in July after India refused to back the adoption of a Protocol of Amendment that would integrate the pact into the WTO's legal framework, citing the need to see parallel progress on finding a "permanent solution" to the issue of public food stockholding schemes for food security.

The US and India reached a deal earlier today that resolved their differences on the subject; the agreement must still be approved by the broader membership, and a few more procedural steps taken, before TFA can move forward. (See lead story, this edition)

ICTSD reporting; "We must recognise the special needs of landlocked developing countries," THE GUARDIAN, 2 November 2014.

EVENTS & RESOURCES

Events

Coming Soon

13 November, Brussels, Belgium. SERVICES FOR THE DELIVERY OF ENVIRONMENTAL GOODS. This event, co-hosted by the International Centre for Trade and Sustainable Development (ICTSD) and the Danish Ministry of Industry and Growth, will bring together government representatives, business leaders and key experts to discuss ways to effectively advance the issue of services in the context of climate change action and green growth through trade, particularly in light of the recently-launched Environmental Goods Agreement (EGA) negotiations. The event is by invitation only; learn more by visiting the ICTSD [website](#).

19 November, Washington, US. WORKSHOP ON BIOFUELS AND FOOD SECURITY INTERACTIONS. This workshop, held by the International Food Policy Research Institute (IFPRI), will focus on current and future interactions between biofuels and food security, incorporating some of the lessons learned from recent analysis and field experience. Participants and speakers expected at this meeting include representatives from academia, international organisations, national government organisations, and the private sector, among others. More information can be found at the IFPRI [website](#).

19 November, online. THE EXPANDING IMPACT OF US SANCTIONS ON RUSSIA. This webinar, sponsored by the Export Compliance Training Institute, will feature John Black of BSG Consulting, who will examine the various export and trade controls that the US has put in place with regards to Russia in recent months, and explain how to modify compliance procedures accordingly. Webinar participants will have the opportunity to submit questions electronically, which will be addressed in the latter part of the event. More information is available [here](#).

20-21 November, Geneva, Switzerland. WIPO SEMINAR ON THE MADRID SYSTEM FOR THE INTERNATIONAL REGISTRATION OF MARKS. This seminar, organised by the World Intellectual Property Organization (WIPO), aims to increase user awareness and practical knowledge regarding the Madrid System for the International Registration of Marks. Participants are expected from both industry and private practice, with the event particularly geared toward the needs of independent and in-house trademark agents. More information, including an event programme, can be found at the WIPO [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 November: Council for Trade in Goods

18 November: Dispute Settlement Body

19 + 21 November: Trade Policy Review Body – Hong Kong, China

Other Upcoming Events

24 November, London, UK. REGULATORY ISSUES AND TTIP. This event, hosted by Chatham House, will focus on the potential challenges regarding regulatory issues in the ongoing Transatlantic Trade and Investment Partnership (TTIP) talks, which are currently underway between the EU and the US. The meeting will feature Ignacio Garcia Bercero, EU chief negotiator for TTIP, as the main speaker, with the topics of discussion expected to include ways in which the two trading partners can improve regulatory coherence in various areas. More information about this invitation-only event is available [here](#).

25-26 November, Geneva, Switzerland. NEW HORIZONS IN SERVICES TRADE GOVERNANCE. This two-day conference, hosted jointly by the International Centre for Trade and Sustainable Development (ICTSD) and the World Trade Institute at the University of Bern, will raise some of the various issues involving the role that services play in the 21st century global economy. Experts will present some of the findings that will be featured in an upcoming *Research Handbook on Services Trade*. The event is being held under the joint sponsorship of the Colombian and Mexican missions to the WTO in Geneva. More information is available at the ICTSD [website](#).

1 December, London, UK. FOOD SECURITY: MAPPING RISKS, BUILDING RESILIENCE. This Chatham House conference will address various strategic issues in the area of food security, and review the current threats – geopolitical, supply-side, and market-based – that the global food system is facing. The event is expected to bring together senior policymakers and business leaders, who will discuss what steps might be required at the national, private sector, and international levels to mitigate food security risks. More information is available at the Chatham House [website](#).

Resources

TANZANIA: DEEPENING ENGAGEMENT WITH INDIA THROUGH BETTER MARKET ACCESS. By Vinaye Dey Ancharaz, Paolo Ghisu, and Nicholas Frank for the International Centre for Trade and Sustainable Development (ICTSD) (November 2014). This new study investigates the impact that India's duty-free trade preference scheme for least developed countries (LDCs) has had on Tanzanian exports to the Asian country. The study features both data analysis on the scheme's effect on export levels across various sectors, while also including interviews with key stakeholders in Tanzania on the subject. The authors include recommendations for changes both sides can make to their respective policies in this area. For more information, or to download the study in full, visit the ICTSD [website](#).

ETHIOPIA: DEEPENING ENGAGEMENT WITH INDIA THROUGH BETTER MARKET ACCESS. By Vinaye Dey Ancharaz, Paolo Ghisu, and Nicholas Frank for the International Centre for Trade and Sustainable Development (ICTSD) (November 2014). This new study investigates the impact that New Delhi's duty-free trade preference scheme for least developed countries (LDCs) has had on Ethiopian exports to India, against the backdrop of broader bilateral economic ties. Along with reviewing the results seen thus far, the authors highlight both ways that India can contribute to building Ethiopia's export capacity, and the need for Ethiopia itself to address its own export barriers. The study can be downloaded [here](#).

THE DEVELOPMENT DIMENSION: REGIONAL PERSPECTIVES ON AID FOR TRADE. Published by the Organisation for Economic Co-operation and Development (OECD) (November 2014). This study highlights the potential that regional aid for trade can have in spurring growth, while advancing development and reducing poverty. In this regard, the authors urge greater emphasis on regional aid for trade to spur regional integration. The paper can be accessed via the OECD [website](#).

SUSTAINABILITY OF PUBLIC DEBT IN THE UNITED STATES AND JAPAN. By William R. Cline for the Peterson Institute for International Economics (October 2014). This working paper notes the risk that both the US and Japan face of an escalating debt-to-GDP ratio, with the author finding that keeping this ratio flat at 2013 levels will require cutting the 2024 debt ratio by 8 percentage points of GDP for the US and by 32 percentage points in Japan. The author also notes how much the two countries will respectively need to lower their average primary deficit levels. The paper is available [here](#).

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

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Director at +41-22-917-8335.

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Kimberley Botwright, Jonathan Hepburn, Milo
Madole, and Simon Wuerthrich. This edition of
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Sofia Alicia Baliño.

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