

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 18, ISSUE 42, 11 DECEMBER 2014

WORLD TRADE ORGANIZATION

Azevêdo Calls Upon WTO Members to Make 2015 a "Year to Remember" 1

AFRICA

African Union Urges Concrete Action as Regional Trade Integration Hits Hurdles 5

POST-2015 DEVELOPMENT AGENDA

UN Secretary-General Issues Guidance to Post-2015 Development Agenda Process.... 8

ENVIRONMENTAL GOODS

Negotiators Make Progress on "Wish List" in Environmental Goods Agreement Trade Talks ... 11

BIOTECHNOLOGY

EU Confirms Provisional Agreement on National GMO Bans 14

TRANSPORT EMISSIONS

EU Confirms Provisional Deal on Monitoring Rules for Shipping Emissions 16

DISPUTES

WTO Appellate Body Grants India Victory in US Steel Duties Case 18

EVENTS & RESOURCES

Events 20

Resources 22

WORLD TRADE ORGANIZATION

Azevêdo Calls Upon WTO Members to Make 2015 a "Year to Remember"

At the global trade body's last General Council meeting of the year, WTO Director-General Roberto Azevêdo urged members to work on regaining their negotiating momentum going into 2015, following a tumultuous few months at the global trade body.

"2015 is going to be a big year for the WTO. We have important work to do and real deadlines to meet," the WTO chief said on Wednesday, noting that the year will involve both the global trade body's 20th anniversary and its tenth ministerial conference. "So let's make sure it's a year to remember."

This week's meeting came within two weeks of a special General Council on 27 November, which saw members agree on three draft decisions that resolved a months-long impasse over the implementation of the decisions reached last December at the Ninth Ministerial Conference in Bali, Indonesia. (See Bridges Weekly, [27 November 2014](#))

The November deal allowed, among other things, for WTO members to adopt the Protocol of Amendment that incorporated the Trade Facilitation Agreement into the global trade body's legal framework. This step was key in allowing members to individually begin their own domestic ratification process, with two-thirds acceptance needed in order to bring the deal into force.

Hong Kong has already submitted its instrument of acceptance of the Trade Facilitation Protocol, Azevêdo confirmed on Wednesday, making it the first WTO member to do so. The WTO chief urged others to follow in its lead. Sources familiar with the meeting say that Switzerland has also begun its domestic procedures regarding ratification.

Originally, the deadline for ratifying the Trade Facilitation Agreement was 31 July of next year. However, that deadline was removed as part of the decisions taken at the 27 November General Council, leaving the ratification timeline open-ended.

From Bali to Nairobi

The WTO's tenth ministerial conference – known as MC10 in trade shorthand – will be held in Nairobi, Kenya, after Turkey pulled out of its earlier bid. The dates are expected to be 15-18 December, members confirmed on Wednesday.

With the Kenya meeting now in their sights, the global trade body's members will be spending the next several months putting together a work programme on how to resolve the remaining Doha Round issues – prioritising those that did not involve legally binding outcomes in Bali.

The deadline for outlining such a work programme had originally been December of this year, only to be sidelined over the earlier impasse on implementing the Bali decisions. The new deadline has now been set to July 2015, with Azevêdo telling members on Wednesday that the revised date “already looms large.”

The WTO chief has also urged delegations to avoid revisiting old talking points in the upcoming discussions, and instead to keep a series of key considerations in mind in the months ahead.

These include maintaining a “sense of urgency”; taking a “reasonable and pragmatic approach” with regards to substance; to have a deep level of engagement across delegations that includes regular contact with capitals; and ensuring that engagement also be “broad,” for instance by not allowing subjects outside the core topics of agriculture, non-agricultural market access, and services to fall by the wayside.

“Instead of trying to sequence our engagement, I think it is essential that we seek now to meaningfully engage across all of the issues and all of the negotiating groups,” Azevêdo said. “We need to be exploring issues and looking at options for progress in all of our negotiating areas so that we are ready in all of them as July gets closer.”

Given the recent breakthrough on Bali implementation, “I think there’s a desire to move things forward,” one trade source commented to Bridges ahead of the General Council, while cautioning that “where there’s a will there’s not necessarily a way.”

Another noted that “July is quite close,” with others similarly warning in recent days that, should the work programme involve a modalities-type document, the July deadline might be a difficult one to meet. One of the main things that is unclear sources say, is what would be the structure of a work programme.

“Would it be a detailed mandate, an ‘early harvest’, or general guidelines on the rest of the Doha issues?” one delegate commented to Bridges, noting that there is still “no clarity” on what a work programme will eventually mean.

A series of meetings are set in the coming week to restart work on the post-Bali process, including the “special sessions” on Trade-Related Aspects of Intellectual Property (TRIPS), Non-Agricultural Market Access, Rules, and Trade and Environment.

The Committee on Agriculture's Special Session already met last Thursday, with sources familiar with the meeting noting that things have not progressed too far since the last substantive discussions in July.

“I think for those who had forgotten the issues, and the positions of each other on those issues, that the meeting served a useful purpose, at least to bring us back to where we were, although I don’t think it’s really given us a clear indication of where we will go — that will need a significant change from where we are now,” said New Zealand Ambassador John Adank, who chairs the agriculture negotiations, in his [closing statement](#) to the 4 December meeting.

Notably, the Director-General has said that he plans to launch an informal Trade Negotiations Committee (TNC) process at the level of Heads of Delegation from 21 January onward, in the “Room W” style that was used in the run-up to the 2013 Bali Ministerial. There will also be regular TNC meetings, he added.

Sources have suggested that, despite the flurry of meetings set for the coming week, the real action may not begin until mid-January, around when the World Economic Forum's Annual Meeting in the Swiss city of Davos-Klosters is set to occur.

ITA announcement imminent?

One of the big questions going into Wednesday's meeting was whether a group of members negotiating to expand the product coverage of the WTO's Information Technology Agreement (ITA) – a two decade-old pact eliminating tariffs on select information and communication products – would be able to announce a final deal.

The ITA is one of the few WTO agreements that does not cover the entire membership of the global trade body. Rather, only those participants that sign onto the pact are bound by its commitments, though the benefits are extended across all WTO members.

Within that group, a subset has been working for the past couple of years on outlining a revised list of products to add to the existing deal. The ITA has not been updated since it entered into force in 1997, and the revision of the product list has been geared toward reflecting new trade realities, such as the advent of new technologies and the decreased use of old ones. An updated coverage list, expansion proponents say, is key toward keeping the trade deal commercially relevant.

In recent weeks, participants of the ITA expansion effort have been racing to finalise the talks after the US and China announced that they had reached a breakthrough in November on the subject, following a year-long stalemate over which products to include in the revised list. (See Bridges Weekly, [13 November 2014](#))

While participants had expressed optimism going into the 4-10 December round of discussions, questions over whether an announcement would be possible at the General Council emerged on Tuesday after a reported disagreement between South Korea and Taiwan on the one side and China on the other over the exclusion of some items, such as flat-panel displays.

These were reportedly not included in the US-China deal announced last month, which sources said had created particular difficulties for Seoul, who has significant trading interests in these areas. Some other members had also had their own issues with the exclusion of some items, but agreed to accept them in order for a final deal to go through, sources said.

Bilateral and small group meetings were held all through Wednesday to try and resolve the disagreement in a way that all participants "can live with," sources said, with a meeting of the whole expansion group set for that same evening after the General Council.

A final breakthrough had not been announced at the time of this writing on Thursday, though sources confirmed that the EU did raise the subject of the ITA expansion under the "other business" part of the General Council agenda, urging participants to make a final push.

Sources familiar with the talks noted that the original goal of presenting a deal at the General Council was not a binding deadline, though would have been a good opportunity to raise the issue. One noted that the negotiations do feel like they are "in the final phase," with just a few remaining pieces left to fit in.

News of a deal could come tomorrow, sources said; otherwise, this negotiating round would likely end, and with talks potentially resuming again after the end-of-year break.

Members welcome Seychelles

Also on Wednesday, the African island nation of Seychelles moved one step closer to becoming the WTO's 161st member, with the General Council signing off on the country's terms of accession. Seychelles' Minister of Finance, Trade and Investment Pierre Laporte came to Geneva for the occasion.

"For Seychelles, as it is the conclusion of a long and arduous accession process, and for the WTO, as the first non-least-developed African country to join the Organization after the grandfather clause," Laporte said on Wednesday.

"The Seychelles Government and its people have been looking forward for so long to be part of this international family," he added, noting the benefits it would bring to the economy of the small island developing state.

The Working Group tasked with the accession negotiations had finalised the draft terms in October; negotiations for Seychelles' joining began in 1995. (See Bridges Weekly, [23 October 2014](#))

The accession terms must now be ratified domestically in order to complete the process, with the deadline set for 1 June 2015. The island country's membership will then be formalised 30 days after it submits its instrument of ratification to the WTO.

ICTSD reporting.

AFRICA

African Union Urges Concrete Action as Regional Trade Integration Hits Hurdles

African countries should translate their regional integration projects into real action on the ground, especially given today's rapidly evolving landscape of international trade regulation, African Union (AU) trade ministers said following a 4-5 December conference in Addis Ababa, Ethiopia.

"The time for rhetoric should now be over and that of concrete action should begin in earnest," said Fatima Haram Acyl, the AU Commissioner for Trade and Industry, while referring to the limited progress made in regional integration so far and the "several milestone[s]" missed for the establishment of an African Economic Community.

The AU's call for sustained momentum in Africa's regional integration comes amid reports about delays in the launching of the Tripartite FTA (TFTA), a 26-country trade bloc spanning the continent's three main Regional Economic Communities, namely the East African Community (EAC), the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA).

The TFTA negotiations started in 2011 and the free trade bloc, once operational, has been envisaged by the AU as a stepping stone for a planned Continental FTA (CFTA), which they aim to launch in 2017. (See Bridges Africa, [29 October 2014](#))

Tripartite FTA delayed amid criticism

The launch of the TFTA was expected to take place this month during the Tripartite Summit of Heads of State and Government in Sharm El-Sheikh, Egypt.

However, according to a [post](#) by the South African capacity-building organisation TRALAC, an announcement was circulated to official negotiators informing them that the date for the summit is "not convenient" due to "inadequate consultations among SADC Member States coupled with the unavailability of the SADC Chair who is also the Chair of the Tripartite Summit."

Some observers based in the region speculated that the recent instability within the ZANU-PF ruling party of Zimbabwe's President Robert Mugabe – who is also the chairman of SADC and the chair of the Tripartite Summit – as well as some unresolved technical issues might have impeded the conclusion of the negotiations this month.

According to the draft report of the senior officials' meeting that preceded the AU conference, a copy of which has been seen by Bridges, a summit to launch the Tripartite FTA will be held in Egypt during the first quarter of 2015. This summit is seen as a stepping stone for the projected start of the CFTA negotiations around mid-July 2015.

The report notes that, while the TFTA will be launched, there will also be consideration of a "built-in agenda on outstanding issues."

According to an African Union source, the launch, as planned originally, would have been a step towards introducing an implementation plan covering the finalisation of negotiations on outstanding areas of the agreement, most likely rules of origin, trade remedies, and

dispute settlement; the ratification by the member states; and the start of the implementation itself.

Following the postponement, allegations about the secretive nature of the process were quickly raised.

"We are ill informed about the progress made, the objectives, and the technical aspects," commented Gerhard Erasmus, an associate at TRALAC, who attributes part of the problem to that of transparency and public participation.

Mega-regionals: Going the extra mile

The conference participants discussed regional integration in Africa especially against the background of mega-regional trade agreements currently under negotiation in other parts of the world, notably the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US.

"The emergence of mega FTAs by key players in world trade has underscored the importance of accelerating Africa's market integration," said AU official Acyl.

Two main concerns were raised over the implications of mega-regionals for Africa: the risk of preference erosion, and the possibility that such agreements affect international rules and standards, confining African economies to the role of "standard-takers." (For more information on this topic see [the latest edition of Bridges Africa](#), December 2014)

"The world is moving," said Treasure Maphanga, Director of Trade and Industry at the African Union Commission, while urging participants to aim higher than the Tripartite FTA in the CFTA negotiations by addressing non-tariff barriers, including standard harmonisation and productive capacity.

Some observers have commented that an even more ambitious integration agenda will prove difficult given the already complex nature of the current TFTA negotiations.

Among the difficulties pointed out were the harmonisations of differential rules of origin across the continent, the lowering of trade costs, the strengthening of trade and productive capacities through regulatory reforms, trade facilitation, and infrastructure development.

"There is a lot of excellent work going on to lower barriers and streamline procedures so that you can trade with each other more effectively," said WTO Director-General Roberto Azevêdo in his intervention, while further commending the importance of the [AU Action Plan](#) to this end.

EPAs: Back to square one for Nigeria

During the meeting in Addis Ababa, Nigeria voiced concerns about the Economic Partnership Agreements (EPAs) between individual African regional blocs and the EU.

"Nigeria will not sign an Economic Partnership Agreement until it can be sure that the EPA does not threaten the economic integration of Africa or lead to the loss of jobs and investment in Nigeria," reads the Ministerial draft report.

The country's position comes amid [reports](#) that the Economic Community of West African States, a 16-country trade bloc including Nigeria, is expected to sign its EPA in the coming days and will subsequently gear its efforts towards ratification.

Earlier this year Nigeria had raised various objections against the EPA, arguing that such an agreement contradicts its industrial development plan. (See Bridges Africa, [15 May 2014](#))

The AU Ministerial Conference also highlighted the need to better understand the implications of EPAs for regional economic integration.

"The main preoccupation in this regard is to ensure that EPAs do not weaken our regional and continental integration process and retard the growth of intra-African trade," said Acyl.

West African leaders formally initialled their EPA with the EU in July this year, when they also instructed regional chief negotiators to take action toward the signing and implementation processes. In recent months SADC and the EAC followed with the conclusion of their respective EPA deals.

Going forward all EPA texts will now be shared with the African Union Commission for a review, "while the process of ratification and preparations for implementation are on-going," according to the draft report.

Efforts to renew AGOA on track

Africa's request for the renewal of the US' African Growth and Opportunity Act (AGOA), which is set to expire in September 2015 unless Washington lawmakers pass new legislation, "is receiving favourable response," reported Acyl during the discussions.

However, the AU official added that "we must continue to intensify our lobbying and advocacy efforts in order to materialise the reauthorisation of AGOA as soon as possible and avoid loss of contracts and jobs."

In this context, AU trade ministers encouraged African countries to increase their trade capacity so as to be able to fully benefit from the scheme.

Addressing the US as the preference giver, they further called for a review of the eligibility criteria to facilitate participation in AGOA by all beneficiary countries.

WTO issues

Regarding the WTO and the recent resolution of the deadlock at the multilateral organisation over the implementation of the decisions reached at last December's ministerial conference in Bali, Indonesia, Acyl encouraged African countries to continue to speak with a "coherent common" voice within the global trade body.

During the conference, WTO chief Azevêdo referred extensively to the resolution of the impasse over food stocks and trade facilitation and the setting up of the Trade Facilitation Facility.

The Trade Facilitation Facility is aimed at ensuring that developing and least developed countries receive the assistance they need to implement the WTO's Trade Facilitation Agreement.

A declaration on WTO issues was adopted by the AU Ministers but was not available as this publication went to press.

ICTSD reporting; "Progress slows on planned African free trade bloc," VOICE OF AMERICA, 4 December 2014; "West African trade deal to be signed," EUROPEAN VOICE, 4 December 2014; "When Trade Negotiations are a top-down Affair: Where to with the Tripartite FTA?," TRALAC, 3 December 2014.

POST-2015 DEVELOPMENT AGENDA

UN Secretary-General Issues Guidance to Post-2015 Development Agenda Process

World leaders should prioritise six essential elements in their deliberations on a post-2015 development agenda – namely dignity; people; prosperity; planet; justice; and partnership – according to an advanced unedited version of a [report](#) released by UN Secretary-General Ban Ki-moon last Thursday.

The UN chief's much-anticipated report also notes that the 17 proposed sustainable development goals (SDGs) put forward earlier this year could be maintained, with the possibility of rearranging these in a focused and concise manner, in order to balance the need for a universal agenda alongside national development pathways.

The list of 17 potential goals was put forward in July by a designated UN working group after 18 months of consultations, and features 169 targets associated with those goals. (See BioRes, [23 July 2014](#))

Presenting the report to the UN General Assembly (UNGA), Ban said that the six elements were not intended to cluster the SDGs, but rather to provide conceptual guidance for the year ahead.

The report also draws on other inputs into the post-2015 process including policy options on funding presented by the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF).

Governments are due to agree to a new post-2015 development agenda – including a set of SDGs that address social, economic, and environmental challenges in an integrated manner – in time for the expiry of the Millennium Development Goals (MDGs) next year. A high-level summit for adopting the agenda is slated for next September.

The UNGA in September formally adopted the working group's July proposal as the main basis for negotiating the final SDGs in the post-2015 development agenda. Divergences have emerged between some UN members, however, as to whether certain goals should be revisited and the list refined. Some observers to the process have also highlighted the importance of developing clear indicators for the eventual goals.

Trade, means of implementation

The synthesis report includes a specific section on the "shared ambitions" voiced during the debate so far. The section highlights, among other subjects, calls to reform international trade and ensure the effective regulation of markets and financial actors. This would serve as part of a transformation of the global economy towards more sustainable growth models, the report says.

Another mention of trade is made in a sub-section elaborating the partnership element. A call is made to revitalise a global partnership for sustainable development, which has its origins in the eighth MDG, by mobilising support for implementation of the new agenda across a variety of fronts including through "aid and trade, regulation, taxation and investment."

Furthermore, trade is also included in a specific section on mobilising the means to implement the new agenda, in the context of a paragraph that urges a correction of inequities in the international system.

"We need a more equitable multilateral trading system, a conclusion of the Doha round, and better access to technology, to medicines, and to long-term investments for developing countries," the report suggests.

A push is also made for a fairer representation of developing economies in international finance and economic decision-making. Finally, the same paragraph suggests a remedying of policy incoherence between international governance related to trade, finance, and investment on the one hand, and labour, environment, human rights, equality, and sustainability standards on the other.

In the final section of the report, the UN Secretary-General urges member states to consider and agree to a series of priority issues, including phasing out "harmful fossil fuel subsidies, both direct and indirect" and removing agricultural export subsidies.

Trade was included across July's proposed SDGs both as a means to achieve certain goals and in specific areas as a target. Means of implementation (MoI) was one of the tricky areas in the working group's discussions on the proposed SDGs.

Climate change and sustainable development

The Secretary General's report includes messages on the threat climate change poses to sustainable development. The UN Framework Convention on Climate Change (UNFCCC) meeting next December in Paris, France – where countries are hoping to seal a global climate deal – is flagged as a key event for the coming year.

The report also welcomes messages from the ICESDF and highlights the Third International Conference on Finance for Development (FfD) due to be held next July in Addis Abba, Ethiopia as part of an effort to set the stage for the pivotal 2015 climate meet.

Climate change was featured as a stand-alone goal in the proposed set of SDGs, with language calling for urgent climate action, and an asterisk acknowledging the UNFCCC negotiations as the primary channel in this area.

Whether to include a climate change goal had been controversial during the preparations of the proposed SDGs, with some participants concerned that such a goal could overlap with or prejudice the outcome of the UNFCCC process.

Talks on the new climate agreement, set to replace the current Kyoto Protocol when it expires at the end of this decade, are currently ongoing in Lima, Peru at the Twentieth Conference of the Parties (COP) to the Convention.

Ban attended the climate meet on Tuesday and asked negotiators to resolve three key points: first, to clarify the scope of national contributions that will be the building blocks for the global deal; second, to make progress on the elements of the draft 2015 agreement; and finally, to find a way to formalise a "non-paper" on these elements put forward by the co-chairs of a group charged with sealing the deal.

In a press conference on Monday, however, the US' lead negotiator Todd Stern said that he did not have any expectations that Lima would result in a significantly slimmed down version of the current non-paper on draft elements, which continues to include options within options for the language of the final deal.

Next steps

The synthesis report, formally titled "The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet," will be issued in the six official UN languages on 31 December and will be formally presented to UN members next January.

The post-2015 intergovernmental negotiations would finalise the elements for the September 2015 summit outcome, potentially including alongside the SDGs a new global partnership and a framework for monitoring and review of implementation of the goals.

Member states have also been working on the dates and process for the intergovernmental negotiations to finalise the new agenda.

The co-facilitators, David Donoghue, Permanent Representative of Ireland and Macharia Kamau, Permanent Representative of Kenya, [published](#) on 8 December a draft decision on the modalities for these negotiations, involving eight negotiating sessions between January and July 2015, including one five-day session in March set aside for debate around the SDGs and targets, and a further week in May set aside for discussion of Means of Implementation and the Global Partnership.

The co-chairs [have said](#) that they hope that UN members will reach consensus on the modalities for the intergovernmental negotiations by an informal consultation scheduled for next Tuesday.

The synthesis report hints at how the SDG targets might be further developed in the negotiations to come, suggesting that what is needed is a "technical review" of the targets to ensure that they are "framed in language that is specific, measurable, achievable, and consistent with existing United Nations standards and agreements, while preserving the important political balance that they represent." Members will also need to specify some quantitative targets in some cases, and develop indicators for the final targets.

The co-facilitators have also said that they will ensure synergies between these negotiations and the FfD process and technology facilitation.

ICTSD reporting; "UN Secretary-General's Synthesis Report Proposes 6 Elements for Post-2015 Agenda," INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT (IISD), 4 December 2014; "Member States Debate Working Methods, Scope, and Timing of Post-2015 Negotiations," INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT (IISD), 3 December 2014.

ENVIRONMENTAL GOODS

Negotiators Make Progress on “Wish List” in Environmental Goods Agreement Trade Talks

Countries involved in negotiating a deal to liberalise trade in select environmental goods are making progress on a possible “wish list” of products, sources confirmed following last week’s third round of talks in Geneva, Switzerland. At the current rate, officials say, these initial technical discussions could pave the way for the launch of full tariff negotiations early next year.

The Environmental Goods Agreement (EGA) negotiations, as the talks are formally known, currently feature some of the world’s largest traders of environmental products in its ranks, including the US, China, and the 28 member states of the EU.

The discussions last week focused on three categories of environmental products and technologies, including those related to water and wastewater treatment; the abatement of noise and vibrations; as well as environmental remediation and clean-up.

EGA participants have said that they plan to build on a list of 54 environmental goods agreed to by the Asia-Pacific Economic Cooperation (APEC) alliance over two years ago but are also committed to exploring a wide range of additional products. The EGA group currently includes nine participants that are also in APEC.

Under the APEC pact the forum’s 21 economies have pledged to lower applied tariffs on the agreed 54 tariff lines to five percent or less by the end of 2015.

Categories

The nomination of possible EGA products is advancing based on different environmental goods categories, or sectors. The aim of this approach is to ensure that the selection and nomination of products for inclusion in the eventual tariff negotiations will be based on the product’s environmental credibility.

Participants have been invited by the chair of the negotiations to put forward products relevant to each category, which are then discussed by the group as a whole, with a view to help determine whether given products merit inclusion. This should eventually create a master list of possible EGA products that will be the subject of tariff-specific talks.

All but three of the current EGA participants have tabled an initial indicative list of products that they believe fall under the categories discussed in the past two rounds, held in July and September, respectively. (See Bridges Weekly, [2 October 2014](#))

Sources report that China has said that it hopes to be in a position to follow suit in January after finishing its relevant domestic consultations.

Formal negotiations on tariff lines are expected to start next April after each of the categories has been discussed.

Sources told Bridges that this latest round helped to clarify how much technical work lies ahead, particularly as product nominations start to come in, given that some products will need to be carefully defined vis-à-vis tariff lines.

Negotiators also invited representatives from several industry associations and individual firms to present on various environmental products and their components, as well as recent market trends.

Environmental services?

The EGA group first signalled its intention to pursue a "green goods" trade agreement in January at the World Economic Forum's annual meet in Davos, Switzerland. (See Bridges Weekly, [30 January 2014](#))

At the time, participants said they would create a "future oriented agreement," capable of addressing upcoming global challenges and able to contribute directly to green growth and sustainable development.

Some EGA officials speaking to BioRes have stressed that while the talks are currently focusing on tariff issues related to environmental goods, several participants have not ruled out returning to issues such as environment-related services and non-tariff barriers (NTBs) in the negotiations at a later date.

An informal meeting between EGA officials and delegates charged with negotiating a proposed Trade in Services Agreement (TISA) – another standalone pact that would liberalise services trade – took place during the week. While there is substantial overlap between the memberships of these two ongoing negotiations, these groups are not identical.

Discussions in the informal meeting reportedly focused on how best to address the challenges related to increasing the trade of environment-related services and a specific Canadian TISA proposal on the topic. The ninth round of TISA negotiations also took place last week in Geneva, Switzerland.

Expanding membership

The group has said that it is open to working with other WTO members in this endeavour, as long as they are interested in pursuing similar objectives and ambition as current EGA participants.

To this end, the group has been updating the WTO's Committee on Trade and Environment on the progress made in the negotiations, and EGA members have also conducted a number of transparency meetings with interested trade partners.

Israel has been the first to apply to join the EGA group, followed by Turkey, and now more recently Iceland.

In order for a new participant to join, however, each existing EGA member needs to agree, following relevant domestic consultations. This includes, for example, a 90-day notification period to Congress for the US. EGA hopefuls cannot take part in the actual negotiations until the Congress notification period has ended.

It is expected that this US process will end in mid-January for Israel – allowing them to join the fourth round of negotiations – and by mid-February for Turkey. The US has yet to notify Congress of Iceland's interest in joining the negotiations.

A number of other WTO members have reportedly also signalled an interest in joining these talks.

Questions of participation are important for the EGA given that these negotiations are being conducted on a so-called open plurilateral basis.

This means that the full benefits of the eventual agreement will be extended to other WTO members on a most favoured nation basis once EGA participants agree on the critical mass threshold for its operationalisation – in other words, how much world trade in goods selected for liberalisation is captured by the group's participants.

According to ICTSD [research](#), and based on COMTRADE data, it is estimated that the 14 WTO original EGA participants, counting the EU as one member, accounted for 86 percent – 78 percent of imports and 93 percent of exports – of global trade in the 54 APEC subheadings in 2012. *(Editor's note: ICTSD is the publisher of Bridges.)*

Next steps

The fourth round of the EGA negotiations is planned for the last week of January in Geneva, and is expected to address topics such as goods and technologies related to cleaner and renewable energy, as well as energy efficiency. A fifth round is scheduled for 16-20 March.

ICTSD reporting.

BIOTECHNOLOGY

EU Confirms Provisional Agreement on National GMO Bans

The European Council and Parliament have clinched a political agreement to allow EU member states to either restrict – or ban outright – the cultivation of crops containing genetically modified organisms (GMO) in their own countries, even in cases where the product has been approved at the EU level.

"The agreement, if confirmed, would meet member states' consistent calls since 2009 to have the final say on whether or not GMOs can be cultivated on their territory, in order to better take into account their national context, and above all, the views of their citizens," [said](#) Vytenis Andriukaitis, who serves as the European Commissioner for Health and Food Safety.

The deal is still subject to confirmation by both the full European Parliament as well as the Permanent Representatives Committee (Coreper), which is tasked with preparing the European Council's work. It will also need approval from individual EU member states.

A Parliament plenary vote is expected in January 2015, and the directive itself would enter into force in spring of that same year.

New European Commission President Jean-Claude Juncker had previously [pledged](#) in his July confirmation speech to the Parliament that he would "make sure that the procedural rules governing the various authorisations for GMOs are reviewed," adding that he would not want his Commission to be able to take a decision running in contrary to what most member states want.

Back and forth

The move is the latest step in a long-running saga about the rules governing genetically modified crops in the 28-nation bloc. The European Commission, which is the EU's executive branch, had originally put forward a proposal in July 2010 on the subject, after 13 member states asked it to do so in June 2009.

The text sparked two years of debate, with ministers ultimately failing to reach agreement on a draft text. That same year, the European Court of Justice ruled that national policy on the cultivation of biotech crops could not be determined at the member state level. (See Bridges Weekly, [14 September 2012](#))

After having gone quiet for a couple of years, the process recently began to pick up again, with the European Parliament's environment committee backing a version of the plan in November, a few months after EU environment ministers had already green-lighted a different text regarding the national bans back in June. (See Bridges Weekly, [19 June 2014](#))

Biotechnology in agriculture has long been a lightning rod for controversy in Europe, with opponents citing concerns for health implications and biodiversity risks. Even under current EU rules, only two strains of GMOs have been granted approval for cultivation in the now 28-nation bloc, with one being a maize variety and the other a potato.

The latter is no longer grown in Europe, while the former – Monsanto's GMO maize M810 – has been subject to national "safeguard" bans on behalf of several EU member states, on

the grounds of assessed risks to human health or the environment. The maize crop is grown in Spain and Portugal.

While the national bans can target cultivation, current EU rules on the import of such products will still apply. Various GMO crops can be imported in the EU bloc, subject to approval, though these are primarily used as animal feed.

Environmental, industry groups speak out

Under the deal, member states can pass legally binding rules prohibiting or restricting the cultivation of these crops, using environmental objectives as a reason. However, such objectives would only be able to involve those environmental impacts outside those that were cited in the EU-wide scientific risk assessment – a provision that has irked environmental groups.

"Environment ministers say they want to give countries the right to ban GM crop cultivation on their territory, but the text they have agreed does not give governments a legally solid right," [said](#) Marco Contiero, the agriculture policy director at Greenpeace EU.

The fact that separate evidence of environmental harm is not allowed as justification for the ban, he said, opens up those countries interested in using a national ban "exposed to legal attacks by the biotech industry."

Regarding the question of cross-contamination, the deal also says that member states should make sure that GM crops do not contaminate non-biotech products, and that special attention should be paid near country borders.

Countries can also ban GMOs "by crop or trait," in what analysts say will save member states the headache of repeating the same process several times. This request was reportedly that of the European Parliament version of the legislation, according to EU Observer, though the final version did not grant lawmakers' earlier request that individual countries be allowed to prohibit GMOs entirely.

Industry groups have been similarly irked over the move, saying that it opens the door to EU member states instituting bans on products that have already passed rigorous scientific assessments.

EuropaBio, the EU's major biotechnology industry group, has [called](#) the pact a "non-cultivation agreement" with director for agricultural biotechnology Bart Späth criticising it as giving member states a platform "to formally reject safe products which are approved at European level."

ICTSD reporting; "EU deal gives countries opt-out on growing approved GM crops," REUTERS, 4 December 2014; "New deal: EU countries can ban GMOs without asking industry," EU OBSERVER, 4 December 2014.

TRANSPORT EMISSIONS

EU Confirms Provisional Deal on Monitoring Rules for Shipping Emissions

The EU recently [agreed](#) on a law requiring the shipping sector to monitor its carbon emissions from 2018 onward, in a move that has been greeted as a first step toward addressing the issue of emissions produced by that sector.

The deal was announced in late November by Coreper – the Permanent Representatives Committee, associated with the European Council – and the European Parliament. The text was already reviewed in the environment committee during its 3 December meeting.

A European Environment Council meeting on 17 December is expected to then give the political go-ahead, after which the final version of the text will go to the full Parliament for a vote. The resolution is expected to enter into force on 1 July 2015, assuming it passes these approval steps.

The news came just weeks after EU leaders confirmed a separate “political agreement” on a new climate and energy framework for 2030. (See Bridges Weekly, [30 October 2014](#))

Under the planned measure, all owners of ships weighing more than 5000 gross tonnes will have to monitor, report, and verify their carbon emissions, starting in 2018. This would be done both per voyage, as well as over the entire year.

Excluded from the measure would be warships, naval auxiliaries, fish catching or processing ships, wooden ships of a primitive build, ships not propelled by mechanical means, and government ships used for non-commercial purposes.

The European Commission would then publish the results annually, conducting a biennial review on the sector’s global climate impacts – either through carbon emissions or otherwise.

“The agreement reached between the Parliament and the Council has a great political value as well as technical,” said Italian environment minister Gian Luca Galletti, who noted that the move could boost the EU’s negotiating position in international talks on the subject. Italy currently holds the rotating European Council presidency.

Four nations reportedly were against the new monitoring requirement, according to The Guardian, which cited Greece, Cyprus, Malta, and Poland as those who voted against.

No ETS inclusion

The shipping sector will remain outside the jurisdiction of the EU’s Emissions Trading System (ETS), the bloc’s flagship – and struggling – carbon market. Other transport sectors, such as aviation, are covered by the scheme. The move also does not tackle other emissions produced by the shipping sector, such as nitrous oxide and sulphur dioxide, an omission that has been criticised by some environmental groups.

“The law is weak – it only monitors fuel consumption instead of directly reducing it, and only covers CO₂ and not air pollutants like SO₂ or NO_x – but it can still trigger fuel savings indirectly,” [said](#) Transport & Environment, a Brussels-based advocacy group.

However, Sotiris Raptis, clean shipping officer of the group, also noted that “everybody benefits from better-informed decisions on what types of ships, companies and routes to use,” while adding that the measure can serve as a “stepping stone” for future emissions-reduction measures.

Talks at the International Maritime Organization (IMO) – the UN agency tasked with issues such as preventing ship-produced marine pollution and naval safety – have struggled to reach any binding result on the regulation of emissions produced by water transport, including a potential market-based mechanism.

The most significant IMO result reached regarding emissions in recent years was the adoption of mandatory energy efficiency standards in 2011 for ships that exceeded 400 gross tonnes. (See Bridges Weekly, [25 July 2011](#))

Shipping currently represents approximately three percent of global carbon dioxide emissions, and four percent of the EU's emissions, according to the IMO.

A [new report](#) published by the International Transport Forum at the Organisation for Economic Co-operation and Development (OECD) found that shipping emissions are likely to quadruple by 2050, with carbon emissions levels set to hit 70 million tonnes worldwide, up from 18 million tonnes today.

ICTSD reporting; “Ships must measure CO₂ emissions under new EU law,” THE GUARDIAN, 26 November 2014; “EU agrees on law to make ships measure CO₂ emissions,” EURACTIV, 27 November 2014; “Shipping emissions to be monitored under new EU law,” BUSINESSGREEN, 27 November 2014.

DISPUTES

WTO Appellate Body Grants India Victory in US Steel Duties Case

The WTO Appellate Body ruled on Monday that the US' anti-subsidy duties on imports of certain Indian steel products violated global trade rules, in a complicated decision that is expected to have implications for India's booming steel trade. (DS436)

Back in July, a WTO dispute panel had already supported part of India's challenge against a series of provisions of the US Tariff Act, and its application in countervailing duty investigations of hot-rolled carbon steel flat products from India, while rejecting the rest of the claims. (See Bridges Weekly, [17 July 2014](#))

In its report, the Appellate Body reviewed the case on two levels – first, on whether India was guilty of an illegal subsidy as the US had concluded in its original trade remedy investigation, for instance through the state-run National Mineral Development Corporation's (NMDC) provision of high-grade iron ore only to those industries that use the good, such as steel.

Secondly, the WTO judges looked at how the US conducted its own anti-subsidy investigation into the measure, in order to determine whether the subsequent duties that Washington imposed were lawful. The use of trade remedies by the US has come up in a series of cases at the WTO, particularly with instances involving state-owned enterprises in emerging economies, with countries looking to the global trade arbiter to clarify various provisions of existing international rules.

"Public body" finding reversed

In a significant shift, the Appellate Body reversed the panel's finding that India's NMDC is a "public body" under the Subsidies and Countervailing Measures (SCM) Agreement, which says that a "subsidy" shall be deemed to exist if there is a "financial contribution by a government or any public body" and "a benefit is thereby conferred."

The Appellate Body held that the panel erred in applying this SCM provision to the US Department of Commerce's public body determination in the underlying investigation, in effect treating the Indian government's ability to control the NMDC as essential for establishing whether the latter constitutes a public body.

Monday's report ultimately found that the US Commerce Department's determination of the NMDC as a "public body" violates WTO subsidy rules.

Benefits, specificity

The Appellate Body found that India's captive mining rights and steel development fund (SDF) loans are tantamount to "financial contributions" under the SCM Agreement.

However, to be considered a subsidy under the SCM Agreement, the government measure involved should also confer a benefit to the recipient. In determining this benefit, the Appellate Body held that WTO rules require investigating authorities to account for all market-determined prices in their benchmark analysis, including such prices of government-related entities, other than the source of the financial contribution.

Moreover, the SCM Agreement allows for the use of out-of-country benchmarks where the government is not the main source of the good in question. Adjustments to those benchmarks are therefore necessary to reflect the prevailing market conditions, said the Appellate Body, and US law in this area is therefore not inconsistent with WTO rules.

However, the Appellate Body also found that various US Commerce Department practices in determining benchmarks do violate WTO rules.

The US, in conducting its investigations, had also argued that the NMDC's provision of iron ore to certain industries, such as steel, was in effect a specific subsidy, given that those companies receiving such ore were limited in number.

Under WTO rules, even if a measure qualifies as a subsidy under the SCM Agreement, it is only subject to those rules if it has been specifically provided to an enterprise or industry, or group thereof. India had challenged whether the US had met its WTO obligations in determining that this was a "specific" subsidy; however, the Appellate Body ultimately ruled in the US' favour in this area.

Cumulative assessment questions

The Appellate Body also agreed with the panel in its conclusion that the SCM Agreement does not authorise the cumulative assessment of the effects of "subsidised" and "non-subsidised but dumped" imports.

However, the Appellate Body added that the panel failed to make a precise finding regarding the extent to which the US statute serving as the domestic legal basis for cumulative assessment is inconsistent with Washington's WTO obligations, and ultimately found the statute to be in violation of trade rules.

India welcomes victory; US steel industry raises questions

"India has achieved a significant victory at the WTO," said the [Indian Ministry of Commerce](#) in an official statement welcoming the news.

The move would definitely help domestic manufacturers, which had been suffering due to inconsistent practices by the US Department of Commerce, the Indian ministry added, noting that "out of the current 10 products on which US has imposed [countervailing duties], about seven products suffer from the same inconsistency."

The American Iron and Steel Institute (AISI), for its part, warned that it could have consequences for a number of other trade cases. Thomas J. Gibson, President and CEO of the US industry group, said that steel imports accounted for 30 percent of the US market share last month and that the WTO decision will significantly weaken the effectiveness of domestic trade laws.

"US law expressly requires the ITC to cumulate dumped and subsidised imports when they are under simultaneous investigations," Gibson said. "The WTO Appellate Body has once again created an obligation not agreed to by our trade negotiators, and this ruling will make it very difficult for domestic industries to obtain an effective remedy when facing both dumped and subsidised imports at the same time."

Next steps

Under WTO dispute settlement practices, if the US cannot immediately bring the cited measures into compliance, the parties can seek a mutual agreement on the reasonable period of time for doing so. Otherwise, the parties can then resort to arbitration.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

9-12 December, New York, US. PREPARATORY PROCESS FOR INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT: SECOND ROUND OF SUBSTANTIVE INFORMAL SESSIONS. This current round of substantive informal sessions are part of a broader preparation process for the upcoming International Conference on Financing for Development, scheduled for July in Addis Ababa, Ethiopia and being held under the auspices of the President of the 69th session of the UN General Assembly. Topics under discussion for this week's round of talks include enabling and conducive policy environment; trade, investment, and technology; governance; and learning from partnerships and follow-up processes. To learn more, visit the UN website for the [event](#).

12 December, London, UK. CAN THE WORLD ECONOMY DERAIL? This event, hosted by Chatham House, will feature Dr. Olivier Blanchard, Economic Counsellor and Research Director at the International Monetary Fund (IMF) as its main speaker. Blanchard will address the ongoing economic evolutions, and from there discuss legacies of the global financial crisis and the potential difficulties to come. Attendance by the event is by invitation only. To learn more, visit the Chatham House [website](#).

18 December, Beijing, China. BEIJING ANNUAL CONFERENCE ON THE WTO AND CHINA. This event is being jointly organised by the International Centre for Trade and Sustainable Development's China office, the University of International Business and Economics, and the China Society of WTO Studies. The conference – the thirteenth in a series – aims to provide a platform for experts, together with Chinese officials, to share their insights on what role Beijing can play in completing the Doha Round trade talks at the WTO, along with analysing the various FTA initiatives the Asian giant is involved in. To learn more, please visit ICTSD'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.

16 + 18 December: Trade Policy Review Body – United States of America

17 December: Dispute Settlement Body

Other Upcoming Events

16 January 2015, Tokyo, Japan. SYMPOSIUM: SUSTAINABLE DEVELOPMENT GOALS AND THE POST-2015 DEVELOPMENT AGENDA. This event, hosted by the United Nations University Institute for the Advanced Study of Sustainability (UNU-IAS) and Tokyo Institute of Technology, aims to provide an update on the discussions to date on a planned post-2015 development agenda. To that end, discussants will review possible goals and associated targets towards 2030, and potential indicators. Other topics for the meeting

include expected implementation challenges that may arise at the domestic and international levels. More information is available at the UNU-IAS [website](#).

21-24 January 2015, Davos-Klosters, Switzerland. WORLD ECONOMIC FORUM ANNUAL MEETING 2015: THE NEW GLOBAL CONTEXT. This annual conference by the World Economic Forum (WEF) will bring together global leaders from business, government, international organisations, civil society, and academia, for the goal of engaging in strategic dialogues mapping the various transformations underway in the world in 2015. Topics for discussion are expected to range from the deepening of geopolitical fault lines, the expected normalisation of monetary policy in advanced economies, and the various repercussions of allowing climate change to proceed unabated. To learn more about the event, visit the [WEF website](#).

29-30 January 2015, Venice, Italy. THIRD ANNUAL CONFERENCE OF THE GREEN GROWTH KNOWLEDGE PLATFORM: FISCAL POLICIES AND THE GREEN ECONOMY TRANSITION. This annual conference is being hosted by the Green Growth Knowledge Platform in partnership with the Ca' Foscari University of Venice, The Energy and Resources Institute (TERI) and the United Nations Environment Programme (UNEP). The goal of the event is to stimulate discussion and debate on how various fiscal instruments – such as environmental taxes and subsidies for green technologies – can help in promoting a green economy. Topics to be addressed will include questions on ensuring successful implementation and the use of effective complementary measures. For more information and to register, please visit the following [website](#).

Resources

WHO CAPTURES THE VALUE IN THE GLOBAL VALUE CHAIN? HIGH LEVEL IMPLICATIONS FOR THE WORLD TRADE ORGANIZATION. By Peter Draper and Andreas Freytag for the E15 Initiative. This think piece, prepared as part of the E15 Initiative being jointly led by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum (WEF), reviews the meaning of global value chains (GVCs) in the context of the debate over their developmental impacts. The authors then outline potential implications for high-level trade policy, finishing with a brief assessment on what this means specifically for WTO negotiations. To learn more, or to download the paper, visit [the E15 website](#).

THE POLITICAL ECOLOGY OF CLIMATE CHANGE ADAPTATION: TRANSFORMING PARADIGMS AND PRACTICES. By Marcus Taylor; published by Routledge (November 2014). This new book aims to provide a systematic critique of the concept of climate change adaptation within the field of international development, featuring case studies from Pakistan, India, and Mongolia. The book is geared toward researchers and students in the fields of geography, politics, environmental and development studies, and sociology. To learn more, visit the publisher's [website](#).

EXPORT RESTRICTIONS IN RAW MATERIALS TRADE: FACTS, FALLACIES AND BETTER PRACTICES. Published by the Organisation for Economic Co-operation and Development (OECD) (November 2014). This new publication notes the rising use of agriculture-related export restrictions between 2007 and 2011, particularly in the context of the global financial crisis and high and volatile agricultural commodity prices. This volume compiles various strands of analysis that the OECD has undertaken since 2009 on the use of export restrictions in raw materials trade. The publication can be viewed [here](#).

INTERNATIONAL TRADE BY COMMODITY STATISTICS, VOLUME 2014 ISSUE 5. Published by the Organisation for Economic Co-operation and Development (OECD) (December 2014). This new publication features yearly data from 2009-2013 for Chile, Estonia, Israel, Italy, Poland, Spain, OECD members as a whole, and the 28-nation EU. The data is broken down by both commodity and by partner country. The full document can be accessed [here](#).

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

BIORES

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

BRIDGES AFRICA

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

PUENTES

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

МОСТЫ

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

PONTES

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

桥

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

PASSERELLES

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

PUBLISHED BY



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

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

DFID - UK Department for
International Development

SIDA - Swedish International
Development Agency

DGIS - Ministry of Foreign Affairs
Netherlands

Ministry of Foreign Affairs, Denmark

Ministry of Foreign Affairs, Finland

Ministry of Foreign Affairs, Norway

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



This work is licensed under the Creative
Commons Attribution-NonCommercial-No-
Derivative Works 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, Yaxuan Chen, and Kiranne
Guddoy. This edition of Bridges Weekly Trade
News Digest is edited by Sofia Alicia Baliño.

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

Price: €10.00

ISSN 1563-0

