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PREFERENTIAL AGREEMENTS

US, Japan Leaders Pledge to Lead TPP Talks to Swift Conclusion

US President Barack Obama and Japanese Prime Minister Shinzo Abe jointly pledged on Tuesday to help lead negotiations for a 12-country Pacific Rim trade deal to a "swift and successful conclusion," after meeting at the White House during the Japanese premier's highly-anticipated visit to Washington.

"Based on the progress we've made, Prime Minister Abe and I discussed how the United States and Japan, as the two largest economies in the TPP negotiations, will now work together to lead our TPP partners to swift and successful conclusions of the broader negotiations," Obama [said](#) following the discussions.

The two countries are pushing to conclude difficult bilateral negotiations on both agriculture and automobile trade, which many analysts suggest could then pave the way for the rest of the 12-country agreement to come together.

"I know the politics around trade can be hard in both our countries. But I know that Prime Minister Abe, like me, is deeply committed to getting this done," the US President added.

In his remarks to reporters on Tuesday, Abe said that the two sides "welcome the fact that significant progress was made" on the bilateral issues under negotiations, while stopping short of saying how far the US and Japan are from a deal.

Officials on both sides had already warned prior to the leaders' meeting, however, not to expect Obama and Abe to announce a final bilateral accord.

"The most we could expect in a joint statement is to say there is 'welcome progress'," Japanese Economy Minister Akira Amari told reporters earlier this week, according to comments reported by Reuters.

Abe's trip is the first official visit by a Japanese head of government during the Obama Administration, coming at what observers say is a critical moment for the TPP talks. Abe also gave an address to a joint session of the US Congress on Wednesday, in a notable first for a Japanese leader.

TPP officials have said that they hope to reach a deal this year, before the politics of the US general election process get into full swing.

Negotiators met from 23-26 April in the US state of Maryland in an effort to bridge some of the outstanding gaps in various other TPP areas, holding discussions on market access, intellectual property, rules of origin, textiles, and investment, according to a Canadian government [summary](#). Meetings were also held on market access issues, the statement said.

Ministers from the TPP member countries are likely to meet in a few weeks, potentially on the sidelines of a 23-24 May gathering of trade ministers from the Asia-Pacific Economic Cooperation (APEC) countries in Boracay, Philippines. Some observers have suggested that a TPP-wide deal could be announced then, depending on both the advances on trade-related legislation in Washington as well as the pace of the 12-country negotiations in the coming weeks.

Along with the US and Japan, the other 10 countries involved in the TPP include Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

TPA floor vote?

The introduction in US congressional committees of a bill to renew Trade Promotion Authority (TPA) – known formally as the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 – has raised the Washington trade debate to a fever pitch in recent weeks, particularly given what it would mean for the TPP talks.

The draft TPA renewal legislation was already approved in both the Senate Finance and House Ways and Means committees last week, with the bill expected to go to the full floor of both chambers of Congress as early as next month for a vote. (See Bridges Weekly, [23 April 2015](#))

TPP country officials such as New Zealand Trade Minister Tim Groser have welcomed the moves on TPA as helping set the stage for concluding the Pacific Rim trade talks.

"I think it's highly likely that we will now enter the end game of this negotiation, which is what New Zealand has been waiting for years, as a result of what's going on in Congress," he told Radio New Zealand this week.

The introduction and subsequent committee approval of the legislation has rankled several US lawmakers, particularly in the Democratic Party, which is the minority party in both chambers of Congress. Many legislators have questioned both the TPP on its own merits, as well as the TPA's provisions on areas ranging from negotiating objectives to transparency.

House Minority Leader Nancy Pelosi, [speaking](#) to reporters following last week's "mark-up" in the Ways and Means Committee, called the current version of TPA a "pothole," while noting that she is still "looking for a path to yes."

"I'm not lobbying against anything. I'm lobbying for a positive trade promotion and a positive bill. Now, it's a chicken and egg," she said.

Other Democrats have been more critical, with Sander Levin of Michigan calling the current TPA legislation a "major step backwards" for the TPP. Levin is the highest-ranking Democrat on the House Ways and Means Committee and [attempted](#) unsuccessfully to introduce a substitute version of the trade bill.

"Instead of pressing USTR to get a better agreement or signalling to our negotiating partners that Congress will only accept a strong agreement, the Hatch-Wyden-Ryan TPA puts Congress in the back seat and greases the skids for an up-or-down vote after the fact," Levin said after the legislation was introduced.

Obama ramps up trade pitch

With trade action ramping up in Congress, Obama has also been making a concerted pitch to both lawmakers and the American public over why deals like TPP are important, citing the need for the US to continue playing a role as a trade rule-maker and the potential for the trade deal to boost American competitiveness.

Trade was the main topic of Obama's latest [weekly address](#) to the public, focusing on why new international deals are important to American values.

[In an interview](#) earlier this week with the Wall Street Journal, the US leader acknowledged that "some people have been suspicious, feel burned from some of those experiences" involving past trade deals, such as some of the downsides of the North American Free Trade Agreement (NAFTA) and the changes to the global economic order following the accession of China to the WTO.

"The argument that I've made consistently is that's not a reason for us not to enter into trade agreements anymore, it's a reason for us to strengthen the trade agreements that we do enter into," he said, adding that Washington should also take steps to improve job training, education, worker protections, and infrastructure in the US to avoid any losses in competitiveness.

"But what we're not going to do is to reverse the trends of globalisation. We've got to be in the game," he added.

The US leader also noted that the TPA legislation under discussion in Congress includes various features to boost the availability of public information regarding trade deals, such as requiring the full text of a negotiated agreement to be posted online 60 days before the president signs it.

He added, however, that not all aspects of trade deals can be out in the open during a negotiation, given the need for the US to have a strong position vis-à-vis its trading partners during the process.

"What we haven't been able to do is to disclose how much market access we're getting on rice in Japan when we haven't come up with an agreement yet. We haven't finalised an agreement with respect to what Malaysia's environmental obligations will be," Obama told the Wall Street Journal.

"We're trying to drive the hardest bargain possible. And it would be foolish to disclose what our bottom lines are. That's just basic negotiation," he added.

ICTSD reporting; "WSJ Interview Transcript: President Obama on TPP, China, Japan, Pope Francis, Cuba," THE WALL STREET JOURNAL, 27 April 2015; "Japan's Amari plays down expectations on U.S. trade deal progress," REUTERS, 28 April 2015; "'Eng game' for TPP – Trade Minister," RADIO NEW ZEALAND, 26 April 2015.

TTIP Talks Eye Regulatory Cooperation Advances Ahead of Political Review

The latest round of EU-US negotiations for a bilateral trade and investment deal reported progress in regulatory cooperation and rules, ahead of a "joint political review" that is slated to take place after the summer.

Held in the US city of New York from 20-24 April, the meeting marked the ninth formal round of negotiations for the Transatlantic Trade and Investment Partnership (TTIP) since the talks were launched nearly two years ago, and the second since EU Trade Commissioner Cecilia Malmström and US Trade Representative Michael Froman announced plans for a "fresh start" in the talks, seen by many to be lagging. (See Bridges Weekly, [27 November 2014](#))

Trade officials from both sides, which together hold the world's largest trading relationship, maintained last week that the deal remains a priority, despite questions from observers that Washington's attention might be being diverted over the efforts to finalise a separate trade negotiation, the Trans-Pacific Partnership (TPP).

"The United States remains firmly committed to these negotiations and the critical goal endorsed by our leaders just late last year of making all possible progress towards an agreement this year," US chief negotiator Dan Mullaney told reporters last Friday.

Officials confirmed on Friday that the bulk of last week's discussions were focused on making progress in the areas of regulatory cooperation and rules, given the goal of preparing a "joint political review" after the summer.

One of the main developments from the past week, negotiators said, is that the two sides are now working off of a consolidated text on regulatory coherence and transparency, with negotiators now in the process of reviewing where they can narrow their differences.

"By enforcing regulatory cooperation in areas of shared interest and cutting overlapping and unnecessary red tape, we're safeguarding the standards of protection that we deem necessary for our citizens," EU chief negotiator Ignacio Garcia Bercero [told reporters](#).

On the sectoral level, negotiators are said to be aiming for "regulatory compatibility" in sectors such as automobiles, pharmaceuticals, and medical devices.

The goal of harmonising regulations where possible, and improving cooperation in other areas, is one of the main focuses of TTIP, and also among the more controversial among both lawmakers and the general public, given the differences in approaches in areas such as genetically-engineered products, among others.

Trade negotiators, for their part, have repeatedly stressed that nothing in the planned TTIP deal would do anything to lower standards on either side of the Atlantic, nor would it limit in any way countries' ability to regulate in the public interest.

Revised services offers forthcoming

The TTIP talks involve three main areas where the two sides are aiming to improve market access: tariffs, services, and government procurement.

Revised market access offers on services will be exchanged ahead of the next round, Garcia Bercero confirmed on Friday. These offers, he noted, would "continue to reflect the commitment that was underlined in the joint statement issued on 20 March as regards public services."

Malmström and Froman had affirmed in that statement that any trade deals involving either party do not in any way limit domestic governments from providing services in areas such as water, education, and health, nor do they require government privatisation of services. (See Bridges Weekly, [26 March 2015](#))

No decision yet on energy chapter

One of the lingering questions in the TTIP talks is whether the two sides will decide to establish a separate chapter on energy and raw materials or whether they will instead include provisions on those subjects separately in relevant parts of the deal's text.

The EU has been advocating for such a chapter, on the grounds that it is both necessary on the bilateral level, but also for sending signals on the subject internationally.

While the two sides have not yet reached an agreement on the subject, the EU's chief negotiator said that they had made a "significant step forward" over the past week of negotiations, namely by engaging thoroughly on "all the elements that could be the surrogate of specific energy and raw materials provisions in the agreement."

These include, for example, ways a future trade deal could potentially help ensure non-discriminatory and transparent third-party access to transport infrastructures, specifically for pipelines, energy routes, and energy grids, or how to boost energy efficiency via regulatory cooperation.

GMO question in the background

Halfway through this latest round of talks came the news that the European Commission has proposed amending existing legislation on genetically modified organisms (GMOs) that would allow the EU's individual member states more freedom in deciding whether to prohibit or restrict their use in food and animal feed.

The announcement drew strong criticism from US trade officials, who noted also that the EU had lost a WTO dispute in 2006 over bans at the member-state level on genetically-engineered products.

"We are very disappointed by today's announcement of a regulatory proposal that appears hard to reconcile with the EU's international obligations," USTR Froman [said](#) last week after the European Commission's 22 April announcement.

"At a time when the US and the EU are working to create further opportunities for growth and jobs through the Transatlantic Trade and Investment Partnership, proposing this kind of trade restrictive action is not constructive," the US trade chief added.

The subject of the GMO opt-out proposal was raised by chief negotiators from both sides in their comments to reporters last Friday, though they did not mention whether the subject had been raised specifically during the course of the week's talks.

While Garcia Bercero defended the Commission move, noting that it would not change the European Commission role in authorising GMO food and feed imports based on a risk assessment by the European Food and Safety Agency, or placing these on the EU single market, Mullaney reiterated concerns over whether the suggested changes are in line with "our decades-old rules on trade." (For more on the GMO proposal, see related story, this edition)

Timeline?

Brussels will host the next negotiating round before the summer break, though the exact dates have not been formally announced. Those will be followed by additional technical discussions over the summer period.

A political stocktaking is expected in early autumn, Garcia Bercero said, which "will give us the steer for the next phase of the negotiations."

Neither official referred during last week's New York press conference to a target date for concluding the negotiations, with both referring only to making "all possible progress" towards a deal this year.

Days later in Berlin, Garcia Bercero told journalists that the talks are indeed likely to drag on past 2015, while noting that he does not yet want "to rule in or rule out anything in terms of what is possible before the end of this year."

Over whether the US general elections – slated for November 2016 – could complicate the TTIP timeline, the EU official told reporters that his American counterparts had assured him that negotiations will be able to advance next year despite the political dynamic.

ICTSD reporting; "EU-US trade talks to drift into 2016," EU OBSERVER, 28 April 2015; "Pacific trade pact sails past a drifting transatlantic deal," THE FINANCIAL TIMES, 28 April 2015.

WASHINGTON

Draft US Trade Bill Outlines 10-Year AGOA Extension, GSP Renewal

A bipartisan [bill](#) to renew the African Growth and Opportunity Act (AGOA) for another decade was introduced in the US Congress on 16 April, quickly advancing out of the committee levels in both the House and Senate late last week. The current version of AGOA is due to expire on 30 September unless renewal legislation is approved beforehand.

The scheme is considered the cornerstone of the US-African economic relationship, providing approximately 6000 products from Sub-Saharan Africa with preferential quota- and duty-free access to the US market.

AGOA expands upon the US Generalised System of Preferences (GSP), a set of formal exceptions from the WTO's most-favoured nation (MFN) principle, allowing developed countries to offer developing countries preferential treatment on specific goods.

The AGOA Extension and Enhancement Act of 2015, if approved by the full House and Senate, as well as the US President, would renew both AGOA and the Generalized System of Preferences (GSP), the latter of which expired in July 2013. The date of the floor votes in both chambers of Congress had not been announced at the time of this writing.

Long-awaited move

"Today's legislation gives our vital partnership with Sub-Saharan Africa renewed lift and focus, allowing us to continue our work together to raise standards and improve lives through trade," [said](#) US Trade Representative (USTR) Michael Froman on 16 April.

Potential delays in passing new AGOA legislation has been an ongoing source of concern, given the little time remaining before the 30 September expiration date. Officials and trade analysts alike have warned against a last-minute renewal in order to avoid job and investment losses, particularly for businesses that need to plan their orders months in advance. (See Bridges Weekly, [26 February 2015](#))

The renewal bill was [introduced](#) in the Senate Finance Committee by its Chairman, Orrin Hatch, a Republican from Utah, and the committee's Ranking Member, Democrat Ron Wyden from Oregon.

In the House Ways and Means Committee, Republican Chairman Paul Ryan of Wisconsin and Democratic Ranking Member Sander Levin of Michigan introduced the bill.

"I'm pleased we were able to come together and produce consensus legislation to help move America's trade priorities forward," [said](#) Hatch, who cited the potential of promoting further trade liberalisation and economic reform through preference schemes.

Decade-long extension

The AGOA Act of 2015 would extend the scheme for ten years, including for the third-country fabric provisions – a special rule that allows US apparel imports from African least developed countries (LDCs) to qualify for duty-free treatment even if the yarn and fabrics used in the production are imported from non-AGOA countries.

This policy is considered important for sustaining the development of the apparel industry in Africa.

Private sector stakeholders have often raised concerns over the uncertainty surrounding the duration of AGOA preferences, due to periodic reauthorisations, which they say hinders investment in Africa.

In a [letter](#) sent to US Congress earlier this month, the Obama Administration urged lawmakers to consider a 10-15 year AGOA renewal in order to fulfil "the full potential of AGOA to mobilise capital commitments, promote growth and development, and integrate African stakeholders in global supply chains."

Features

According to a White House [blogpost](#) signed by Michael Froman and US National Security Advisor Susan Rice, the bill to renew AGOA would help develop key industries, assist regional integration, allow the US executive branch additional flexibility when addressing eligibility questions with beneficiaries, and foster improvements in governance and policy regarding labour and human rights.

[A summary](#) of the Act's key provisions also explains that the legislation will promote greater regional integration by expanding the rule of origin to allow AGOA countries greater flexibility to combine inputs to meet the rule of origin for AGOA-eligible products.

Key provisions of the legislation include addressing "unfair practices by the European Union that condition African access to the European market on signing imbalanced and substandard trade agreements."

Some analysts say that this provision is actually aimed towards addressing the US' loss of its competitive edge in Africa following the EU's conclusion of reciprocal trade deals with various African regional economic communities.

The new bill also extends the GSP through 2017 and provides for a retroactive application.

Both the Senate Finance and House Ways and Means committees have also approved the renewal of existing preference schemes for Haiti, as part of the broader AGOA legislation. Like the AGOA renewal and related amendments, this still requires approval by both chambers of Congress and the US President to become law.

The proposal also gives US President Barack Obama the authority to include cotton products in the list of AGOA preferences available to LDCs.

Eligibility criteria

The AGOA bill under discussion in Congress would, if enacted, provide greater flexibility to the Administration to withdraw, suspend, or limit benefits under the scheme if it determines that such action would be more effective than termination.

"[The legislation] provides certainty for sub-Saharan African countries, investors, and workers while strengthening our economic and political ties with Africa," Wyden said. In addition, the AGOA bill would make it easier to "crack down on bad actors and make sure that countries stay strictly in line with the important eligibility criteria."

Regarding the enforcement of eligibility criteria, the debate has focused on the timing and scope of withdrawing preferences, with some stakeholders clashing over the length of the phase-outs.

The renewal legislation's text requires the President to notify and explain to Congress his intention to terminate a country's designation as a beneficiary at least 60 days before the decision takes effect.

In the new legislation, public comment, including a public hearing, are required in during reviews of a country's AGOA eligibility. Out-of-cycle reviews can also take place at any time. It also outlines a process that would permit "interested parties to file petitions" with the Office of the USTR regarding a beneficiary country's compliance.

Some countries have highlighted the difficulty of meeting certain AGOA eligibility criteria, such as having a market-based economy; eliminating barriers to US trade and investment; applying the rule of law; and protecting human and labour rights.

On the other hand, some US officials argue that any change to eligibility criteria could decrease AGOA's potential leverage for fostering economic and political reforms in beneficiary countries.

Since AGOA was put in place, 13 countries have lost their eligibility, although seven eventually had it restored, according to a report by the US Government Accountability Office (GAO), an independent agency providing audit and evaluation to Congress.

Six countries – Central African Republic, Democratic Republic of Congo, Eritrea, The Gambia, South Sudan, and Swaziland – lost their eligibility primarily due to political reasons and have not regained it to date.

South Africa's inclusion shaky

During its mark-up of AGOA on 23 April, the Senate Finance Committee approved an amendment that would require the Obama Administration to launch a review of South Africa's eligibility for AGOA-related trade benefits within 30 days of the scheme's renewal.

The amendment requires an "out-of-cycle review" of the country within 30 days of the new AGOA legislation's enactment. However, the amendment's inclusion in the final AGOA bill is not guaranteed, given the various stages of the legislative process that remain. The Ways and Means version currently does not include such an amendment.

Earlier talks over AGOA's renewal had move slowly due to a dispute between Pretoria and Washington on poultry trade, following South Africa's decision to impose anti-dumping duties on certain imported US poultry products. (See Bridges Weekly, [29 January 2015](#))

"In our view, South Africa's unfair and protectionist practices must be addressed before Congress would be justified in extending the AGOA programme," said US National Chicken Council President Mike Brown.

Some observers have raised concerns over South Africa's potential withdrawal from the Act as such decision could negatively affect their motor industry.

ICTSD reporting; "SA's eligibility for Agoa benefits to be reviewed," BusinessDay, 23 April 2015; "Bass hails bipartisan introduction of 'AGOA Extension and Enhancement Act of 2015'," LOS ANGELES SENTINEL, 23 April 2015.

BIOTECHNOLOGY

EU Commission Proposes Amendments to GMO Approval Process

The European Commission unveiled a proposal last week to amend existing legislation on genetically modified organisms (GMOs) that would give individual member states greater freedom to restrict or prohibit their use in food and animal feed at the national level.

Under the changes to existing rules envisaged by the EU executive, member states will be able to “opt out” of including EU-wide approved GMO products in their food chain, even once these have been deemed safe to be placed on the bloc's single market. Existing labelling rules will not be touched by the proposal.

Countries wishing to do so will, however, have to demonstrate that their measures comply with EU law and WTO obligations. Any opt-outs will need to be based on legitimate reasons other than those assessed at the EU level, namely, risks to human or animal health and the environment.

The Commission said that its new biotech proposal mirrors and complements EU legislation that entered into force last month, which allows member states to ban the cultivation of GM crops within their territory following approval in Brussels of the modified crop in question. (See Bridges Weekly, [5 March 2015](#))

“The Commission has listened to the concerns of many European citizens, reflected in the positions expressed by their national governments,” said EU Health and Food Safety Commissioner Vytenis Andriukaitis.

“Once adopted, today's proposal will, fully in line with the principle of subsidiarity, grant member states a greater say as regards the use of EU-authorized GMOs in food and feed on their respective territories,” he continued.

The new proposal will now have to undergo the regular EU co-legislative procedure through readings in both the Council and Parliament.

Stakeholders react

The latest biotech proposal comes after the Commission concluded a review of its decision-making process for GMO authorisation. The hot-button topic has attracted attention from civil society and international partners alike.

A number of environmental groups have struck out against approving GMO food and feed even at the EU-wide level, arguing that this will cause the single market to be flooded with such products, to the detriment of both consumers and farmers.

Some of the EU's trading partners have also criticised the 28-nation bloc's existing GMO approval process for being slow and unpredictable. The Commission has previously struggled to advance GMO approvals due to strong divisions between member states.

Ruling on a complaint brought by Argentina, Canada, and the US, a WTO dispute panel in 2006 found that the EU's application of its approval process for the import and cultivation of GMO products from 1999 to 20003 effectively violated international trade rules by

causing “undue delays.” The panel also said that existing temporary national safeguard bans were not based on international risk assessment techniques.

Following last week’s announcement, US Trade Representative (USTR) Michael Froman criticised the new proposal, suggesting that it would permit member states to ignore EU science-based safety and environmental evaluations.

“We are very disappointed by today’s announcement of a regulatory proposal that appears hard to reconcile with the EU’s international obligations,” the USTR said in a [press release](#).

Froman added that the proposal was “not constructive” given ongoing efforts to negotiate a Transatlantic Trade and Investment Partnership (TTIP) between the two economies.

The subject of GMO regulatory treatment was also raised by TTIP chief negotiators in a meeting last week in New York. The US chief negotiator, Dan Mullaney, [told reporters](#) that Washington was “disappointed” by the move and is reviewing the proposal’s potential implications, while his EU counterpart Ignacio Garcia Bercero said the Commission plan is in line with international commitments. (For more on TTIP, see related story, this edition)

According to US figures, last year the EU imported a total of €3.1 billion (US\$3.4 billion) worth of products from the US, Argentina, Brazil, and Canada that could potentially be affected by the new proposal.

Some green politicians have voiced concerns that the TTIP negotiations will force member states to lower the EU’s standards for GMO-free agriculture. EU officials earlier this year said that they will not compromise the bloc’s labelling efforts in this area.

In 2010, GM crops covered an estimated 148 million hectares in 29 countries while a further 30 countries had granted regulatory approval for GM crop import. Some 60 percent of the EU’s plant protein imports – namely soybean and soya – largely come from countries where cultivation is dominated by GMOs, according to [EU data](#).

GMO proponents tout their potential environmental mitigation and adaptation benefits and increased yields, while opponents express concerns around the effect these might have on human health, related impacts on the environment, biodiversity, and non-GM crop cultivation, as well as the possibility of entrenching market monopolies.

GMO import approvals on the move

Following hot on the heels of its latest biotech legislative move, the EU executive last Friday announced that it had cleared the import of 10 new types of GMOs and two kinds of cut flowers. It also renewed licenses for seven GMO products at the same time.

The authorisations have gone through the EU’s full procedure and received approval from the European Food Safety Authority (EFSA). The move does not, however, cover cultivation approval but rather targets the import of GMOs for food and feed use together with the botanical additions.

A Commission [press release](#) explained that EU-wide approvals had not been granted since 2013 due to the decision-making procedure review. The latest approvals add to a list of around 58 GMOs authorised for food and feed use in the EU, including products related to maize, cotton, soybean, oilseed rape, and sugar beet. However, only one GM crop – Monsanto’s maize MON810 – is actually cultivated in the EU, specifically in Spain and Portugal.

ICTSD reporting; “EU approves first new genetically modified crops since 2013,” REUTERS, 24 April 2015; “Agriculture Commissioner promises GMO labelling, despite TTIP,” EURACTIV, 16 January 2015.

POST-2015 DEVELOPMENT AGENDA

UN Post-2015, Financing for Development Talks Debate Relationship

A joint session of the UN talks geared towards crafting a post-2015 development agenda and those designed to outline future development finance saw delegates debate the relationship between the two processes, and their outcome documents, due to be finalised in the coming months.

Delegates in New York last week reportedly converged on the importance of ambition in the two negotiations but differences remained over how the negotiations' outcome documents might be stitched together.

The post-2015 development agenda, due to be approved by world leaders at a summit in September, is expected to include a set of 17 aspirational Sustainable Development Goals (SDGs) supported by 169 targets. UN members will also meet in July in Addis Ababa, Ethiopia for the Third International Conference on Financing for Development (FfD3).

While the means to achieve the 17 goals, known as means of implementation (MoI), are integrated into the current proposed SDGs, the financing for development talks have been touted by several participants and stakeholders as a key part of the support available for securing future sustainable development outcomes.

At the Spring Meetings of the World Bank Group (WBG) and International Monetary Fund (IMF) earlier this month, UN Secretary-General Ban Ki-moon suggested that financing was key for creating and unveiling an ambitious post-2015 development agenda. WBG, IMF, and other multilateral development bank officials said that achieving the SDGs and green economy transitions would require moving from billions to trillions in resource flows. (See Bridges Weekly, [23 April 2015](#))

Past financing for development conferences have addressed a range of issues, such as mobilising domestic and international financial resources for development aims, tackling debt sustainability, and using trade as an engine of growth.

A zero draft prepared ahead of an April FfD3 drafting session lists eight areas where further action is needed to boost development finance, including on trade. (See BioRes, [20 March 2015](#))

Trade is also currently posited as MoI in several places in the proposed SDGs, including references to completing the Doha Round talks and implementing commitments to improve market access for exports from least developed countries (LDCs).

According to some experts, while the trade language in both processes is broadly complementary, some aspects linked to the reality of existing global trade are absent in the current texts.

Combining processes?

During last week's talks several developed countries said that the FfD3 outcome should represent the MoI for the post-2015 development agenda and suggested incorporating, including by reference, the eventual Addis Ababa document into the final post-2015 summit text.

This view was opposed by many other countries, including the G-77 and China negotiating group, who said that the two processes should be kept in separate tracks.

Some suggested that this was because the financing for development process went beyond areas covered in the proposed SDGs, while the MoI in the post-2015 development agenda included specific targets. Others said that they were reluctant to agree to the precise relationship between the two processes until a clearer picture emerged around the final FfD3 outcome.

The same two camps also expressed largely divergent opinions over the process for MoI follow up and review. The EU, for example, called for a single overarching monitoring and accountability framework covering MoI across both processes under the auspices of the UN High-level Political Forum (HLPF). This sentiment was broadly echoed in interventions from nations such as South Korea, Colombia, Canada, the US, and Japan among others.

In contrast, the G77 and China negotiating group said that the FfD3 process should prioritise implementing its own outcome, and look to the HLPF for a follow up to financing for development commitments that were complementary to the post-2015 agenda and other processes.

Further general discussion on the modalities for follow up and review for the new sustainable development framework is expected at the next post-2015 negotiation session, scheduled from 18-22 May. A zero draft of the post-2015 development agenda summit text will be released by the co-facilitators of those talks after the May meet.

At the close of the joint session on Friday, George Talbot, Permanent Representative of Guyana and Co-facilitator of the FfD3 process, said that there was a need to identify further what the ambition components of the FfD3 outcome will be. A revised zero draft of the FfD3 outcome by the co-facilitators, based on the inputs from a drafting session held two weeks ago, will be circulated in May.

Technology

The joint session also received briefings on UN dialogues held last year around the possibility of setting up a technology facilitation mechanism (TFM) geared towards helping promote future sustainable development pathways. Recommendations from these dialogues included establishing an online platform that maps existing technology facilitation mechanisms and promotes analysis of current technology needs and assessments.

However, countries expressed contrasting views last week on next steps. While various delegations supported the idea of creating a TFM, others pointed to technology transfer efforts underway through existing initiatives. Views were also divided around the proper role of a TFM and the private and public sectors in the diffusion of technology.

During Friday's closing session, David Donoghue, Permanent Representative of Ireland and Co-facilitator of the post-2015 process, said that a possible TFM fell under the purview of both talks and discussion in this area would continue at the next FfD3 session in June.

The topic of technology transfer has historically been a tricky one to navigate in international talks with discussion often highlighting a North-South divide.

Goods and services trade has been recognised by many experts as a key conduit for technology transfer between markets. Trade policy frameworks such as the WTO's Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) have come under the spotlight over the years regarding the role they can play in bridging technology gaps between countries.

Financing for development talks

The joint session last week came shortly after a mid-April FfD3 drafting session. While those talks provided an opportunity for countries to air their opinions on a zero draft put forward by its co-facilitators, reports suggested that many key issues still need to be addressed, including around the relative emphasis given to national level action and international assistance.

Discussion of the trade section in the co-facilitators' FfD3 zero draft saw delegates largely agree on the importance of ensuring coherence with WTO provisions. Some nations supported deleting references to a "failure" to conclude the Doha Development Agenda.

The US and Zambia were among countries that underlined the importance of regional trade. The growing proliferation of regional trade agreements (RTAs) and their relationship with the multilateral system has been a hotly debated topic in the trade policy arena.

Some countries have expressed concern that "mega-regional" trade deals could shut out smaller nations and erode their tariff preferences. Others have asked whether investor-state dispute settlement clauses in these deals could erode countries' right to regulate in the public interest.

The topic of [Aid for Trade](#) also garnered some disparate reactions during the FfD3 trade section talks. While several countries stressed the importance of the WTO-led initiative – which is aimed at helping developing countries face a range of supply-side and trade-related infrastructure obstacles – Canada opposed calls for increasing funding in this area.

The WTO is set to hold its fifth Global Review of Aid for Trade from 30 June-2 July, under the theme "Reducing Trade Costs for Inclusive, Sustainable Growth." The biennial event in Geneva, Switzerland comprises a self-assessment exercise of ongoing work and where future efforts are needed.

The trade-related issue of both fossil fuel and fisheries subsidies also split countries in the FfD3 talks. Japan called for the deletion of references to fisheries and agriculture subsidies in the zero draft, while New Zealand, Brazil, and Ecuador each supported different elements of language on the removal of distortions in agriculture and fisheries, as well as subsidies in these sectors. Saudi Arabia and Egypt meanwhile called for the removal of language on the phase out of fossil fuel subsidies and the need to put a price on carbon.

Additional informal FfD3 meetings have been scheduled from 11-15 May, 26-29 May, and 1-5 June in a bid to break through on the sticking points in the overall text negotiations.

ICTSD reporting; "Summary of the Second Drafting Session of the Outcome Document of the Third International Conference on Financing for Development, 13-17 April 2015," EARTH NEGOTIATIONS BULLETIN, 20 April 2015; "Summary of the Fourth Session of the Intergovernmental Negotiations on the Post-2015 Development Agenda, 21-24 April 2015," EARTH NEGOTIATIONS BULLETIN, 27 April 2015.

RARE EARTHS

China Confirms Plans to End Rare Earths Export Tax

China's Ministry of Finance recently [confirmed](#) that it will be ending its export tax on rare earths, starting on 1 May. The policy, along with its past use of export quotas on these minerals, had been the subject of a high-profile WTO dispute that Beijing lost last year.

The tax and quotas had been challenged at the WTO by the EU, US, and Japan, with the organisation's Appellate Body ruling in August 2014 that China's export restrictions on various rare earths, as well as tungsten and molybdenum, are largely inconsistent with trade rules. (See Bridges Weekly, [10 September 2014](#))

Beijing had argued that the policies were needed in order to help limit the domestic environmental consequences resulting from the extraction and production of rare earths. The complainants, however, had suggested that the restrictions were actually aimed to prop up prices of the minerals, giving Chinese producers an unfair competitive edge.

China is the world's leading producer of rare earths minerals, accounting for approximately 90 percent of global production despite only holding a quarter of rare earths global supply. These minerals are primarily used in manufacturing high-tech products, including clean energy technology goods such as wind turbines and energy-efficient lighting.

Chinese officials have also announced plans to institute a rare earths resource tax domestically, starting on 1 May. The tax would be calculated on an *ad valorem* basis – in other words, depending on value rather than volume.

May compliance deadline

According to an agreement between the parties to the WTO dispute, the "reasonable period of time" for China to bring its illegal measures into compliance with global trade rules will expire on 2 May. Should the complainants in the dispute deem that Beijing's changes are insufficient, they can ask that a panel be established to review compliance.

Beijing had already moved in January to end its rare earths export quotas, according to an announcement published by state media. Chinese rare earth domestic producers exporting abroad now need a license issued on the basis of an export contract but no restrictions will exist on volumes of rare earths sold abroad. (See Bridges Weekly, [15 January 2015](#))

ICTSD reporting; "China stocks mixed as banks drag, Hong Kong market slips," REUTERS, 29 April 2015; "China to levy new resource tax on rare earths May 1st," INVESTORINTEL, 28 April 2015; "China ends export tax on rare earths and other metals," THE FINANCIAL TIMES, 23 April 2015.

EVENTS & RESOURCES

Events

Coming Soon

2-5 May, Baku, Azerbaijan. BAKU 2015: 48th ANNUAL MEETING OF THE ASIAN DEVELOPMENT BANK. The board of Governors of the Asian Development Bank (ADB) will hold this meeting under the theme of "Fostering Partnership for Development" to discuss topics such as the growth potential in the Asia-Pacific region, development of the financial sector, the economics of gender equity, and regional integration. Organisers expect approximately 3,000 participants including government officials, business leaders, investors, and journalists. For more information, please visit the event [website](#).

5-7 May, Mexico City, Mexico. INTERNATIONAL TECHNICAL EXPERT WORKSHOP ON IDENTIFYING, ACCESSING, COMPILING AND AGGREGATING DOMESTIC AND INTERNATIONAL BIODIVERSITY-RELATED INVESTMENTS AND IMPACTS. This workshop, organised by the Secretariat of the Convention on Biological Diversity (CBD), will discuss methods of improving access and aggregation of biodiversity-related investments both domestically and internationally. For more information, please visit this [website](#).

4 May, Washington, US. THE PATH FORWARD IN U.S.-JAPAN RELATIONS: TRADE, DIPLOMACY, AND SECURITY. The Brookings Institution will host a panel discussion on the US-Japan relationship, including their participation in the 12-country Trans-Pacific Partnership negotiations, Japan's energy sector and outlook, and Tokyo's investment plans in Asia. The discussion will feature politicians and analysts, including high-level Japanese public officials, with Japan's State Minister of the Cabinet Office Yasutoshi Nishimura serving as the featured speaker. For more information, please visit this [website](#).

6-8 May, Bangkok, Thailand. SIXTH ASIA PACIFIC URBAN FORUM. With the theme of "Sustainable Urban Development in Asia-Pacific: Towards a New Urban Agenda," this meeting will discuss the post-2015 development agenda and provide multi-stakeholder input to the High-level Regional Preparatory Meeting for the third UN Conference on Housing and Sustainable Urban Development (Habitat III) in 2016. More information about the event can be found on this [website](#).

7-8 May, Barcelona, Spain. INTERNATIONAL CONFERENCE ON RENEWABLE ENERGY GAS TECHNOLOGY. This conference will discuss technical and industrial issues involving biomethane production through microbial and thermochemical conversion of biomass and waste, power-to-gas, and biomass gasification for combined heat and power (CHP) production. It will consist of over 60 presentations by industry experts and will feature an exhibition of products and services by leading biogas and gasification companies. For more information about this event, please visit this [website](#).

6-7 May, Brussels, Belgium. EUROPEAN BUSINESS SUMMIT: DELIVERING A VISION FOR THE FUTURE OF EUROPE. This annual meeting will focus on the impact of digitalisation on the "fourth industrial revolution." It will consist of several panel debates and the presentation of recommendations to be included in the Summit Report. It will be attended by more than 2,000 participants including members of the European Commission and the European Parliament, heads of state, and private sector chief executives. To find out more, please visit the event [website](#).

6-8 May, Riviera Maya, Mexico. WORLD ECONOMIC FORUM ON LATIN AMERICA 2015. This conference will discuss methods of ensuring increased social inclusion and sustainable

development in Latin America, including how to improve living standards for the growing middle class and ways to increase productivity and market competitiveness. The meeting aims to provide a platform for decision-makers to set a bold renovation agenda and take the initiative on the next generation of regional investments and transformational projects. For more information, please visit this [website](#).

4-7 May, Washington, US. PSLO ANNUAL ENERGY SECTOR MISSION. Led by the World Bank's Private Sector Liaison Officers (PSLO) and Nova Scotia Business Inc., this event will include companies in the energy sector from countries such as Canada, the US, Austria, France, Spain, and the Netherlands in a "mission" to the World Bank, Inter-American Development Bank, Asian Development Bank, and Millennium Challenge Corporation. It is aimed at private sector suppliers and consultants who wish to learn more about business opportunities in sustainable energy. For more information about the event, please visit this [website](#).

7 May, Geneva, Switzerland. TALKING DISPUTES: THE US-TUNA II (MEXICO) COMPLIANCE DISPUTE. This event, hosted by the International Centre for Trade and Sustainable Development (ICTSD) and WTI Advisors, will focus on the recent WTO compliance panel report in the US-Mexico dispute over dolphin-safe tuna labelling. The event, part of an ongoing series, brings together experts and interested professionals for a discussion on specific WTO cases. The meeting will also be broadcast live. More information is available at the event [website](#).

WTO Events

An updated list of forthcoming WTO meetings is posted [here](#). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO members and accredited observers only.

1 May: Negotiating Group on Rules (Technical Group)

5-6 May: General Council

7 May: Workshop – ITA (Information Technology Agreement)

7 May: Working Party on the Accession of the Republic of Liberia

Other Upcoming Events

20-21 May, The Hague, The Netherlands. INTERNATIONAL ENERGY CHARTER MINISTERIAL. During this two-day event, those delegations that are authorised to approve/sign the International Energy Charter will do so during this ministerial conference. This document serves as a declaration of political intent, with the goal of improving energy cooperation among those who have signed it. The charter was negotiated among approximately 80 states throughout 2014. To learn more about this event, please visit the International Energy Charter's [website](#).

10 June, Bonn, Germany. TECHNOLOGY IN THE 2015 PARIS AGREEMENT. This event, hosted by ICTSD and the European Patent Office, will be convened on the sidelines of the UN Framework Convention on Climate Change's (UNFCCC) annual mid-year meetings in Bonn. The discussions will feature presentations of research mapping out different positions and proposals on technology, as well as possible options for achieving progress, within the context of the preparations for the UNFCCC's 21st Conference of the Parties in Paris this December. More information on the event is available at the ICTSD [website](#).

30 June – 2 July, Geneva, Switzerland. FIFTH GLOBAL REVIEW OF AID FOR TRADE: REDUCING TRADE COSTS FOR INCLUSIVE, SUSTAINABLE GROWTH. This event, hosted at WTO headquarters, will focus on the various actions underway to reduce trade costs, at levels ranging from the national, bilateral, regional, and multilateral, as well as the private sector and non-governmental. Participants will be asked to consider which actors are involved in what; how the issue of trade costs is being addressed by national governments and regional organisations in their planning; and whether sufficient progress has been made, and if not, how to improve it. To learn more, visit the WTO [website](#).

30 September – 2 October, Geneva, Switzerland. WTO PUBLIC FORUM: TRADE WORKS. This year's WTO Public Forum comes as the global trade body celebrates its 20th anniversary. The theme of "Trade Works" will focus on the contribution that global trade cooperation over the past two decades has made to the world economy. Participants interested in organising an event at the Forum are asked to submit their proposals by 1 June. More information on the event is available at the WTO [website](#).

20-21 October, Doha, Qatar. WORLD EXPORT DEVELOPMENT FORUM: SUSTAINABLE TRADE – INNOVATE, INVEST, INTERNATIONALIZE. The 15th edition of the International Trade Centre (ITC)'s flagship event will be hosted by Qatar's Ministry of Economy and Commerce through the Qatar Development Bank (QDB) under the theme "Sustainable trade: Innovate, invest, internationalize." The event will bring together policymakers, representatives of trade support institutions, and business leaders against the backdrop of the post-2015 development agenda, with talks focusing on ways to unlock the potential of small and medium-sized enterprises, women, and youth. More information can be found [here](#).

Resources

WTO DISPUTE SETTLEMENT: ONE-PAGE CASE SUMMARIES. Published by the World Trade Organization (2015). The latest edition of this WTO publication provides a summary of the key findings of every dispute panel report through the end of last year, as well as the subsequent Appellate Body report in cases that went to appeal. The report can be downloaded from the WTO [website](#).

FOOD SECURITY, STRATEGIC STOCKHOLDING AND TRADE-DISTORTING SUBSIDIES: IS THERE A PERMANENT SOLUTION? By William A. Kerr. Published in the Estey Journal of International Law and Trade Policy (2015). This new paper examines the likelihood of WTO members finding a "permanent solution" on the issue of public stockholding for food security purposes, as dictated in the Bali 2013 ministerial package and subsequent November 2014 General Council decisions. The paper can be downloaded at the following [website](#).

TRADE COSTS OF VISAS AND WORK PERMITS: A TRADE FACILITATION PERSPECTIVE ON MOVEMENT OF PERSONS. Published by the Swedish National Board of Trade (2015). This new report maps out the "typical" costs of obtaining visas and work permits in Sweden, as well as what uncertainty and delays in the application process can mean for businesses. The authors find that the effects are more pertinent for companies involved in services trade, are part of global value chains, and rely on scarce or specialised skills in their production processes. To learn more, or to download the report, please click [here](#).

OECD URBAN POLICY REVIEWS: CHINA 2015. Published by the Organisation for Economic Co-operation and Development (OECD) (April 2015). This review discusses the challenges that China faces in a shift from an export-oriented growth model focused on cheap labour and artificially low pricing on environmental externalities to a growth model with greater focus on domestic demand and productivity growth. It also examines social and labour market policies, land use planning, and urban planning within China. The full report can be accessed [here](#).

FRONTIER AND DEVELOPING ASIA: THE NEXT GENERATION OF EMERGING MARKETS. By Alfred Schipke for the International Monetary Fund (IMF) (April 2015). This book examines methods of achieving inclusive growth, financial sector deepening, and stronger policy frameworks within frontier economies in Asia and whether their rapid economic growth in the last two decades will continue at this pace. More information can be accessed [here](#).

WORLD DEVELOPMENT INDICATORS 2015. Published by the World Bank (April 2015). This report provides an updated version of the World Development Indicators. The authors report on the progress towards the Millennium Development Goals, with the report divided into sections such as world view, people, environment, economy, states and markets, and global links. New data includes the average income growth of the bottom 40 percent of the population as an indicator of prosperity. The report is available [here](#).

HOW CROSS-BORDER MOVEMENT OF PERSONS FACILITATES TRADE: THE CASE OF SWEDISH EXPORTS. Published by the Swedish National Board of Trade (2015). This report analyses the relationship between cross-border movement of persons and foreign trade, finding that temporary cross-border movement of persons to Sweden can contribute to greater exports in goods and services. The full report can be downloaded [here](#).

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