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WASHINGTON

US Senate Lawmakers Reach Deal to Advance TPA Legislation

US Senate leaders announced on Wednesday that they had reached a deal to advance legislation that would grant President Barack Obama with renewed "fast track" trade powers, less than 24 hours after efforts to begin debate on the bill had been blocked in that chamber.

The Senate will now debate and vote on the trade legislation on Thursday, Majority Leader Mitch McConnell confirmed in a [statement](#) outlining the deal's terms. The bill is expected to pass, officials and analysts say.

The rapid about-face came after a Tuesday attempt to invoke [cloture](#) and start debate on this same Trade Promotion Authority (TPA) bill failed, with only 52 votes in favour and 45 against. Invoking cloture, a procedural move that essentially places a time limit on a bill's debate in order to avoid a filibuster, requires 60 votes.

Tuesday's failed vote had left TPA proponents scrambling to find common ground for advancing the trade bill, which has been deemed both a White House priority and one of the rare issues where the president and Republican lawmakers are likely to agree.

Since the introduction of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, as TPA is formally known, tensions have ratcheted up both among Washington legislators, as well as between Obama and various members of his own Democratic Party. (See Bridges Weekly, [23 April 2015](#))

The draft TPA legislation sets out US principal negotiating objectives in trade deals, and allows for completed agreements to be submitted to Congress for a straight up-or-down vote, without the possibility of amendment. The previous version of TPA was enacted in 2002 and expired in 2007.

The bill under consideration includes various new measures on transparency, as well as language that would strip a final deal from this "fast track" protection should it be found that the President failed to meet the consultation or transparency requirements outlined in TPA, for instance if the deal is found not to make progress in meeting congressional priorities and objectives.

Bundling of bills: compromise approach

While TPA itself has already proven highly divisive, the failed cloture vote on Tuesday was blamed on both sides over the approach taken to advance the bill.

Several Democrats who were expected to back the measure had called for TPA to be presented jointly with three other trade bills: Trade Adjustment Assistance (TAA), which provides support to US workers displaced by trade, as well as the renewal of certain preference schemes and a customs and enforcement bill that included currency manipulation language.

"Together, these bills would form a legislative package that would throw out the 1990s NAFTA playbook on trade," Senator Ron Wyden of Oregon [said](#) on Tuesday, referring to the North American Free Trade Agreement that has been in place between the US, Canada, and Mexico since 1994.

"It's an opportunity to enact fresh, middle class trade policies that will create high-skill, high wage jobs in Oregon and across the country. That opportunity is lost if this package of four bills gets winnowed down to two," he said, in explaining his decision to originally vote against cloture.

Wyden had been one of the architects of the TPA legislation itself, as the highest-ranked Democrat on the Senate Finance Committee. He had negotiated the terms with Republican Orrin Hatch of Utah, who chairs that same committee, as well as Paul Ryan, the Republican lawmaker from Wisconsin who chairs the House Committee on Ways and Means.

Republican lawmakers had previously backed on Tuesday a plan to introduce those two other bills as substitute amendments, after a successful cloture vote on TPA and TAA— a position that had been deemed untenable by many "pro-trade" Senate Democrats, who wanted additional guarantees that the other trade bills would indeed pass.

The final deal announced on Wednesday, which was reportedly proposed by Republican leaders, would have lawmakers first debate the customs and enforcement bill, with currency manipulation provisions attached, as well as the legislation to renew certain US preference schemes, such as the African Growth and Opportunity Act (AGOA).

Afterward, TPA and TAA would go to the floor together for consideration. Notably, the TPA legislation will not have currency manipulation provisions attached, which had been an earlier request by some Senate Democrats.

"The plan I'm about to offer will follow the regular order on the trade bill, while also allowing Senators the opportunity to take votes on the customs and preferences bills – in a way that will not imperil the increased American exports and American trade jobs we need," McConnell said in announcing the compromise approach.

"We would then turn to the trade bill with TPA and TAA as the base bill, and open the floor to amendments as I've suggested all week. It's reasonable," he added.

These bills would all face the 60-vote threshold, with the votes scheduled for Thursday as Bridges went to press.

White House meetings

The deal brokered among lawmakers on Wednesday came shortly after Obama held a meeting with 10 Senate Democrats, including Wyden, to discuss trade and possible next steps for advancing TPA, according to a White House [readout](#) of the discussions.

"Members in attendance reiterated their support for TPA legislation that will pave the way for high-standard trade agreements that support good American jobs, protect our workers and environment, and ensure that the United States, and not countries like China, write the rules for the global economy," the readout said, characterising the discussions as constructive.

Even if TPA does manage to pass this week in the Senate, it still will require approval in the House of Representatives before Obama can sign it into law, and there is the possibility that lawmakers will have to "conference" the bill if different versions emerge from the two chambers.

A vote in the House has not yet been announced, though it is expected to be contentious given the deep-seated Democratic opposition in that chamber.

TPP ministerial

This week's developments are likely to have significant implications for the anticipated Trans-Pacific Partnership (TPP) ministerial later this month, with ministers from the 12-country group set to meet in the Philippines from 26-28 May. Chief negotiators, meanwhile, are due to begin meetings in Guam later this week.

So far, the ministerial is still set to go forward, Japanese chief TPP negotiator Koji Tsuruoka told Jiji Press. However, fellow Japanese officials such as Chief Cabinet Secretary Yoshihide Suga have emphasised that the successful passage of TPA is considered "indispensable" for a final TPP deal, according to comments reported by Reuters.

Countries negotiating the TPP agreement – a deal that would cover 40 percent of global GDP – have said that they hope to bring those negotiations to a successful conclusion this year. The pace of these talks, they say, has lately been dictated by the events in Washington, with the US being the largest economy in the talks, followed by Japan.

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.

ICTSD reporting; "Senate Democrats vote to block Obama on trade," WASHINGTON POST, 12 May 2015; "Senate Democrats Foil Obama on Asia Trade Deal," THE NEW YORK TIMES, 12 May 2015 "US fast-track bill indispensable for TPP agreement: Japan official," REUTERS, 13 May 2015; "Path to Pacific Trade Deal May Open in Senate After All," THE NEW YORK TIMES, 13 May 2015; "Senate Reaches Deal on Trade," ROLL CALL, 13 May 2015.

PREFERENTIAL AGREEMENTS

EU, Mexico Eye Trade Deal Upgrade

The EU and Mexico confirmed plans this week to update a bilateral trade deal between them, citing the need to reflect new trade realities and build off the advances being made in other major trade negotiations.

"Fifteen years is a long time, full stop. So much has happened in recent years that the year 2000 seems a lifetime ago," Malmström [said](#) on Monday in announcing the plans together with her Mexican counterpart, Economy Secretary Ildefonso Guajardo Villareal.

The two sides have had a deal in place covering goods trade since 2000, and one involving services trade since 2001. These evolved from the trade provisions featured in the 1997 "Global Agreement" inked between them.

The EU is Mexico's third largest trading partner, while Mexico is the 17th largest partner for the EU. Bilateral trade flows hit €63 billion in 2013, according to EU [statistics](#).

A recent [study](#) by Spanish banking group BBVA on EU-Mexico trade ties, which was presented by the trade officials during a meeting in Brussels, found that an extension of the trade deal, particularly via the inclusion of additional agricultural products, would be to the benefit of both sides.

The paper also outlined a series of benefits that have accrued to both parties as a result of the existing agreement, including an improved business climate.

New trade deals

Officials from both sides have credited the proliferation of new trade deals as being one of the main drivers behind their push for an upgrade.

Along with being one of the Pacific Alliance's four founding members, Mexico is also one of 12 countries involved in finalising a Trans-Pacific Partnership (TPP) Agreement, which member countries are aiming to wrap up before year's end. (See Bridges Weekly, [30 April 2015](#))

Fellow Pacific Alliance founding members Chile, Colombia, and Peru all have more recent accords with the EU, with the agreement with Santiago in force since 2003 and those with Bogotá and Lima in place since 2013.

The Pacific Alliance bloc of countries signed a deal in 2014 to eliminate tariffs on 92 percent of products, with the remaining eight percent to be phased out over a period of years. (See Bridges Weekly, 13 February [2014](#))

"With Colombia, Chile, and Peru, we are sending a signal of fresh air that we are the countries of free traders. We are responsible for more than half of Latin America's exports to the world," Guajardo said, in comments reported by Reuters.

The EU, for its part, is in negotiations for a Transatlantic Trade and Investment Partnership (TTIP) with the US, and concluded talks last year with Canada for a wide-ranging bilateral trade deal.

"Ultimately, both the EU and Mexico will want to consolidate all this new openness in North America. The closer our modernised deal is to those high standards, the easier that will be," the EU trade chief added.

Possible areas to include

Malmström then outlined on Monday a series of areas which she suggested could be featured in a new bilateral pact. These included, for example, further slashing tariffs and adopting new trade facilitation measures, with the latter aiming to go beyond what has been agreed in the WTO's Trade Facilitation Agreement, which is currently in the ratification process.

Reshaping their relationship to regulation and trade – such as by adopting comprehensive chapters on non-tariff barriers for industrial goods, food, and agriculture – would be another major area for advances. However, she stressed that any such changes would not come at the expense of regulatory protection, a concern that has been raised in public debates over the TTIP negotiations.

With both sides involved in the Trade in Services Agreement (TISA) negotiations, Malmström has suggested that a revised EU-Mexico deal should build on any advances seen in the former set of negotiations. These talks currently involve 24 WTO members and aim to liberalise services trade within the group. (See Bridges Weekly, [19 February 2015](#))

In the area of intellectual property rights, this could include expanding the product coverage of geographical indications, which are meant to identify goods by their geographical origin and which possess certain qualities or traits due specifically to that origin. Examples of these include tequila or cognac.

TTIP timing?

The EU and Mexico are set to hold a high-level summit on 12 June in Brussels, which will include a visit from Mexican President Enrique Peña Nieto. Trade officials have said that they hope to have the results of a scoping exercise, known as a "Joint Vision Report," ready in time for next month's event.

Malmström also said on Monday that she hopes to have a mandate from the European Council to begin negotiations this year, possibly by autumn. If talks were to begin in 2015, however, it is unclear in what timeframe they would aim to be completed, nor what effects the timing of the TTIP talks would have on them.

EU and US officials have lately acknowledged that the TTIP talks are likely to drag into 2016, though they have pledged to make as much progress as possible this year, before the US general election gets into full swing. (See Bridges Weekly, [30 April 2015](#))

"Mexico would like to finish these negotiations before [the EU] concludes those with the US, or at the latest at the same time," Guajardo said on Monday.

"We have to be ready for when this [TTIP] deal reaches its conclusion, in order to be aligned within North America without negative effects for Mexico," he added, in comments reported by El Universal.

ICTSD reporting; "Europe, Mexico to seek new trade pact to deepen North American ties," REUTERS, 11 May 2015; "Busca México actualizar su TLC con la UE," EFE, 11 May 2015; "Reconoce SE urgencia de modernizar asociación con UE," EL UNIVERSAL, 11 May 2015.

ENVIRONMENTAL GOODS

Environmental Goods Agreement Negotiators Review Product List

Negotiations for a planned tariff-cutting deal on environmental goods by a group of 17 WTO members completed a first reading of a compiled product nominations list last week in Geneva, Switzerland, reviewing just over 650 tariff lines and more than 2000 products.

According to trade sources, this sixth round of talks gave delegates the chance to express preliminary support or signal concern over specific nominations, with a view to moving towards consensus on a final list of products for the eventual Environmental Goods Agreement (EGA).

The format of the talks, whereby similar products were grouped together, also allowed EGA participants to further clarify with each other the environmental dimensions of some nominations.

Sources confirm that each EGA participant has put forward or signalled support for a list of product nominations. These lists – subsequently compiled by Andrew Martin, Counsellor, Permanent Mission of Australia to the WTO, who chairs the talks in his personal capacity – collated various indicative product proposals made during previous rounds, which addressed products related to ten categories of environmental goods, ranging from cleaner and renewable energy to water and wastewater treatment.

Turkey, a newcomer to the talks since the March round, is said to have nominated 143 tariff lines, four of which are not covered by other nominations.

The initial EGA group – including Australia, Canada, China, Costa Rica, the EU, Hong Kong, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, Chinese Taipei, and the US – have been joined this year by Israel, Iceland, and Turkey. Talks formally kicked off in July 2014, building off of an initiative announced earlier that year at the World Economic Forum's annual meet in Davos. (See Bridges Weekly, [10 July 2014](#))

Negotiating mode

The latest round reportedly marked a distinct shift away from the earlier discussion-oriented rounds towards a more concerted negotiating mode.

A core group of products nominated by several EGA participants received broad support during the plenary sessions, officials have confirmed. China and South Korea are said to have informed other participants that they were not yet in a position to support various product nominations due to ongoing domestic consultations but that they hoped these would be completed in time for upcoming rounds.

EGA participants will now engage intersessionally before their next round in June to advance their efforts toward reaching a final, agreed product list. This might include bilateral outreach and efforts to clarify the classification of certain products.

Trade sources report that in certain instances, some EGA participants have nominated the same tariff line under the World Customs Organization's Harmonised System (HS) subheadings, but with different product descriptions for goods not fully captured in the HS codes – known in trade jargon as "ex-outs" – as well as attached different environmental

justifications to these. Delegates have said they will attempt to clear up some of these technical details, including by liaising with their respective customs officials.

A number of bilateral meetings were also held throughout last week, during which some of the more sensitive tariff lines were flagged, sources say. These discussions reportedly focused on products related to nuclear energy, biofuels, bicycles, and large scale hydropower.

The EU and the US have reportedly put horizontal reservations on product nominations related to vehicles, with a view to further discussion at a later date. Other EGA participants are said to have nominated products and components related to energy efficient cars.

China reportedly raised the issue of special and differential treatment (S&DT) provisions in relation to its non-paper on the talks' process, which it circulated following the March round. Beijing has suggested building in certain flexibilities for developing countries that become party to the agreement, such as by including a separate sensitive list for developing members or allowing them longer staging times for tariff elimination.

The move to include broad horizontal S&DT proposals has been met with some resistance by several participants, trade sources say, although these players may be open to discussing the subject on a more case-by-case basis.

Other aspects of China's non-paper, including the need to conduct outreach to other potential developing country participants and maintaining a focus on the environmental credibility of the talks, have received support from some other current EGA participants.

Next steps

The next EGA negotiating round will be held from 15-19 June, followed by another from 27-31 July in Geneva. Subsequent rounds are scheduled from 14-18 September, as well as sessions provisionally slated for October and November.

EGA officials said that the current plan for the next two rounds will feature additional detailed readings of the compiled nominations list. Some sources said that the June round could facilitate a more profound and targeted look at some of the product proposals.

After the July round, the EGA chair could play a role in putting together a revised list for participants' consideration, according to one suggestion floated last week. The exact manner in which to approach the finalisation of the list, however, has not yet been decided.

Some participants indicated that the EU may come forward with a draft text for the framework of the agreement in the coming rounds. This draft document could potentially prompt discussion on arrangements for reviewing the list and other substantive modalities.

EGA participants also agreed to hold an outreach session for other interested WTO members during the June round, given the reported interest of several members in joining the talks. In order to formally join, new members must be approved by all current participants.

Officials said last week that they were continuing to aim for the WTO's Tenth Ministerial Conference (MC10) this December in Nairobi, Kenya as a target for hammering out the key points of the deal.

APEC implementation

At the launch of the talks last July, EGA participants said they would build on a list of 54 tariff lines agreed to by the Asia Pacific Economic Cooperation (APEC) forum in 2012. The 21-country APEC group has made a non-binding commitment to lower applied tariffs on these 54 tariff lines to five percent or less by the end of this year.

The APEC list, however, also includes some ex-outs that will have to be translated into national tariff schedules. APEC economies are due to submit detailed implementation plans by the end of this month, which trade sources say could help provide some certainty on the APEC commitment's final contours.

An upcoming meeting of APEC senior officials is scheduled to be held in Boracay, Philippines from 10-21 May, followed by a gathering of APEC trade ministers from 23-24 May.

The Philippines recently cut tariffs on 51 green goods to five percent, according to recent media reports, with other APEC economies having also made the necessary tariff adjustments.

ICTSD reporting; "Apec economies to bring down tariffs on 'green goods' – DTI," BUSINESS MIRROR, 7 May 2015.

AGRICULTURE

New Chinese Farm Subsidy Data Shows Spending Increase

Beijing has told WTO members that its trade-distorting farm subsidy payments increased to a record high of CN¥123 billion in 2010, equivalent to US\$18 billion, according to new [figures](#) submitted to the global trade body.

The payments are all classed as "de minimis" farm support, which although seen as trade-distorting is permitted under WTO rules so long as it falls below a certain percentage of the value of production.

In China's case, de minimis payments have to fall below 8.5 percent of the value of production – compared to ten percent for other developing countries, or five percent in developed countries. Product-specific payments are counted separately from non-product specific support.

At the same time, a sudden fall in "green box" payments classified as causing only minimal trade distortion at the WTO meant that this category of support was lower in 2010 than it had been at its peak two years earlier.

The government reported that green box payments fell to CN¥535 billion in 2010 (US\$78 billion) – nearly CN¥60 billion lower than 2008 levels.

Rice, maize, and wheat

According to the government's notification, rice, maize, and wheat topped the list of products benefitting from support.

Rice benefited from CN¥7.6 billion support, maize from CN¥6 billion, and wheat from CN¥5.8 billion.

Other important products such as cotton and pigmeat were also included as receiving government support, at CN¥3 billion and CN¥2 billion, respectively.

Other agricultural domestic support that was generally available to all products made up the lion's share of those payments classified as trade-distorting. Beijing notified these as accounting for almost CN¥98 billion.

In recent years, China – along with other developing countries – has nonetheless questioned the extent to which the WTO's existing methodology for calculating farm subsidies provides a sound basis for doing so.

The G-33 coalition of developing countries with significant populations of smallholder farmers has argued that they should benefit from additional flexibility in order to compensate for the impact of price inflation. (See Bridges Weekly, [14 November 2012](#))

Infrastructure spending falls

A significant fall in some categories of green box spending in 2009 and 2010 meant that total farm support levels in China were nonetheless lower than in 2008. (See Bridges Weekly, [19 October 2011](#))

The drop in farm support is particularly significant as China's farm subsidy spending has otherwise tended to increase steadily across all categories year on year.

Infrastructure spending fell from CN¥125 billion in 2008 to CN¥96 billion in 2009, before rising to CN¥113 billion in 2010. It was the largest category of farm support notified in that year.

Payments fell even more steeply in another category, "other general services." This includes operating expenses related to agriculture agency buildings, salaries, and staff pensions.

Outlays in this area dropped more than three-fold, from CN¥166 billion in 2008 to CN¥47 billion in 2010.

Spending on environmental programmes continued to rise, and accounted for around CN¥90 billion in both 2009 and 2010.

Doha Round controversy

The new data is likely to be welcomed by other WTO members, who have repeatedly complained that the governments of major trading powers have fallen behind in their regular reporting of farm subsidy data to the global trade body.

At the same time, the figures are likely to reignite controversy among farm trade negotiators over how best to craft future rules on agricultural domestic support spending.

The US has argued that large developing countries such as China and India ought to undertake steeper cuts in their farm subsidy spending than are currently foreseen in the most recent draft text for the WTO's Doha Round negotiations. (See Bridges Weekly, [23 April 2015](#))

The countries concerned have objected to these demands, arguing instead that the draft deal that was negotiated in 2008 should still be the basis for any eventual agreement.

The chair of the WTO agriculture negotiations, New Zealand Ambassador John Adank, recently [identified](#) domestic support as a "threshold issue" that is likely to determine progress in other areas.

Trade officials are now expected to intensify further talks in the run-up to the July deadline for agreement on a work programme on the remaining Doha issues. (See Bridges Weekly, [7 May 2015](#))

ICTSD reporting.

G-20 Agriculture Ministers Warn of Global Food Wastage

Agriculture ministers from the G-20 group of major advanced and emerging economies have warned that global food wastage could have devastating consequences for food security, nutrition, and the use of natural resources and the environment, following a 7-8 May meeting in the Turkish city of Istanbul.

"We highlight this as a global problem of enormous economic, environmental, and societal significance and encourage all G-20 members to strengthen their efforts to address it," they said in their final [communiqué](#).

With the global population set to hit nine billion by 2050, the UN Food and Agriculture Organization (FAO) has estimated that global food supply must increase by at least 60 percent to meet this higher demand. Members of the G-20 [produced](#) 68.7 percent of the world's food in 2013.

However, feeding this growing population is becoming increasingly challenging, due partly to the impact of food waste and loss, referred to together as wastage, as well as the impact of climate change and the pressures being placed on natural resources and biodiversity.

While ministers made various statements of support for action and concern over the current state of affairs – along with reaffirming several existing commitments in this area – further clarity on what new, concrete actions they may take could emerge at the November G-20 leaders' summit in Anatolia, Turkey.

Ministers have asked that their deputies work with the Development Working Group (DWG) to build on their conclusions from the Istanbul meet, as well as the recommendations from a separate Implementation Plan, into an "action plan" that G-20 leaders can sign off on in Anatolia.

This "G-20 Action Plan on Food Security/Sustainable Food Systems" would be geared toward helping both members of the G-20 group as well as low-income developing countries.

Repurposing versus recovering

In combatting food wastage, ministers also said that the priority should be placed on ensuring that "safe and nutritious otherwise wasted food" be recovered to feed those in need of it, as well as preventing its wastage in the first place. This approach, they said, should take precedent repurposing it for other uses, though the agriculture officials did not specify what types of uses these involved.

However, to ensure that "interventions" are better targeted, agriculture ministers last week called for improving current data and estimates on food loss and waste, as well as their effects and causes.

In this vein, ministers have asked that the FAO, together with the International Food Policy Research Institute (IFPRI) and other international organisations in this area, set up a platform that would help in sharing information and experiences in this area, both in quantifying and cutting the levels of food wastage.

"There is value in a common definitional and measurement framework that G-20 members can consider in order to establish coherent estimates of food loss and waste against which they can monitor progress in the reduction of food loss and waste," they said.

[Estimates](#) from the FAO have placed annual food loss or waste at up to 1.3 billion tonnes, according to 2013 data. Furthermore, this wasted food is responsible for adding 3.3 billion tonnes of greenhouse gases to the atmosphere, while the producers of wasted food, with the exception of fish and seafood, face economic losses of US\$750 billion annually.

Reducing losses, boosting productivity

According to the FAO, over half of food wastage occurs during production, post-harvest handling, and storage, with the remainder occurring during the processing, distribution, and consumption stages.

"Most important from the US perspective is acknowledging the importance of reducing post-harvest loss and food waste and the positive effect that can have on increasing food security," said US Agriculture Secretary Tom Vilsack in a [statement](#) following the Istanbul meeting.

Along with improving the estimates of food wastage and reducing the amounts lost, ministers also stressed the role that sustainable food and agricultural systems could play in meeting the challenge of global food security and nutrition. Doing so would include, for example, ensuring that small producers adopt improved techniques and technologies that would allow for productivity gains.

Improved productivity, they said, could help in rural job creation and boosting rural incomes, particularly for women and youth. Investment throughout the food value chain could also help with both more productivity and less food wastage.

The ministers tied this in to the G-20's overall "inclusive" growth agenda, given that the coalition's members committed last year to boost GDP above current trajectories by 2.1 percent by 2018, amounting to an estimated US\$2.1 trillion boost. These would be executed via national action plans, which were publicly released by each member economy during last November's summit in Brisbane. (See Bridges Weekly, [20 November 2014](#))

"Our fundamental shared challenge is this: how can we increase production while respecting our natural resources and reducing waste – how can we produce more, using less?" said EU Commissioner for Agriculture and Rural Development Phil Hogan during the meeting, according to a [copy](#) of his remarks.

Doha Round

The agriculture officials also referred to the importance of the multilateral trading system in ensuring global food security, citing the need to "promptly" conclude the Doha Round trade talks as well as ensuring a successful WTO Ministerial Conference this December in Nairobi, Kenya.

WTO members are in the process of negotiating a "work programme" that would outline a way to resolve the Doha talks, with the deadline for elaborating such a plan set for 31 July. Those talks, however, have reportedly been moving slowly, raising questions of whether this deadline will be met and what this would mean for the December conference. (See Bridges Weekly, [7 May 2015](#))

G-20 agriculture ministers also called on FAO, the World Health Organization (WHO), and other relevant organisations to help boost the capacities of standard-setting bodies, citing specifically the Codex Alimentarius, the Intergovernmental Plant Protection Convention (IPPC), and the World Organisation for Animal Health (OIE), in providing scientific health and guidance, in a possible implicit reference to the issue of sanitary and phytosanitary measures (SPS).

Under the WTO, trade measures taken to protect food safety and animal and plant health, known as SPS measures, must be based on recognised international standards, particularly those of the above-mentioned agencies, along with meeting other requirements.

Post-2015 process

The preparations for November's G-20 leaders' meet comes as UN members work to finalise a post-2015 development agenda, together with a set of Sustainable Development Goals (SDGs), in time for a summit this September.

Last week's communiqué did not refer explicitly to either the post-2015 or the SDG process; however, FAO Director José Graziano da Silva did raise the importance of implementing the G-20 Food Security and Nutrition Framework as part of ensuring the success of this new agenda.

"The change from MDGs to SDGs is about much more than a change in just one letter," he [said](#) during the Istanbul meeting, with MDGs referring to the current Millennium Development Goals, set to expire this year. "It is about making the bold commitment to end hunger, malnutrition, and extreme poverty."

ICTSD reporting.

DISPUTES

Russia Files WTO Challenges Against EU, Ukraine

Russia filed two new WTO complaints last Thursday, with one against Ukraine and the other aimed at the EU. The former cites anti-dumping measures adopted by Ukraine on imports of ammonium nitrate, while the latter involves the EU's methods for calculating dumping margins for this product and others.

The move is likely to increase tensions between the parties involved, which have been under strain for several months due largely to the fall-out from the Ukrainian crisis and the planned 2016 implementation of an EU-Ukraine trade deal, among other economic and diplomatic reasons.

The two consultations requests mark the third and fourth instances where Russia has filed a WTO complaint, having joined the global trade body in August 2012. The other two complaints were also aimed at the EU, which has sparred openly with Russia at the global trade body. The 28-nation bloc has itself submitted various WTO complaints against Moscow over the past few years.

Ukraine anti-dumping duties under fire

In its complaint (DS493) against Kiev, Moscow claims that the anti-dumping measures imposed by Ukraine last July on imported ammonium nitrate – often used as a fertiliser – from Russia violates WTO rules, particularly the global trade body's Anti-Dumping Agreement.

Anti-dumping duties are meant to remedy instances when products are being sold abroad at prices that are below their normal value – a practice known in trade jargon as "dumping." Under WTO rules, these remedies must expire five years after being imposed, unless an investigation shows that ending the measure would lead to injury.

The measure at issue resulted from the interim and expiry reviews of an existing anti-dumping measure imposed in 2008. Following a request by its domestic industry in mid-2013, Kiev decided last July to extend them, finding that allowing such duties to expire would likely lead to a continuation or recurrence of dumping and injury.

With that decision, Ukraine raised the rates of the initial customs duty on the majority of ammonium nitrate imports from Russia from 11.91 to 36.03 percent, according to the Ria Novosti news agency, while extending these duties for five additional years.

In its consultations request last Thursday, Moscow cited among its concerns that Kiev failed to establish and properly evaluate the facts relating to domestic ammonium nitrate sales in Russia when determining whether dumping was at play, and also failed to consider objectively the relevant facts in deciding the duty increase and extension.

Moscow particularly took issue with Kiev's approach of replacing the price of natural gas actually paid by Russian producers with the adjusted export price of natural gas that is delivered at the German border, and then using that to establish normal value.

In its request, Russia also raised doubts over how Ukraine conducted the probe, such as whether interested parties were given "a full opportunity to defend their interests," as well

as the chance to see relevant non-confidential version of information that would be useful in their defence.

Russia challenges EU anti-dumping methodologies

The same day, Russia also lodged a complaint (DS494) against the EU challenging the 28-nation bloc's "cost adjustment" methodologies for calculating dumping margins in anti-dumping investigations and reviews.

This dispute also involves ammonium nitrate, as well as certain welded tubes and pipes of iron or non-alloy steel, certain seamless pipes, and tubes of iron or steel, among others.

According to Moscow's request for consultations, these methodologies violate several WTO rules, namely the Anti-Dumping Agreement, the Agreement on Subsidies and Countervailing Measures, the General Agreement on Tariffs and Trade (GATT) 1994, and the Marrakesh Agreement.

Regarding this complaint, Maksim Medvedkov, who serves as the Director of Trade Negotiations at Ministry of Economic Development of Russia, told Ria Novosti that the European Commission abolished duties on imports of Ukrainian welded pipes in early January and then introduced duties for manufacturers from Russia, China, and Belarus.

The case bears some similarities to a previous dispute filed by Russia against the EU in December 2013 ([DS474](#)). In that dispute, Moscow claimed that the EU had not accounted for the actual cost of energy – such as electricity and gas – used in the manufacturing process when calculating dumping margins. A panel has been established in that case, but has not yet been composed. (See Bridges Weekly, [16 January 2014](#))

Referring to the complaints filed last week, Medvedkov reportedly told the Interfax news agency that Russia has specific concerns over how production costs were calculated during both the EU's and Ukraine's anti-dumping investigations, such as the use of "third country" electricity prices instead of Russian electricity prices during the probe.

Next steps

In both cases, Russia must hold consultations with the respective complainants in a bid to resolve the dispute. Should these talks fail to resolve the issue within 60 days, Moscow can then request the establishment of a WTO dispute panel to hear these complaints, which would be dealt with separately.

ICTSD reporting; "Россия подала иски в ВТО к Украине и Евросоюзу," INTERFAX, 7 May 2015; "The mayor: Russia has submitted to the WTO a lawsuit against Ukraine for the duties on ammonium nitrate," RIA NOVOSTI, 7 May 2015; "Russia launches WTO dispute over Ukraine ammonium nitrate tariff," REUTERS, 8 May 2015.

EVENTS & RESOURCES

Events

Coming Soon

17-21 May, New York, US. SECOND UN SUSTAINABLE ENERGY FOR ALL (SE4ALL) FORUM. The second annual forum is designed to discuss current progress during the UN Decade of SE4ALL (2014-2024). It will include the presentation of work by partner organisations, with the aim of coordinating action through sessions on specific topics in finance, energy efficiency, growing the movement, the global policy agenda, and access. Those in attendance will include representatives from governments, civil society, and partner organisations. For more information, please visit the event [website](#).

18 May, Washington, US. HOW LARGE ARE GLOBAL ENERGY SUBSIDIES? Hosted by the Brookings Institution, this event will feature remarks by Vitor Gaspar, director of the International Monetary Fund's (IMF) Fiscal Affairs Department, who will discuss findings from the department's recent study on energy subsidies. The study finds that energy subsidies are higher and will remain higher than previously estimated; that these subsidies reflect domestic externalities; and that reform would lead to substantial fiscal, environmental, and welfare impacts. His remarks will be followed by a panel discussion and a question and answer session. To learn more, please visit this [website](#).

18-22 May, Geneva, Switzerland. TRADE AND DEVELOPMENT COMMISSION, SEVENTH SESSION. Hosted by the UN Conference on Trade and Development (UNCTAD), this commission will give member states and other stakeholders an opportunity to discuss trade and development issues with an emphasis on more sustainable and inclusive development. Focusing on the role of national policies, participants will consider reports from previous meetings in preparation for the third International Conference on Financing for Development in July and the adoption of the post-2015 sustainable development agenda in September. More information can be found [here](#).

19 May, Washington, US. HARNESSING DIGITAL TRADE FOR COMPETITIVENESS AND DEVELOPMENT. This conference will discuss opportunities in digital trade for developing economies in light of recent policy-oriented and empirical work. It will cover remaining impediments including data management, digital technology in firms, policy issues, logistical concerns, and digital trade in trade agreements. For more information, please visit the World Bank [website](#).

19 May, Brussels, Belgium. A TURNING POINT FOR THE EUROPEAN GAS MARKETS? Hosted by the institut français des relations internationales, this roundtable conference will feature representatives from the International Energy Agency, GasNaturally, Gas LNG Europe, and the European Commission for a debate on the EU position in global liquefied natural gas (LNG) markets in light of low oil prices, relations with Russia, and the European Commission's recent Communication on the Energy Union. More information on the event is available on the IFRI [website](#).

19-21 May, Beijing, China. WORLD HYDROPOWER CONGRESS 2015. Hosted by the International Hydropower Association (IHA), the 5th annual congress will discuss the role of the hydropower sector through 2050 in addressing climate change, energy, and water security when sustainably developed. It will consist of debates and experience-sharing sessions with an expected attendance of one thousand leaders and hydropower specialists. To learn more, please visit this [website](#).

20-21 May, The Hague, The Netherlands. INTERNATIONAL ENERGY CHARTER MINISTERIAL. During this two-day ministerial conference, delegations that are authorised to approve/sign the International Energy Charter are expected to do so. 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](#).

20-21 May, Paris, France. BUSINESS AND CLIMATE SUMMIT. This summit, held during Climate Week Paris, aims to encourage discussion between the public and private sectors on business solutions, frameworks, and policies necessary to reduce carbon emissions. Held in advance of the December UN climate talks in Paris, it will be attended by business leaders, political leaders, and senior climate negotiators. Recommendations formed at the summit will be presented to policymakers. For more information, please visit the event [website](#).

21-22 May, Bangkok, Thailand. ASIA PACIFIC FORUM ON SUSTAINABLE DEVELOPMENT 2015. Organised by the UN Economic and Social Commission for Asia and the Pacific (ESCAP), this forum, with the theme "Strengthening integration, implementation, and review for Sustainable Development in Asia and the Pacific," aims to gain regional input for the High-level Political Forum on Sustainable Development (HLPF). It will focus on practical integration of the three approaches of sustainable development; a potential regional monitoring and accountability framework; and the function of the forum after 2015. It will be attended by representatives from governments, international organisations, and UN groups. For more information, please visit this [website](#).

22 May, Paris, France. A CLUB OF CARBON MARKETS: IMPLICATIONS AND SYNERGIES WITH RESPECT TO THE GLOBAL TRADE SYSTEM. This event, hosted by the International Centre for Trade and Sustainable Development (ICTSD) and the Organisation for Economic Co-operation and Development (OECD), will be held during Climate Week in Paris. The meeting will bring together experts, business representatives, and policymakers to explore the case for a carbon market "club" against the background of a bottom-up climate governance framework, together with the potential implications for and synergies with the multilateral trading system. The event will be webcast live. More information is available [here](#).

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.

20 May: Dispute Settlement Body

21 May: Committee on Customs Valuation

Other Upcoming Events

2-3 June, Paris, France. OECD FORUM 2015. With the theme "Investing in the Future: People, Planet, Prosperity" this forum will discuss the role of investment in sustainable growth paths; transitions to low-carbon economies; financing the planned Sustainable Development Goals; the role of inequality on trust in government, markets, and businesses; new climate technology and business models; and solutions to issues of health, food security, climate change, and aging. Held by the Organisation for Economic Co-operation and Development (OECD), this annual public event is expected to bring together

heads of state and government, top CEOs, leaders of NGOs and trade unions, and members of academia and media. For more information, please visit this [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's (ITC) 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

BRUSSELS BRIEFING ON THE ENVIRONMENT – ALL YOU NEED TO KNOW FOR MAY 2015. Published by viEUws (May 2015). This video addresses recent EU environmental policy developments including an agreement between member states and Parliament to set the start date of a Market Stability Reserve for the EU Emissions Trading System to 1 January 2019; the final approval of Parliament on the Indirect Land-Use Change deal; the upcoming negotiations on pollution from medium-sized combustion plants; the public consultation on birds and habitats directives; and a public consultation on the circular economy. The video is available [here](#).

STATE-OWNED ENTERPRISES IN THE DEVELOPMENT PROCESS. Published by the Organisation for Economic Co-operation and Development (OECD) (April 2015). This report examines the potential role of state-owned enterprises in national development strategies by reviewing the experiences of Brazil, China, India, Singapore and the other members of the Association of Southeast Asian Nations (ASEAN), and South Africa. The report also examines the role of SOEs in the international marketplace, including with regard to trade and investment. This report can be accessed [here](#).

HIGH HOPES FOR UN SEPTEMBER SUMMIT ON SUSTAINABLE DEVELOPMENT GOALS. Published by Vieuws (May 2015). In this video, Achim Steiner, Executive Director of the United Nations Environment Programme, discusses his expectations for the UN September Summit where the planned post-2015 development agenda and Sustainable Development Goals (SDGs) will be adopted. Steiner discusses these goals and indicates that the summit will emphasise an integrated approach to development and targets, indicators, and monitoring tools that consider each country's capacity. The video can be accessed [here](#).

UKRAINE: WHAT WENT WRONG AND HOW TO FIX IT. By Anders Åslund for the Peterson Institute for International Economics (April 2015). This book argues that despite the recent turmoil in Ukraine, Kiev can recover from economic underperformance through political, economic, social, and government reform with strong economic support from the West. The study also discusses Ukraine's transformation to a market economy. More information can be found [here](#).

THE FUTURE OF WORLDWIDE INCOME DISTRIBUTION. By Tomáš Hellebrandt and Paolo Mauro for the Peterson Institute for International Economics (April 2015). This working paper, by combining consensus forecasts of growth in population and real incomes with household income surveys, finds that by 2035, global income inequality will decline due to economic growth in emerging market economies. It anticipates a rise in the number of consumers with 500 million more people earning US\$1,144 to US\$3,252 per year and one billion more people earning between US\$3,252 and US\$8,874 annually in 2013 dollars, with the largest gains seen in India and Sub-Saharan Africa. The study can be accessed [here](#).

ENERGY SECURITY COOPERATION IN NORTHEAST ASIA. Edited by Bo Kong and Jae H. Ku. Published by Routledge (May 2015). This book discusses the role of regime creation, state capacity, and state energy interests on energy security in Russia, Mongolia, China, Japan, South Korea, and North Korea. After assessing each country's energy interests in the region, the authors suggest possible ways forward for facilitating regional energy security cooperation. More information can be found [here](#).

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