

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 19, ISSUE 19, 28 MAY 2015

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WASHINGTON

US Senate Signs Off on Trade Legislation; House Fight Up Next

The US Senate approved legislation to renew Trade Promotion Authority (TPA) for President Barack Obama last Friday, after weeks of political wrangling and heated debate. The legislative fight is now expected to move to the House of Representatives, where the outcome is still less than certain.

Senators voted 62-37 in favour of the legislation last week, having cleared a key procedural vote the day before to invoke cloture and limit debate on the bill. Of the 62 votes in favour, 14 were Democrats, while 48 were Republicans. (See Bridges Weekly, [21 May 2015](#))

The TPA legislation sets out Washington's principal negotiating objectives in trade deals, while allowing 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 also includes Trade Adjustment Assistance (TAA), a programme aimed at providing support to domestic workers displaced by trade. That scheme was seen as one of the key components that brought enough Democratic support on board to pass the bill.

"Today's bipartisan Senate vote is an important step toward ensuring the United States can negotiate and enforce strong, high-standards trade agreements," [said](#) Obama following news of the Senate vote. "If done right, these agreements are vital to expanding opportunities for the middle class, levelling the playing field for American workers, and establishing rules for the global economy that help our businesses grow and hire by selling goods Made in America to the rest of the world."

Currency amendment

One of the major fights before Friday's vote had been how currency would be treated within TPA as a negotiating objective for international trade deals.

Competing amendments had been filed by lawmakers on the subject, with one aiming to making it a principal negotiating object for the US to include in international trade deals "strong and enforceable rules against exchange rate manipulation that are subject to the same dispute settlement procedures and remedies as other enforceable obligations under the agreement."

That amendment, filed by Republican Senator Rob Portman of Ohio and Democrat Debbie Stabenow of Michigan, had been criticised by some as being a potential “poison pill” to the Trans-Pacific Partnership (TPP) agreement under negotiation, with the White House threatening to veto any TPA legislation including that provision.

An alternative proposal had been raised that would instead maintain currency as one of the US’ principal negotiating objectives, but would work at ensuring accountability through the use of “enforceable rules, transparency, reporting, monitoring, cooperative mechanisms, or other means.”

Senators ultimately signed off on the latter amendment with 70 in favour, 29 against. The proposal had been tabled by Senators Orrin Hatch and Ron Wyden, the chair and ranking member of that chamber’s Finance Committee, respectively. The two lawmakers, who were also among the principal architects of TPA, had insisted that their version would not put TPP or other trade deals at risk.

Vote on Ex-Im bank to be treated separately

Another issue that threatened to slow down, or even derail, the TPA approval process in the Senate was a dispute over how to proceed with legislation to renew the mandate of the Export-Import Bank, which is the US’ official federal credit agency for exports.

Senators Maria Cantwell and Lindsey Graham – a Democrat and Republican, respectively – had backed an amendment to TPA that would reauthorise the bank. However, Senate Republican leaders had pushed to deal with the subject outside of the trade legislation, a suggestion that initially met with some resistance over concerns that keeping the two initiatives separate would doom efforts to renew the Ex-Im Bank before an end-June deadline.

A pledge by Senate Majority Leader Mitch McConnell to hold a vote on the Export-Import Bank in June as an amendment to another bill ultimately proved sufficient to win over enough lawmakers to approve cloture on TPA last Thursday.

However, Speaker of the House John Boehner has already said that he has made no such commitment on holding an Ex-Im vote in his chamber, telling the Reuters news agency that the bank’s reauthorisation will first need to see approval by the House Financial Services Committee.

Other amendments

Before Friday’s vote, over 150 amendments had been tabled by lawmakers to the TPA bill. Of these, only a handful were subject to a vote, along with the currency-related amendments listed above.

An [amendment](#) introduced by Senator Elizabeth Warren, a Democrat from Massachusetts, to prohibit the use of trade authorities procedures to deals that include investor-state dispute settlement (ISDS) provisions failed, with 60 against and 39 in favour. Warren has been a vocal opponent of ISDS provisions, claiming that these would put at risk environmental protections, financial regulations, and other domestic public policies.

A proposed [requirement](#) that any new entrants to the TPP trade talks be subject to congressional approval also failed, with 47 in favour and 52 against. That amendment had been introduced by Senator Sherrod Brown, a Republican from Ohio.

Another [amendment](#) that would have stripped the TAA support programme from the TPA legislation also failed. That proposal was introduced by Republican Senator Jeff Flake of Arizona, and failed in a 36-62 vote.

House fight next

What the legislation's fate will be in the US House of Representatives remains an open question, with lawmakers from that chamber set to conclude their legislative recess in early June.

Securing the 217-vote majority to approve TPA in that chamber is widely expected to be a tall order, given the opposition by many Democrats in that chamber to the legislation. While some have raised doubts over its current form, others have questioned the broader merits of trade deals, particularly the TPP.

The chamber is currently dominated by Republicans, who hold 245 of the House's 435 seats. However, several far-right legislators have vocally opposed granting Obama more powers, including in trade, making the push to grab more votes from the Democratic side of the aisle even more imperative.

TPP implications?

The pace of the TPA approval process has been watched closely by members of the Trans-Pacific Partnership Agreement, a 12-country trade negotiation that, if completed, would cover over 40 percent of global GDP.

Successful passage of trade legislation in both chambers of the US Congress has been deemed by both officials and analysts as a necessary pre-condition before TPP countries can secure a final deal.

A ministerial-level gathering of officials from TPP member countries had been tentatively planned for this month in Guam, only to be postponed after many ministers reportedly expressed hesitation over meeting without TPA in place. Chief negotiators did meet in Guam over the past several days to advance the talks, however.

US Trade Representative Michael Froman told reporters this past weekend that the TPP talks are "very much in the endgame," according to comments reported by the Wall Street Journal. The US trade chief was in the Philippine island of Boracay for a meeting of trade ministers from the Asia-Pacific Economic Cooperation (APEC) regional grouping.

ICTSD reporting; "US Senate boosts Obama on trade fight," THE FINANCIAL TIMES, 21 May 2015; "U.S. Fast-Track Vote Bolsters Talks on Pacific Trade Pact," WALL STREET JOURNAL, 24 May 2015; "House GOP split jeopardizes trade deal," POLITICO, 26 May 2015; "Senate Vote Is a Victory for Obama on Trade, but a Tougher Test Awaits," THE NEW YORK TIMES, 22 May 2015; "Boehner: No pledge to hold House vote on U.S. Ex-Im Bank renewal," REUTERS, 21 May 2015; "McConnell Promises Ex-Im Bank vote," THE HILL, 21 May 2015.

INTELLECTUAL PROPERTY

Revised WIPO Lisbon Agreement to Cover Geographical Indications

Parties to the Lisbon Agreement protecting “appellations of origin” (AOs) have agreed to broaden the deal’s scope to cover geographical indications (GIs), beyond the narrower AOs category to which it was confined since its inception.

[The decision](#) was made during a diplomatic conference held from 11-21 May at the World Intellectual Property Organization’s (WIPO) Geneva headquarters. The UN agency is responsible for administering the agreement, even though only some of WIPO’s members are parties to Lisbon.

A geographical indication is used to denominate products with a specific geographical origin and which possess qualities, reputation, or characteristics that are essentially attributable to that same place.

While similar, an appellation of origin has stricter criteria for usage. Products that currently fall under the scope of Lisbon include, for instance, Scotch whisky or Darjeeling tea, according to WIPO.

The [Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications](#) was adopted on 20 May, with a signing ceremony held the day after. The new text was reached following negotiations between the 28 contracting parties of the Lisbon Agreement and two “special” delegations, the EU and the African Intellectual Property Organisation (OAPI, by its acronym in French).

Algeria, a Lisbon party, reportedly called the treaty “a historic step forward” for the UN agency in terms of protecting both AOs and GIs, deeming it a “breakthrough” for developing countries.

Various key non-members of the Lisbon system participated in the diplomatic conference as observers without voting rights.

A group of these non-member countries – Argentina, Australia, Canada, Chile, New Zealand, Panama, South Korea, Saudi Arabia, Singapore, the US, and Uruguay – had [resubmitted a proposal](#) prior to the meeting asking for the participation rules to be amended to give all WIPO members voting rights, warning that the lack of full and equal participation was a deviation from existing practice.

The proposal was unsuccessful, with the US [cautioning](#) afterward that this “departure from precedent” on participation could have alarming implications for the UN intellectual property agency, warning that it placed the “legitimacy of the Lisbon outcome... in grave doubt.”

Nevertheless, non-members Romania and Mali have signed the Geneva Act. The EU, Russia, and [Switzerland](#) have also expressed satisfaction with the outcome.

The revision process was aimed at enhancing the attractiveness of the Lisbon system to new members, revamping its financing structure to ensure greater self-sustainability, and permitting inter-governmental organisations, such as the EU, to accede to the Lisbon system.

Wider scope of protection

The Geneva Act significantly expands the scope of the Lisbon Agreement from just AOs, which are a narrower subset of GIs in which products are exclusively or essentially linked to a geographical environment, to the broader category of GIs.

The latter includes any product identifier indicating an association with the quality, reputation, or other characteristics attributable to a geographical area. The link with the place of origin is stronger in the case of an appellation of origin.

The treaty contemplates an international GI registration system applying across all contracting states. GI owners will benefit from collective enforcement provisions, whereby infringement proceedings may be initiated by any public authority or interested party, as outlined by Article 14 of the Act.

OriGIn, an international non-governmental organisation that represents GI owners, was among those who welcomed the news.

"By providing adequate legal means to fight against GIs misappropriations, the Geneva Act will improve legal certainty and predictability for producers and consumers of origin goods around the world," [said](#) Ramón González Figueroa, President of oriGIn and Director General of the Consejo Regulador del Tequila (CRT).

Globally, GIs are currently governed by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The US, however, has noted that the changes adopted by the diplomatic conference go "well beyond" WTO rules in this area.

Compatibility with national GI systems

Some observers at the diplomatic conference, such as the US, Australia, and China, reportedly questioned the compatibility of the Geneva Act with their existing national systems for GI protection.

These countries, which protect GIs as a form of trademark and/or as certification marks, apply a different standard of protection, which is limited in time. They also have different rules for invalidation of trademarks.

During the negotiations, the US said that the text appears to prevent trademark systems from joining, reportedly adding that it "feels like a slammed door to us."

Signatories, however, say that the treaty will make the Lisbon system more effective, while also attracting new accessions. France reportedly commented that the treaty has helped address many traditional divides within the membership, arguing also that observer delegations participated fully in the negotiation process.

No agreement on maintenance fees

Lisbon parties have allowed countries to charge individual fees to applicants for registration, as they see fit. However, maintenance fees on GI registrations, such as fees for renewal, receive no explicit mention in the agreement.

According to France, maintenance fees "don't fit" with the philosophical notion of a GI that is perpetual in nature. Alternative sources of funding, including special contributions by countries based on their usage of the system, are instead envisaged.

Maintenance fees are also viewed as an avoidable financial burden on applicants, especially small enterprises and developing country applicants.

Disagreements over funding

Currently, Lisbon parties do not contribute to the system's expenses, which are [financed](#) by WIPO's income from other IP registration systems.

The additional workload WIPO faces in administering the newly set-up GI register has drawn criticism from some of the UN agency's members.

The US, for example, has [characterised](#) this situation as one of "subsidising of GI beneficiaries and the Lisbon parties themselves," and has promised to "continue to scrutinise these issues closely."

The Geneva Act of the Lisbon Agreement will enter into force three months after five eligible parties have deposited their instruments of ratification or accession.

ICTSD reporting; "At WIPO, 11 Members Sign New Act Protecting GIs, More To Follow", IP-WATCH, 21 May 2015; "Lisbon Members Near Completion Of New Act On Geographical Indications," IP-WATCH, 20 May 2015; "Drafting Exercise For WIPO Delegates As Lisbon Members Advance On New Act of Treaty," IP-WATCH, 15 May 2015; "United States Hopeful Lisbon Members Will Open Diplomatic Conference To All," IP-WATCH, 7 May 2015.

CHINA

IMF Announces Chinese Currency No Longer “Undervalued”

The Chinese Renminbi is “no longer undervalued,” officials from the International Monetary Fund (IMF) said on Tuesday, following its latest review of the Asian economic giant.

The announcement marks a notable shift for the international finance institution, which has long argued that Beijing has held too tight a control on its currency. Many of China's trading partners, especially the US, have argued that the Chinese currency is too weak, making the country's exports artificially more attractive than those of foreign competitors.

“While undervaluation of the Renminbi was a major factor causing the large imbalance in the past, our assessment now is that the substantial real effective appreciation over the past year has brought the exchange rate to a level that is no longer undervalued,” said the IMF's mission to China in a [statement](#).

Despite these advances, however, the IMF urged Beijing officials to continue working toward greater exchange rate flexibility, suggesting that China move to “an effectively floating exchange rate” within the next two to three years.

US Treasury officials have told reporters that their latest assessment still found the Renminbi to be undervalued, urging Beijing to continue efforts toward liberalisation, according to remarks reported across various media outlets in the wake of the news.

SDR implications?

The IMF's statement comes as China continues to push for inclusion in the Fund's international reserve asset, known as the “Special Drawing Rights” (SDR) Basket. Beijing has already been working to loosen capital controls and take other relevant steps in an effort to achieve this goal.

The SDR basket determines its value based on a [basket](#) of four major currencies: the US dollar, the euro, the Japanese yen, and the pound sterling. IMF member economies can exchange SDRs for one of these “freely usable” currencies, a requirement that the Renminbi would need to meet for inclusion.

Should China's currency indeed be included in the SDR, analysts expect the use of the Renminbi to increase substantially, while potentially serving as a step forward to its internationalisation. The subject of the Renminbi's potential inclusion in the SDR is reportedly expected to be raised during a meeting of finance ministers from the G-7 countries in Germany this week.

Reviews of the SDR are held every five years, with the last one completed in November 2010. [A review](#) of the SDR is currently ongoing, with results expected later this year.

“We welcome and share this objective and will work closely with the Chinese authorities in this regard,” Fund officials confirmed on Tuesday, noting that its view is that Renminbi inclusion “is not a matter of ‘if’ but ‘when’.”

Slowing growth

In the statement, the Fund acknowledged that China's growth rate has indeed slowed in recent years, as part of a transition to "a new normal." This slower growth, the Washington-based institution said, is aimed at growth that is safer and higher quality. Current projections by the IMF place Beijing's expected growth at 6.8 percent, just shy of the country's stated seven percent goal.

Should Chinese growth appear to head outside of the 6.5-7 percent range that the Fund indicated is appropriate for 2015, fiscal policy steps should be taken. Specifically, fiscal easing should be implemented if growth falls below this range, while steps should be taken to "reduce vulnerabilities" should growth surpass seven percent.

"The impact of recent developments – such as appreciation of the real exchange rate, lower oil prices, adjustments in reserve requirements and lower interest rates, and implementation of the new budget law – are still reverberating through the economy," the IMF noted, suggesting that new data may show different growth trends.

"Timely implementation"

Eighteen months ago, Chinese leaders confirmed that the market would now play a "decisive role" in the country's economy, following the Third Plenum of the 18th Central Committee of the Communist Party. (See Bridges Weekly, [14 November 2013](#))

Since the announcement, the international community has been watching closely to see what the planned reforms will look like in practice. On the subject of state-owned enterprises, which critics have long argued distort competition as they benefit unduly from state support, including from state-owned banks, the IMF said that progress in reforms have to date been "too slow."

"Leveling the playing field between the private and public sectors is a key goal of the [Third Plenum] Blueprint, and rightly so," the Fund said, citing a series of possible reforms that Beijing should pursue, such as eliminating direct or indirect subsidies of factor costs and improving governance, among others.

ICTSD reporting; "UPDATE 1-U.S. Treasury official: China must press ahead with currency reform," REUTERS, 26 May 2015; "China currency is 'no longer undervalued', says IMF," FINANCIAL TIMES, 26 May 2015; "China Wants to Internationalize Its Currency, So It's Easing Capital Restrictions," BLOOMBERG, 26 May 2015.

POST-2015 DEVELOPMENT AGENDA

Post-2015 Development Agenda Talks Consider Follow-up, Review Options

Delegates meeting at UN headquarters last week remained divided on how best to follow-up and review a planned post-2015 development agenda, including a set of sustainable development goals (SDGs).

While consensus reportedly emerged around the importance of a functioning review framework, differences remained between countries over the terminology, degree of centralisation, and the relationship between the monitoring of the post-2015 agenda as a whole and the outcome from parallel UN talks on development financing.

The co-facilitators of the post-2015 talks – David Donoghue, Permanent Representative of Ireland and Macharia Kamau, Permanent Representative of Kenya – had released a [discussion paper](#) earlier in May outlining key elements on follow-up and review that had emerged in post-2015 talks to date.

The new development agenda is due to be adopted by world leaders at a summit scheduled to be held in New York in September.

Securing a good review

According to Earth Negotiations Bulletin (ENB), some delegates disagreed on whether to label the process a monitoring, accountability, or review exercise. Furthermore, while a number of delegates supported the use of a High-Level Political Forum on Sustainable Development (HLPF) as a key platform for review at the global level, some differences emerged around its outputs and relationship with other institutions.

The HLPF, born out of the UN Conference on Sustainable Development held in Rio de Janeiro, Brazil in June 2012 and placed under the UN Economic and Social Council (ECOSOC), [replaces](#) the Commission on Sustainable Development (CSD) in following the implementation of sustainable development.

During last week's post-2015 session, negotiating groups such as the G77/China said that other mechanisms and conventions should report to the HLPF, with a view to follow up. Other nations cautioned against a centralised structure, calling instead for a system where the HLPF was supported by a network of existing review mechanisms, including other agencies with expertise relevant to elements of a list of proposed SDGs put forward by a dedicated UN working group last July.

Delegates also did not reach convergence on how to structure the HLPF's outputs in this area, with the co-facilitators of the talks noting that the body only meets annually for eight days each year, which may not give it enough time to take on all the tasks eventually mandated.

The relationship with the outcome document of the Third International Conference on Financing for Development (FfD3) remained unresolved by the end of the week, with many delegates agreeing that the question of whether to have one overarching or two separate monitoring frameworks for both processes would need to be resolved after there is more clarity on the financing talks' content.

Trade-related targets have been put forward in both the proposed SDGs and the revised FfD3 draft outcome document. (See BioRes, [20 May 2015](#))

SDG targets

Ahead of last week's talks the co-facilitators had also released a [revised proposal](#) on selected targets for the proposed SDGs.

Some of these revisions address areas in the UN working group's proposal where "x%s" instead of numbers were left for some of the targets. In other instances the co-facilitators have proposed revisions to bring the SDGs into line with other international agreements.

One such case applies to a trade-related target under the proposed health goal, which mentions flexibilities affirmed by the WTO's Doha Declaration on the TRIPS Agreement and Public Health, with TRIPS referring to Trade-Related Aspects of Intellectual Property Rights (TRIPS), in relation to providing access to affordable essential medicines. Revisions to this target had already been proposed by the co-facilitators ahead of a post-2015 session in March to make it more consistent with current WTO documents. (See BioRes, [31 March 2015](#))

The latest revisions document acknowledges that while the target's language is inconsistent with certain aspects of the WTO declaration, making substantive linguistic revisions could backtrack on earlier negotiations, and therefore it suggests keeping the original proposed SDG text.

Other proposed revisions at the recent session, as in March, met with mixed reactions from post-2015 delegates who continued to express concern that this exercise would re-open the UN working group's SDG negotiations. Others reportedly welcomed the effort to ensure alignment with international agreements.

Next steps

The post-2015 talks will now head into a final negotiating phase in the coming two months in a bid to secure an outcome document to be adopted in September. Talks since January have focused on the four substantive elements due to be included in the new framework: a declaration, the SDGs, the means of implementation (MoI) for these, and follow-up and review modalities.

The co-facilitators announced at the end of the week that a "zero draft" of the outcome would be provided on or around 1 June. The next post-2015 negotiating session is scheduled for 22-25 June, followed shortly after by the Third HLPF. According to the processes' current agenda, delegates should wrap up the post-2015 outcome talks by the end of July.

Meanwhile informal talks are currently ongoing this week in New York on the FfD3 outcome document. That conference is due to be held 13-16 July in Addis Ababa, Ethiopia.

Post-2015 delegates last week also received a briefing update from John Pullinger, this year's chair of the UN Statistical Commission (UNSC), on its work on developing a global indicator framework for the SDGs, which is due to be adopted at the body's annual session next March. Further progress reports will be delivered at the June and July post-2015 negotiating sessions.

ICTSD reporting; "Summary of the Fifth Session of the Intergovernmental Negotiations on the Post-2015 Development Agenda: 18-22 May 2015;" IISD REPORTING SERVICES, 25 May 2015.

INTELLECTUAL PROPERTY

World Health Assembly Signs Off on Global IP, Public Health Strategy Extension

The World Health Organization's (WHO) annual Assembly drew to a close on Tuesday evening, with member states signing off on a series of resolutions ranging from an extension to the organisation's strategy on intellectual property and public health, as well as setting a launch date for a "global observatory" on health research and development.

This year's World Health Assembly (WHA) was held from 18-26 May at the organisation's Geneva headquarters, with a packed agenda spanning topics that included improving responses to emergency health situations, particularly in the wake of the Ebola crisis, to the first-ever debate within the Assembly on the negative health effects of indoor and outdoor air pollution.

Global Strategy on IP, Public Health officially extended

The WHA formally signed off on the extension of the Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property (GSPA-PHI) this past week, agreeing that the scheme continue through 2022 and that a planned review of the strategy be pushed back to 2018.

The GSPA-PHI proposes that the global health body play a central role in public health innovation, particularly in promoting needs-driven research to target diseases that disproportionately affect people in developing countries.

Under the terms of the [resolution](#) adopted this past week, the GSPA will undergo both a comprehensive evaluation and overall programme review; these will be conducted separately, in a staggered timeline. This was one of two options that had been tabled by the secretariat [in a report](#) issued ahead of the meetings.

Several NGOs welcomed the decision to extend the Global Strategy and Plan of Action, while also noting the importance of the WHO's work in this area.

Some raised, for example, how a longer mandate for this can help in addressing shortcomings within the current research and development (R&D) system.

"We hope WHO, with an extended mandate, can take bold and decisive action, working with member states to introduce policies to increase access to medicines and introduce new models of innovation that de-link the financing of R&D from the incentive of high prices," said Médecins Sans Frontières in a [statement](#), suggesting that this could help resolve some of the shortcomings of the current patent system.

Global Observatory for Health R&D

Another announcement following the latest WHA meetings was a launch date for the planned Global Observatory on Health Research and Development (R&D), which aims to identify potential gaps and opportunities for health R&D.

The Global Observatory is now set to launch in January of next year, WHO officials have confirmed. Among its duties would be to identify priority research areas for a pooled fund

of voluntary contributions for R&D; this work would be assisted by a future coordination mechanism.

The WHO Director-General had been directed by last year's Assembly to explore the possibility of hosting such a pooled fund. A [report](#) on the subject was issued by Chan's office earlier this month, as part of a follow-up to previous work by the Consultative Expert Working Group on Research and Development: Financing and Coordination (CEWG).

Established in 2010, the CEWG has the mandate of examining options and proposals for current and proposed financing of R&D focused on diseases that disproportionately impact poor countries, along with diseases that occur in both developed and developing countries.

Regarding such a pooled [fund](#), three studies regarding its operation and financing have been commissioned by the Special Programme for Research and Training in Tropical Diseases (TDR), a joint effort hosted by WHO and sponsored by the World Bank, the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), and the WHO. Such studies would be used in developing a related business plan, expected next year.

2017 review of "counterfeit" medicines mechanism

The WHA also [decided](#) this past week to postpone until 2017 a planned review of a mechanism that aims to raise awareness, put in place policies, and examine the effectiveness of efforts to tackle the problem of "substandard, spurious, falsely labelled, falsified, and counterfeit medical products."

The decision to postpone had already been [proposed](#) by the WHO's Executive Board during its meeting in late January.

The mechanism was set up in 2012, with the goal of facilitating international collaboration among WHO member states "from a public health perspective, excluding trade and intellectual property considerations," regarding how to deal with such products. Under the terms of the [initial decision](#), the mechanism was to be reviewed within three years. Member state participation in the mechanism is voluntary. (See Bridges Weekly, [30 May 2012](#))

The decision to push back the review from its planned 2016 date was to allow additional time for the review and to put in place new policies to tackle this problem.

WHA discusses air pollution for first time

In a notable first for the WHA, the topic of air pollution and its related health effects was discussed during the meetings. Air pollution is responsible for eight million deaths per year, according to WHO statistics, making that type of pollution one of the leading causes of death worldwide. Over half of these deaths are due to exposure from indoor air pollution.

Member states approved a [resolution](#) that, among various other elements, asks that the WHO propose a road map at next year's Assembly for an enhanced global response aimed at reducing the negative impact of air pollution on health.

Other items in the resolution include a request that the global health body's secretariat improve its technical capacities so it can better support member states in this area, as well as a call for countries to increase efforts at tackling the health impacts of such pollution while boosting public awareness on the subject.

"Pilot" contingency fund for health emergencies

The WHA also [approved](#) a US\$100 million contingency fund that would help finance in-field operations for up to three months in health emergencies. The fund, which would operate initially as a two-year pilot and then be subject to review, was one of a series of planned changes following the devastating effects of the Ebola crisis, which had put the WHO's ability to respond to global health emergencies under the microscope.

Other plans that were announced by Director-General Margaret Chan at the start of the Assembly included the establishment of a unified programme for health emergencies and related performance metrics, as well as the set-up of a global health emergency workforce and business procedures to help in the response process. (See Bridges Weekly, [21 May 2015](#))

ICTSD reporting; "WHA Committees Approve Plans on Antimicrobial Resistance, Vaccines, Innovation," IP-WATCH, 25 May 2015; "WHO Advances R&D Financing Effort; Global R&D Observatory To Launch in January," IP-WATCH, 24 May 2015.

DISPUTES

Disputes Roundup: WTO Panel to Hear US, New Zealand Challenge of Indonesia Agriculture Import Restrictions

The past two weeks have marked a busy period for the global trade arbiter, with a new WTO panel being established to hear the complaints of the US and New Zealand over claims of illegal agricultural import restrictions by Indonesia. Appeals were also filed by China and Japan, respectively, in their dispute over steel anti-dumping duties, while Tokyo has also launched a separate case against Seoul over alleged import restrictions.

US, New Zealand granted panel in agriculture dispute

A dispute panel is now set to hear complaints from New Zealand and the US ([DS477](#) and [478](#), respectively) against Indonesia's alleged measures on importing horticultural products, animals, and animal products, after both complainants tabled second requests for a panel.

Both countries had already requested the establishment of a single panel to hear their complaints, which are identical in content. However, these prior requests had been rejected by Jakarta at an April meeting of the WTO's Dispute Settlement Body (DSB).

Washington and Wellington claim that Jakarta's import licensing regime is trade-restrictive and imposes prohibitions and restrictions on imports of the relevant products that are not allowed under global trade rules, such as Article XI:1 of the General Agreement on Tariffs and Trade (GATT) 1994, and Article 4.2 of the Agreement on Agriculture. (See Bridges Weekly, [23 April 2015](#))

The alleged restrictions include, for example, pre-conditions and processes that must be met before an import can enter the Asian island country, as well as prohibitions and restrictions involving the use, sale, offering for sale, distribution, storage, or transportation of imported products.

The US and New Zealand also claim that Indonesia's import licensing scheme imposes limits on imports should the domestic market price of these goods fall below a government-established reference price. Furthermore, they say, some prohibitions or restrictions are placed on imported animal products in cases where local production is deemed sufficient to meet domestic demand.

Japan, China appeal panel reports in steel case

Also last week, Japan and China both filed notices of appeal against certain panel findings regarding Chinese anti-dumping duties on imported "high-performance stainless steel seamless tubes" (HP-SSST), which are used mainly in boilers for coal-fired power stations.

China's Ministry of Commerce (MOFCOM), which conducts trade remedy probes, had imposed those anti-dumping measures three years ago following investigations against Tokyo and Brussels. Beijing said at the time that it had found evidence of dumping, which it said also caused injury to its domestic industry.

The duties applied to Japan's imports, [according](#) to Tokyo's Ministry of Economy, Trade, and Industry, ranged from 9.2 to 14.4 percent. In the case of the EU, the duties ranged from 9.7 to 11.1 percent. (See Bridges Weekly, [16 January 2013](#) and [5 September 2013](#))

In the original disputes, the complainants had tabled nearly identical claims regarding how the Chinese government agency determined domestic injury and dealt with certain procedural issues, with Brussels also raising various substantive claims regarding the dumping determination. A WTO panel had issued a mixed ruling in both cases this past February. (See Bridges Weekly, [19 February 2015](#))

While China's appeal addresses the panel report specific to its dispute ([DS460](#)) with the EU on the subject, only Japan filed an appeal in [DS454](#) by the end of the agreed appeal deadline.

Among Tokyo's complaints in its appeal is that the panel erred in deeming that investigating authorities may complete their analysis of dumped imports' effect on prices just by determining that price undercutting exists, solely on the basis of mathematically calculating the difference in price between imported and domestic like products.

Japan has also raised other concerns regarding some of the panel's findings. For instance, the panel found it sufficient for the Chinese investigating agency to determine that import prices are lower than for domestic like products on the basis of information taken from only one point in time during the investigation period. Tokyo also cited questions over the panel's findings regarding how MOFCOM conducted its analysis of dumping's alleged impact on Chinese domestic industry.

Meanwhile, China is challenging other panel findings that upheld the EU's claims, such as if it was within the panel's terms of reference to rule whether Beijing had violated trade rules in failing to determine an amount for selling, general, and administrative expenses based on production and sales data in the ordinary course of trade of the like product "by the exporter or producer under investigation."

Beijing has also taken issue with the panel's findings that MOFCOM improperly relied on the market share of subject imports in determining a causal link between those same imports and material injury to domestic industry. A separate issue China has raised is the panel's finding that MOFCOM failed to ensure that injury caused by the decrease in apparent consumption and the increase in production capacity was "not attributed to subject imports."

Furthermore, Beijing disagrees with the panel's findings that MOFCOM violated trade rules in its treatment of confidential information, including that the agency permitted some petitioner information "to remain confidential without objectively assessing 'good cause' or scrutinising the petitioners' showing of 'good cause'."

Under WTO rules, the Appellate Body now has 90 days to issue its reports. While it can review aspects of law – such as legal interpretation – it generally will not interfere with factual findings.

Japan challenges Korea over food import restrictions

Last Thursday, Japan notified the WTO that it would be challenging South Korea over its alleged bans and additional testing and certification requirements for certain imported Japanese food products (DS495).

According to sources familiar with the consultations request, which marks the first step in WTO dispute settlement proceedings, Tokyo has specifically taken issue with measures that Seoul implemented following Japan's 2011 earthquake and accident at the Fukushima Daiichi nuclear power station.

These measures were reportedly taken due to alleged radiation contamination concerns following the accident. However, Japan argues that Korea has not provided sufficient information about such measures, and has challenged their actual justification and consistency with trade rules.

In response, Seoul's trade ministry told reporters that it would "explain in future consultations with Japan that import restrictions have been placed to secure the safety of people," according to comments reported by the Wall Street Journal.

The two sides must now hold consultations for at least 60 days in a bid to resolve the dispute. Should these talks fail, Japan can then request the establishment of a WTO dispute panel to hear this complaint.

ICTSD reporting; "Japan Takes Food Spat With South Korea to WTO," THE WALL STREET JOURNAL, 21 May 2015.

EVENTS & RESOURCES

Events

Coming Soon

29 May, Tokyo, Japan. SEMINAR BY AXEL MANGELSDORF AND NAOHIKO IJIRI: THE ROLE OF STANDARDS FOR INTERNATIONAL TRADE IN ASIAN ECONOMIES. This seminar, hosted by the Asian Development Bank Institute (ADBI), aims to address the role of technical standards for international trade in Asian economies. Participants will review theoretical arguments on standards' potential to foster international trade or represent non-tariff measures (NTMs) to trade, as well as how empirical studies try to quantify standards' effects. The event will include the release of the first empirical results on the role of standards for the proposed trade deal between the EU and Japan. To learn more, visit the ADBI [website](#).

1 June, Paris, France. CHINA, THE UNITED STATES, AND THE RISE OF GEOECONOMICS. This debate, hosted by the Institut Français des Relations Internationales (IFRI) will discuss the shifting role of the United States and China in the global landscape. It will argue that policymakers in Washington need to give greater consideration to geoeconomics when creating policies. It will feature Robert Blackwill, a senior fellow for US foreign policy at the Council on Foreign Relations, who focuses on China, Russia, the Middle East, South Asia, and geoeconomics. More information is available [here](#).

1 June, Washington, US. DID THE FED'S QUANTITATIVE EASING MAKE INEQUALITY WORSE? This Brookings Institution lecture will present the findings of three recent papers on the effect of monetary policy on inequality across households and regions and whether regional differences should influence monetary policy decisions that may affect inequality. The presentation will be followed by a discussion and questions from the audience. The event will be webcast live. For more information about the event, please visit this [website](#).

1 June, Washington, US. INSTITUTIONAL INVESTORS: FROM MYTH TO REALITY. Featuring Sergio Schmukler, a lead economist in the World Bank's Research Department, this event will discuss the incentives for and impact of institutional investors on long-term financial development and international asset allocations. Recent research suggests that mutual funds investing internationally tend to herd investment choices and behave procyclically in crises, with investment primarily in short-term assets. For more information about this event, please visit the World Bank [website](#).

2 June, Geneva, Switzerland. A "NEW NORMAL" FOR FOOD AND AGRICULTURE MARKETS? WHAT LONG TERM TRENDS COULD MEAN FOR THE MULTILATERAL TRADING SYSTEM. This event, hosted by the International Centre for Trade and Sustainable Development (ICTSD) will focus on new agricultural and energy market trends, their possible long-term effects, and the potential implications for trade negotiators. The event will be webcast live. For more information, please visit the ICTSD [website](#).

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](#).

3 June, Brussels, Belgium. THE ENVIRONMENTAL GOODS AGREEMENT – PROMOTING EU ENVIRONMENTAL OBJECTIVES THROUGH TRADE. Hosted by the European Commission in the context of the [European Green Week](#), this stakeholder event will focus on the ongoing negotiations between 17 WTO members for an Environmental Goods Agreement (EGA). The objective of this event, convened by EU Trade Commissioner Cecilia Malmström, is to engage policy makers, European industry, NGOs, and other stakeholders in a discussion about how trade can positively contribute to environmental protection and climate action. The event will focus on how to best shape the EGA negotiations to facilitate trade in environmental goods and services internationally. Other speakers include Miguel Arias Cañete, EU Commissioner for Climate Action and Energy, Karl Falkenberg, Director General of DG Environment, and Matthias Fekl, French Minister for Foreign Trade. More information is available [here](#).

3-5 June, Abu Dhabi, United Arab Emirates. 2015 INTERNATIONAL ENERGY WORKSHOP. This conference, hosted by the International Renewable Energy Agency, will provide a venue for comparisons in quantitative energy projections, understanding why these divergences occur, and observation of new global energy production and consumption trends. It will also focus on climate change mitigation, the economics of renewable energy sources, energy and economic growth in emerging economies, and energy poverty alleviation. It will be attended by researchers and practitioners. For more information, please visit this [website](#).

3-5 June, Cape Town, South Africa. WORLD ECONOMIC FORUM AFRICA 2015. With the theme of "Then and Now: Reimagining Africa's Future," this event will discuss progress in Africa over the last 25 years and discuss methods to accelerate growth and sustainable development in Africa in the future. This year's forum will also examine efforts taken to meet Millennium Development Goals aimed at eradicating poverty. It will be attended by regional and global leaders in business, government, and civil society. More information can be found on 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.

29 May: Committee on Trade and Development – Session on Aid for Trade

29 May: Dispute Settlement Body

2 + 4 June: Trade Policy Review Body – India

2 June: Working Party on GATS Rules

2 June: Committee on Specific Commitments

2 June: Committee on Trade in Financial Services

3 June: Committee on Government Procurement

3 June: Working Party on Domestic Regulation

3 June: Council for Trade in Services

4-5 June: Committee on Agriculture

Other Upcoming Events

5 June, Geneva, Switzerland. **FAO SYMPOSIUM ON TRADE & FOOD SECURITY.** This event, held by the UN Food and Agriculture Organization (FAO), will share initial findings from expert consultations on the issue of trade and food security, as a way to test ideas and gather inputs ahead of the publication of the 2015 version of the FAO's State of Agricultural Commodity Markets. The event will feature opening remarks by senior WTO and FAO representations, a presentation of the consultations' main findings, and two panel discussions. To learn more, click [here](#).

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, London, UK. **INVESTING IN INFRASTRUCTURE: BRIDGING THE GAP.** This Chatham House event will consider the widening gap between current infrastructure investment and that needed for meeting future needs. Panellists will focus on the discrepancy between available investment capital and the lack of attractive project opportunities, giving recommendations for addressing this gap. The event will be followed by a reception. For more details, visit the Chatham House [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](#).

Resources

RECENT TRENDS IN U.S. SERVICES TRADE: 2015 ANNUAL REPORT. By the US International Trade Commission (May 2015). This report discusses US exports and imports of logistics, maritime transport, and retail services. It finds that although distribution services represent 21 percent of US private sector employment, average wages in all distribution service industries studied except maritime transport were lower than the US private sector average. It also addresses the impact of the 2008-2009 recession and e-commerce. The report can be accessed [here](#).

RECENT TRENDS IN PRODUCTIVITY IN CHINA: SHIFT-SHARE ANALYSIS OF LABOUR PRODUCTIVITY GROWTH AND THE EVOLUTION OF THE PRODUCTIVITY GAP. By Margit Molnar and Thomas Chalaux for the Organisation for Economic Co-operation and Development (OECD) (May 2015). This paper argues that scale economies and the movement of much of China's labour from farms to cities increased labour productivity. It looks at labour productivity growth from 2000 to 2011 to compare sectors and compare China to other countries, including the other four BRICS economies – Brazil, Russia, India, and South Africa – as well as the United States. The paper can be accessed [here](#).

AFRICA ECONOMIC OUTLOOK 2015. By the Organisation for Economic Co-operation and Development (OECD) (May 2015). This report examines Africa's position in the world economy and discusses macroeconomics, financing, trade policies and regional integration, human development, and governance in Africa over the next two years including forecasts of GDP and country-specific analyses. The report is available [here](#).

HOW LARGE ARE GLOBAL ENERGY SUBSIDIES? By David Coady, Ian W.H. Parry, Louis Sears, and Baoping Shang (IMF, May 2015). This paper examines regional and global post-tax energy subsidies. It finds that post-tax energy subsidies are higher than previously estimated and are likely to remain at high levels due to under-pricing from a domestic perspective. It also addresses the potential fiscal, environmental, and welfare impacts of energy subsidy reform. The paper can be accessed [here](#).

DECARBONIZING DEVELOPMENT: SMOOTHING THE TRANSITION AND PROTECTING THE POOR. By the World Bank (May 2015). This paper argues that to stabilise climate change by bringing net carbon dioxide emissions to zero, political reform is necessary. It outlines three principles for countries to follow in aiming for a zero-carbon future, namely planning ahead; setting the right carbon policies and prices; and taking steps to ease the transition and protect the poor. The paper is available [here](#).

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PUBLISHED BY



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

DFID - UK Department for
International Development

SIDA - Swedish International
Development Agency

DGIS - Ministry of Foreign Affairs
Netherlands

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

Price: €10.00

ISSN 1563-0

