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UNITED STATES

Obama Makes Call for "Fast Track" Trade Powers in Annual Address

US President Barack Obama publicly urged lawmakers on Tuesday to grant him Trade Promotion Authority (TPA), in a speech that focused largely on the resurgent American economy and the need to remain competitive, particularly through expanding opportunities for the middle class.

"Today, our businesses export more than ever, and exporters tend to pay their workers higher wages," he said during his annual [State of the Union](#) address. "But as we speak, China wants to write the rules for the world's fastest-growing region."

"Why should we let that happen? We should write those rules. We should level the playing field," he continued. "That's why I'm asking both parties to give me trade promotion authority to protect American workers, with strong new trade deals from Asia to Europe that aren't just free, but are also fair."

The call to renew such trade powers – known otherwise as "fast track" – is not a new one, with the US President having made the same request this time last year. (See Bridges Weekly, [30 January 2014](#))

However, the political climate in the last 12 months has changed significantly, as has the make-up of the US legislature. Last November's congressional midterm elections put both chambers of Congress – the Senate and the House of Representatives – in the hands of a Republican majority, which is broadly expected to be more willing to back "fast track" than the previous group of lawmakers.

Incoming congressional leaders have themselves said as much, with the new chairs of the Senate Finance Committee and House Ways and Means Committee pledging this month to make TPA renewal a priority. (See Bridges Weekly, [15 January 2015](#))

Both Orrin Hatch, the Republican Senator from Utah who heads Senate Finance, and Paul Ryan, the Representative from Wisconsin who chairs Ways and Means, praised the President's call for Trade Promotion Authority, with Hatch [referring](#) to it as "welcome but long overdue."

Both Republicans [noted](#) that the President still has work to do to convince his own party of the merits of TPA. This legislation, along with the concurrent effort to finalise the Trans-Pacific Partnership (TPP) and advance the Transatlantic Trade and Investment Partnership (TTIP) – have drawn strong pushback from many Democrats.

Some have argued that passing TPA is premature, given that there are many issues still on the table in TPP and TTIP where US lawmakers would like to be able to exert leverage. Others claim that past trade agreements have led to unexpected drawbacks for some sectors of the American economy, which they would not like to see repeated.

"Look, I'm the first one to admit that past trade deals haven't always lived up to the hype, and that's why we've gone after countries that break the rules at our expense," the US President acknowledged on Tuesday. "But 95 percent of the world's customers live outside our borders. We can't close ourselves off from those opportunities."

Ticking clock

The speech, delivered on Tuesday evening in Washington in front of a joint session of the United States Congress, comes in the penultimate year of the Obama presidency.

With the clock running out on the US President's time in office and 2016 likely to be mired in election-year politics, analysts have noted that 2015 is the critical time to cement what would be the Obama "legacy" before he leaves office in January 2017.

Over the past two years, Obama has fulfilled his 2013 pledge to use more executive actions in order to advance issues he deems of importance – such as climate change and immigration – where legislative action seems unlikely.

On areas that require the passage of new US laws, the President is widely expected to face an uphill battle during these next two years, and many of the initiatives that the Republican Congress has pledged to back – such as setting a deadline to approve the Keystone XL pipeline – are themselves facing veto threats from Obama.

However, trade stands out as one of the few areas where the US executive – who famously [pledged](#) in 2010 to double US exports from their 2009 levels by 2015 – is expected to find common ground with opposition lawmakers, even with the 2016 election year looming.

Congressional action on trade this year is expected to pick up quickly. Hearings are already scheduled in the [Senate Finance Committee](#) and [House Ways and Means Committee](#) on 27 January to hear testimony from US Trade Representative Michael Froman and others on the President's 2015 trade agenda.

Income inequality, economic recovery

The resurgence of the US economy has drawn high levels of both domestic and international attention. In the US, debate over the economy, particularly on domestic income inequality, is expected to build in the coming months as possible presidential contenders from both ends of the political spectrum carve out their election platforms.

Regarding impacts abroad, International Monetary Fund (IMF) Managing Director Christine Lagarde has lately warned that the global economy should not overly depend on the US' recovery, saying this should not be a cure for "deep-seated weaknesses" elsewhere.

Figures [released](#) on Tuesday by the IMF revised the 2015 global growth forecast from 3.5 percent to 3.2 percent, with gains from lower oil prices and the euro and yen depreciation being more than offset by lingering effects of the economic crisis in many countries.

IMF officials have touted, among various other recommendations, the importance of trade liberalisation in shoring up the global economic recovery, with Lagarde referring to 2015 as a potential "[make-or-break](#)" year for both the TPP and TTIP and urging officials to inject the necessary political will to bring these trade deals "across the finish line."

ICTSD reporting.

AGRICULTURE

Agriculture Ministers: Sustainable Production Needed to Tackle Hunger

A [communiqué](#) approved by agriculture ministers and officials from over 60 countries has declared that sustainable production is key to tackling hunger and malnutrition, while largely skirting controversies around trade affecting supply and demand for food, farm goods, and forestry.

The ministers, who met in Berlin on 17 January at an annual event organised by the German government, proclaimed that “only resilient, diversified, and sustainable agrifood systems can provide the foundation for achieving the human right to adequate food.”

Major farm exporting and importing countries attended the event. The conference organisers [said](#) that governments participating included Argentina, China, Egypt, Japan, the Netherlands, Poland, Russia, South Africa, Thailand, Turkey, Ukraine, and Vietnam, as well as officials from the European Commission, the UN Food and Agriculture Organization (FAO), and the World Bank.

No senior US participant joined the event, despite food and agriculture remaining a major sticking point in ongoing talks between the US and EU for a bilateral trade deal, known formally as the Transatlantic Trade and Investment Partnership (TTIP). (See Bridges Weekly, [15 January 2015](#))

However, Russian and German agriculture ministers reportedly expressed satisfaction with separate bilateral talks on trade in farm goods, following Moscow’s imposition of sanctions on EU food exports.

Rising demand for renewables

Limited fossil fuel supplies – and their impact on climate change and the environment – mean countries must consider replacing non-renewable with renewable resources, the ministers warned.

Rising demand for farm goods in the non-food sector can help create jobs and raise farm incomes, the statement says.

“These markets can thus also play an important role in combating poverty, if smallholders are appropriately integrated,” the ministers declared.

Over the last decade, demand for agricultural products such as maize, rapeseed, sugar, and palm oil has been spurred by growing demand for bioenergy. Although high oil prices have until recently been a major factor behind the demand growth, many governments have also used subsidies, tariffs, and blending mandates to boost industrial development in the sector – along with other tools such as export restrictions on raw materials, renewable energy targets, and sustainability criteria.

Some governments have already expressed fears that the new policies are distorting trade, with disputes on biodiesel in particular proliferating at the WTO. (See Bridges Weekly, [1 May 2014](#) and [15 June 2014](#))

Food comes first

Ministers acknowledged that agricultural raw materials have been used as food, feed, building materials, and in crafts and trades "since time immemorial."

However, new uses for renewable resources create fresh opportunities, they declared, dubbing these the "bioeconomy."

At the same time, sustainable food production "remains the priority goal," the communiqué said.

FAO Director-General José Graziano da Silva expressed similar sentiments in [remarks](#) the previous day. "There is no question that food comes first," he said at a related meeting in Berlin.

"But nowadays we need to move from the food versus fuel debate to a food and fuel debate," he warned.

Paradigm shift

Da Silva cautioned that the food supply issues highlighted by ministers was only one part of the story.

"We have made great progress in the supply side, but there are still over 800 million people who go to bed hungry every day."

He also warned that – in addition to improving access to food for the poor – global agriculture needed to undergo a "paradigm shift" if it was to remain sustainable in the long run.

"Business as usual would mean a huge and simultaneous increase in the need for food, energy and water in the next decades," Da Silva said, estimating that this could amount to a need for 60 percent more food, 50 percent more energy, and 40 percent more water by 2050.

A changing reality?

The ministers' focus on demand growth nonetheless seemed at odds with the most recent [report](#) from the FAO on food prices.

The agency announced that 2014 was the third consecutive year of falling prices, as prices gradually came down from a sharp peak in 2011.

"Continued large supplies and record stocks combined with a stronger US dollar and falling oil prices contributed to the decline," the organisation said.

Biofuels in particular have been affected by the collapse in oil prices, which have come down from a peak of around US\$140 a barrel in 2008 to just under US\$50 today.

"Ample supplies aside, the drop in oil prices obviously makes ethanol production less attractive," said FAO senior economist Abdolreza Abbassian.

Some experts questioned whether the ministers had been right to focus heavily on challenges associated with growth in demand, especially against the backdrop of slowing economic growth rates in developing country powerhouses such as China and India.

"Much of the communiqué sounds as if it is from the distant past – or from a different planet," one policy analyst told Bridges.

A global focus

The summit, now in its seventh year and a regular fixture on the calendar of many agriculture ministers, nonetheless provided the German government a welcome opportunity to demonstrate its ability to bring together actors on food and agriculture to focus on global issues.

"Germans are very proud of the fact that they have gathered a huge number of representatives from all around the world," said one official familiar with the event.

Germany, along with many EU countries, has seen growing controversy recently over the proposed new Transatlantic Trade and Investment Partnership, which campaigners [contend](#) could erode standards for health and safety and the environment.

German agriculture minister Christian Schmidt defended the proposed deal in recent [comments](#) to Reuters. "For Germany as an export country, the agreement is of great importance," he said.

"We already export food worth €1.6 billion every year to the United States with a rising trend, so our agriculture also has an interest in the agreement," he said.

Germany, Russia meeting

In the margins of the summit, a meeting between Schmidt and Russian agriculture minister Nikolai Fyodorov reportedly led to progress in discussions over mutual trade in food products in the framework of current laws, Russian news agency ITAR-TASS reported.

"We cannot solve pressing political problems, but we can maintain dialogue in the current conditions," the German minister reportedly said. "We can make trade between our countries more intensive."

Fyodorov concurred, telling journalists that the two ministers had "discussed possible expansion of cooperation and mutual trade in agricultural products."

This would take place "strictly within the frameworks of the current legislation of Russia, the Customs Union, Germany, and the European Union."

Fyodorov also said that if Greece left the EU – a scenario which Germany and other EU members have sought to avoid – it would no longer be affected by the current ban on food imports, introduced last year.

ICTSD reporting; "Food issues will not block EU-U.S. trade deal: German minister," REUTERS, 12 January 2015; "Russia may lift food import ban from Greece if it quits EU - Russian agriculture minister," ITAR-TASS, 16 January 2015.

DISPUTES

WTO Appellate Body Rules Against Argentina in Import Restrictions Dispute

Argentina's controversial import restrictions were dealt a resounding blow last week, after the WTO's highest court confirmed late on Thursday that these policies are in violation of global trade rules – upholding all of the main findings issues by a previous dispute panel in August.

The dispute was first filed over two years ago, with claims lodged by the EU, the US, and Japan alleging that Argentina's various "trade-related requirements" (TRRs) under its *comercio administrado*, or managed trade, policy were restricting imports and creating an unfair advantage for domestically-produced goods over their foreign equivalents. ([DS438](#), [DS444](#), and [DS445](#), respectively).

These TRRs included that domestic companies export at least as much as they import, by value; that such companies limit their level of imports by volume or value; that investments be made in Argentina; that companies increase local content in Argentine-produced goods; and that companies do not repatriate revenue or other funds abroad.

For example, with the one-to-one requirement, some companies would take on activities unrelated to their usual business in order to export as much as they import. One example given was that of Hyundai, the automobile manufacturer, which "reportedly committed to exporting peanuts, wine, biodiesel, and soy flour from Argentina," Thursday's report noted.

The complainants had also challenged a specific measure enacted in 2012 known as the *Declaración Jurada Anticipada de Importación* (DJAI) in Spanish, or Advanced Sworn Import Declaration in English. This policy requires importers to file sworn affidavits to Argentine tax agency AFIP and then wait for approval or rejection.

Unwritten measure, right to import

Last week's Appellate Body ruling struck down all of Argentina's appeal claims. Buenos Aires had challenged, for example, the dispute panel's characterisation of these trade-related requirements, or TRRs, as a "single measure," and suggested that these requirements were actually outside the panel's terms of reference, given how complainants had presented them in their consultation requests and subsequent documents. (See Bridges Weekly, [9 October 2014](#))

The Appellate Body rejected that claim, finding that the reformulation of the way these TRRs were described in the complainants' panel requests – compared to the original consultation requests that started dispute settlement proceedings – did not change the scope of the dispute.

Another key issue in the case was the fact that these TRRs are "not stipulated in any published law, regulation, or administrative act," as the Appellate Body itself acknowledged.

However, despite being "unwritten measures," these requirements are reflected in individual agreements between companies and the Argentine government, or in letters that the former receives from the latter, with the WTO judges noting "extensive evidence"

of such arrangements in play through sources such as domestic laws and policy documents and statements by Argentine officials, among others.

Argentina claimed the panel had failed to apply the relevant legal standard in determining that these TRRs exist, with Buenos Aires arguing that the panel should have considered whether the complainants had challenged a measure with normative content that is separate and distinct from any individual instances of applications, along with the TRRs' general and prospective elements.

The Appellate Body noted that in past cases it had considered two categories of measure, either as a rule or norm of general and prospective application or as an individual application of a rule or norm. However, this cannot be considered as a general legal standard for proving the existence of any unwritten measure that is challenged at the WTO.

The Appellate Body clarified that when tasked with assessing a challenge against an unwritten measure, the specific measure challenged and how a complainant describes it will determine the kind of evidence required and the elements that a complainant must prove in order to establish that the measure is in place. The WTO judges ultimately found that the panel was not incorrect in the legal standard they used.

Furthermore, the Appellate Body agreed with the panel in finding that the complainants had demonstrated the existence of a TRRs measure, noting that this is composed of individual restrictions operating together as part of a single policy in pursuit of the objectives of import substitution and trade deficit reduction.

The global trade arbiter also confirmed the dispute panel's finding that the DJAI procedure – which Buenos Aires had argued was a mere customs formality – is in effect an import restriction in violation of WTO rules, as going through the steps of the process does not “automatically” imply a right then to import.

The Appellate Body also found in favour of the EU on one additional point – namely that 23 “specific instances” of the application of these TRRs were well-enough identified as “measures at issue” in Brussels' original panel request.

However, the WTO judges did not rule on whether these violated trade rules, given that the EU's appeal in this respect was only conditional on Argentina winning in its own appeal on the TRRs.

Japan, for its part, lost on the issue where it filed a cross-appeal, specifically on whether the TRRs measure violated the provision of the GATT that involves the publication and administration of trade regulations. The previous dispute panel had chosen not to rule on the subject, and the Appellate Body concurred.

Complainants note injury, call for action

The complainants in the case were quick to issue statements condemning the Argentine policies, and urging officials in Buenos Aires to take swift action in removing them.

“Argentina should now renounce its practices, allowing European companies to resume normal business with their Argentine partners,” the EU said in a [statement](#). The measures, the EU added, have created a “severe burden” for Argentine importers of European products and have made it difficult for foreign firms to operate in the South American country.

US Trade Representative Michael Froman similarly [remarked](#) that such “protectionist measures” by Argentina have already hurt a significant segment of US exports, to the tune

of potentially “billions of dollars in US exports each year that support high-quality, middle class American jobs.”

The systemic implications of this ruling are also important, [said](#) Japan’s Minister of Economy, Trade, and Industry Yoichi Miyazawa, given “concerns that protective measures by emerging countries are tending to expand.”

Argentina responds

In light of last week’s ruling, Buenos Aires will work to establish terms for bilateral negotiations with the complainants, Cabinet chief Jorge Capitanich told reporters at the Casa Rosada on Friday. However, the government official said, this would only occur following an “analysis of context,” in light of the continued ramifications from the 2008 financial crisis.

Furthermore, Capitanich said, the Appellate Body finding “does not require any immediate modifications in [Argentina’s] trade administration policies,” while defending the DJAI as a “basic element that helps customs offices to guarantee protection of the domestic market.”

The Argentine cabinet head also claimed that his country has, over the past 11 years, ranked among the 10 countries that “most increased its imports,” while arguing that the complainants are among those WTO members who lose trade disputes the most often.

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

ICTSD reporting; “Tras el fallo de la OMC, el Gobierno defendió las trabas a las importaciones,” CLARÍN, 16 January 2015; “Argentina anticipa diálogo bilateral con países denunciantes tras fallo OMC,” DEUTSCHE WELLE ESPAÑOL, 16 January 2015.

CLIMATE CHANGE

South Korea Launches National Emissions Trading System

South Korea's emissions trading system (ETS) came online earlier this month, billed by the government as part of a bid to cut the country's greenhouse gas emissions by 30 percent by 2020 compared to business-as-usual levels, an objective equal to around a four percent reduction below 2005 emissions rates. The new scheme has been set a total emissions cap of 1.7 billion tonnes of carbon dioxide equivalent emissions over the next three years.

Permits initially changed hands last Monday on the state-run Korea Exchange between US\$7-8 a tonne after legislation governing the new carbon market, currently the world's second largest after the EU ETS, entered into force at the beginning of the new year.

Under South Korea's cap-and-trade system participating companies whose annual emissions exceed quotas set by the government will need to purchase extra emissions rights from other companies.

Each company has an initial free emissions allowance quota during the first three-year phase. The second phase from 2018-2020 will see 97 percent of the allowances freely allocated, while in the third phase from 2021-2025 this will fall to 90 percent, and the rest auctioned.

The new carbon market covers 525 businesses from 23 sectors, estimated to be responsible for around 65 percent of South Korea's emissions, according to the World Carbon Market Database. Participating entities will be required to submit their emissions reports by March 2016 and hand over carbon allowances for these by the end of June of the same year.

The framework for the new scheme was adopted almost unanimously by the Korean Parliament in May 2012.

Dirk Forrister, CEO of the International Emissions Trading Association (IETA), said that the start of trading on South Korea's ETS was a "significant milestone" for the region.

"It also adds momentum for establishing a solid foundation for market-based solutions in the international climate agreement set to be agreed at the end of this year," the IETA chief continued in a [press statement](#) last week, referring to the multilateral effort to seal a new climate deal to come into effect at the end of the decade.

Sending the right price signal

Before the start of South Korea's carbon market, some commentators had expressed reservations about carbon trading as an effective emissions mitigation policy tool, pointing to the struggling European carbon market where permit prices have tumbled due to slow economic growth and a glut of free allowances.

However, while the first day of trading saw just four deals made, covering a total of 1,040 permits, analysts told journalists they anticipated a slow start.

"We expect modest volumes initially, probably for the first six months," said Anders Nordeng, a senior analyst with Thomson Reuters Point Carbon, speaking to Reuters.

"Partly because the mechanism is new and relatively unfamiliar for the participants, partly because we think many South Korean industrials will avoid acting in a manner that would give their competitors any indications on their growth rate," he continued.

Many analysts expect the market to operate at a surplus during the first three year phase, which would imply lower permit trading prices in the coming months. Some reports and experts claim that despite an over-supply in the overall market, energy firms could come up short on their allocation of free allowances, resulting in prices reaching around US\$30 a tonne by 2017.

Industry opposition

Analysts have estimated that companies covered by the scheme – which includes five domestic airlines – will need to spend nearly US\$11.71 billion over the next three years in order to buy extra carbon permits or to install new emissions-reduction technologies.

The new market has faced some opposition from national businesses. Nearly 240 affected companies have filed a collective petition with Seoul complaining that their free emissions allowance quotas are too low, according to South Korean media reports. Meanwhile 17 other companies based in the country are filing a lawsuit against the government for similar reasons.

"We feel really burdened," said one representative from a manufacturing company subject to the new scheme. "This will make major companies reluctant to make large-scale investments on their home soil," he continued.

Industry opposition to the scheme last year prompted some revisions to the South Korean ETS, according to [experts](#), with a decision made to waive the planned VAT on emissions allowances.

An emergency reserve of 89 million tonnes of carbon dioxide emissions equivalent will be available for "market stabilisation measures," a feature relatively unique to the South Korean ETS; new entrants; and to reward early action during the first phase touted as an effort to help prevent too much price escalation.

Carbon markets worldwide

While efforts to move forward with creating multilateral standards in various market and non-market mitigation approaches stalled at the latest UN Framework Convention on Climate Change (UNFCCC) meet in Lima, Peru last December, carbon markets have mushroomed around the globe as an increasingly popular tool for tackling climate-warming emissions. (See BioRes Lima Update #2, [7 December 2014](#))

Some 40 countries and 20 sub-national jurisdictions currently put a price on carbon, according to the World Bank, with major economic players such as China also on track to introduce a national emissions trading scheme. Last November Beijing confirmed the timing of its planned move from regional schemes to a nation-wide system by next year, which will become the world's largest carbon market. (See Bridges Weekly, [27 November 2014](#))

Creating [links](#) between operating carbon markets would be one way to scale up bottom-up climate change action, some analysts argue. While no major schemes have yet been linked, experts have discussed the relative benefits, as well as the complexity of such options.

Australia and the EU had agreed to link their respective schemes three years ago, but these plans were scrapped after Canberra succeeded in repealing the Oceanic nation's divisive carbon tax and planned ETS last July, following an election pledge by Prime Minister Tony Abbott. (See Bridges Weekly, [17 July 2014](#))

UK climate envoy Sir David King last November suggested that [linking ETSs](#) could help to address "carbon leakage" concerns, in other words, where emissions reduced as a result of climate regulations move abroad to countries with less stringent emissions regimes.

Last week also saw economic consulting firm Point Carbon release a report predicting that the global carbon market will expand 55 percent to nearly US\$81.4 billion this year thanks to expected recovery in Europe's system and the expansion of regional schemes in the US and China.

Meanwhile EU politicians are meeting this week at the start of a process geared towards agreeing to a fix for the 28-nation bloc's struggling ETS.

The European Commission last year proposed placing hundreds of millions of EU ETS allowances in a Market Stability Reserve (MSR) beginning in 2021. However, ministers from the member states and the European Parliament must now agree to the final shape of the arrangement.

ICTSD reporting; "South Korea launches Asia's first national carbon market," RTCC, 13 January 2015; "Korea starts trading of carbon emission rights," THE KOREA TIMES, 12 January 2015; "South Korea launches world's second biggest carbon market," REUTERS, 12 January 2015; "South Korea launches world's second largest carbon market," BUSINESS GREEN, 13 January 2015; "Call for UN climate deal to support carbon market links," RTCC, 26 November 2014.

White House Outlines Plan to Cut Methane Emissions in Oil, Gas Sector

The Obama Administration signalled plans last week to cut methane emissions from the US oil and gas sector by between 40-45 percent from 2012 levels by 2025. The US is currently the largest natural gas producer in the world and oil production is at its highest level in the country for the last thirty years.

The Environmental Protection Agency (EPA), the US government body charged with regulating health and environment issues, will propose new standards aimed at achieving these cuts by the summer. The final rules would be put in place by next year and are due to apply to new or modified oil and gas wells, as well as natural gas transport sources.

The EPA will also develop new guidelines designed to reduce ozone, a gas known to cause lung damage and respiratory issues. Tackling ozone-forming emissions released from existing oil and gas systems would complement the clampdown on methane releases, according to a White House [fact sheet](#).

Climate change, health benefits

The move has been billed as a bid to help tackle climate change as well as promote energy efficiency and public health.

Methane, the primary component in natural gas, is a greenhouse gas (GHG) with an atmospheric warming potential 25 times that of carbon dioxide over a 100-year period. In 2012 methane emissions from the oil and gas sector added up to around a third of the US' total release of the climate-warming gas, according to US data.

"The impacts of climate change are already being felt in every sector of the economy — and for every decade of delay in reducing greenhouse gas pollution, the costs of climate change are projected to increase by 40 percent," said John Podesta, Counsellor to the President, in a [press release](#).

"Taking on this global challenge will take an all-hands-on-deck effort from government, industry, and communities across the country," Podesta continued, arguing that the methane cuts would help the US slash net greenhouse gas emissions by 26-28 percent below 2005 levels by 2025, in line with the goal that the US unveiled in a surprise joint announcement with China last November. (See BioRes, [13 November 2014](#))

Last week's announcement follows up on a new strategy to reduce methane emissions released by the Obama Administration last April. The public document, which includes a review of the sources and trends of methane emissions, indicated that new standards would also be considered to tackle methane emissions linked to landfills, coal mines, and agriculture. (See BioRes, [3 April 2014](#))

Stakeholders react

The new rules would be the first mandatory regulation of methane emissions from the sector. The regulation would build on some voluntary programmes and specific regulations in place on some harmful vapours from the oil and gas sector since 2012 that have already served to help reduce methane emissions as a side benefit.

While some experts point to the lower carbon intensity of natural gas over other conventional sources such as coal, some projections put methane emissions from the oil and gas sector increasing by 4.5 percent by 2018 due to industry growth, prompting a number of environmental groups and experts to [call](#) for further regulatory action as an effective way of reducing the climate-warming gas.

Environmental groups and campaigners were, however, divided in their reaction to the promise of new regulation. While some hailed the development as a "landmark moment," others had hoped the new rules would also have targeted older oil and gas facilities.

"Getting outdated technologies out of the system is going to be crucial both to meeting the president's goal and avoiding the worst consequences of climate change," Tim Ballo, lead counsel working on methane pollution for public-interest law firm Earthjustice, told reporters on last week,

Although the new rules will target some existing oil and gas operations, this will only be the case in areas of the country that fail smog standards.

The move also received a mixed response among industry representatives. Some predicted that compliance costs would be relatively low and therefore should not be too burdensome.

"I don't see this as having a significant cost impact on our company at all," said Mark Boling, an executive vice president at [Southwestern Energy Co.](#), one of the nation's largest natural gas producers.

Others claimed that the new standards would be a major blow to the sector that has seen a boom in recent years thanks to new hydraulic fracturing technology known as "fracking." Some economists have suggested that this boom has helped to speed up the US' economic recovery, lower manufacturing costs, and shore up energy security.

"As oil and natural gas production has risen dramatically, methane emissions have fallen thanks to industry leadership and investment in new technologies," said Jack Gerard, president of the American Petroleum Institute. "Onerous new regulations could threaten the shale energy revolution," he continued in a statement released last Wednesday.

The oil and gas sector has repeatedly made headlines in recent months due to a tumbling oil price that now sits below US\$50 a barrel, leaving economists scrambling to understand the short- and long-term implications. Last week saw many leading energy companies announce budget and job cuts for the coming year due to the low oil price.

Meanwhile Christine Lagarde, Managing Director of the International Monetary Fund (IMF), said last Thursday that cheaper oil prices and a revitalised US economy should not be relied upon to drive the global economy, while urging governments to work together more on issues such as climate change and global trade as part of a "new multilateralism."

ICTSD reporting; "Obama plans methane emissions crackdown," THE FINANCIAL TIMES, 14 January 2015; "EPA Set to Regulate Oil and Gas Methane Emissions," THE WALL STREET JOURNAL, 14 January 2015; "Drillers Say Obama Plan to Plug Methane Leaks Imperils Boom," BLOOMBERG, 14 January 2015; "Obama administration aims to cut methane leaks," THE WASHINGTON POST, 14 January 2015; "Lagarde warns of 'lopsided' global growth," THE FINANCIAL TIMES, 15 January 2015.

PREFERENTIAL AGREEMENTS

Officials: Australia, India Pushing to Clinch Trade Deal in 2015

Australian Trade and Investment Minister Andrew Robb confirmed last week that Canberra and New Delhi are aiming to conclude their trade negotiations this year, noting on Friday that bilateral trade ties with India are currently “closer than ever.”

The remarks, made during a week-long promotional campaign in India to highlight trade opportunities between the two countries, come after a year that saw Australia finish up major trade negotiations with three other Asian countries – China, Japan, and South Korea, respectively. (See Bridges Weekly, [20 November 2014](#), [10 April 2014](#), and [12 December 2013](#)).

The latter two pacts are now in force, with the Tokyo deal taking effect just last week and the Seoul agreement doing so in December. Boosting trade with India has been touted as a major goal for Canberra, as Prime Minister Tony Abbott confirmed when Indian Prime Minister Narendra Modi addressed Australia's Parliament last November.

Negotiations with New Delhi have been underway since May 2011. The two countries exchanged A\$15.2 billion (US\$12.5 billion, at current exchange rates) in bilateral trade in 2013, a nearly three-fold increase from 2003 levels, according to Australian government [data](#).

As India's population begins to surpass that of China, one of its top priorities in trading with Australia is energy. The Modi government has made ensuring energy security for the Asian subcontinent a priority, particularly given that two-thirds of the country's 1.2 billion population lack electricity access. (See Bridges Weekly, [22 May 2014](#))

In an [interview](#) with Australia's ABC News, Robb referred to India's rapid economic and demographic growth in recent years as providing an “enormous opportunity” for Canberra. Some analysts have suggested that these factors could make an Australia-India deal even more lucrative than Canberra's pact with Beijing.

China's bilateral trade with Australia hit A\$160 billion last year, ten times that of Australia's trade with India.

“As you take hundreds of millions of people out of poverty and move hundreds of millions into middle class, energy is a key requirement and on all fronts in the energy equation, Australia has got something to offer,” the Australian trade chief said.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

OPPORTUNITY TO PARTNER WITH THE US AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) TO DEMONSTRATE LEADERSHIP IN SUSTAINABLE AND RESPONSIBLE TRADE. USAID is seeking partners in transportation, logistics, and environmental sustainability to work to jointly identify and define key challenges and practical interventions to improve the detection and interception of illegal wildlife as it is smuggled through ports and airports. To learn more about USAID's Reducing Opportunities for Unlawful Transport of Endangered Species (ROUTES), please visit the following [website](#) or email wildlifetransit@usaid.gov.

18-23 January, Tromsø, Norway. ARCTIC FRONTIERS 2015: CLIMATE AND ENERGY. The 9th Arctic Frontiers conference will focus on the global effects of climate change in the Arctic region, as well as the Arctic's impact on global energy supply and security. Representatives from the scientific and political communities, along with non-governmental organisations, and private businesses will come together to discuss ways to combat these challenges to help ensure sustainable development. For more information, visit the event [website](#)

21 – 24 January, Davos-Klosters, Switzerland. WORLD ECONOMIC FORUM ANNUAL MEETING 2015: THE NEW GLOBAL CONTEXT. The World Economic Forum (WEF) Annual Meeting provides a platform for leaders to discuss and respond to the key political, social, technological and economic transformations reshaping the world in 2015. At the meeting, 250 top political leaders will meet with heads of international organisations, business professionals and financial experts to shape the global, regional and industry agendas for 2015. The Forum will also create Transformation Maps of emerging global trends to be reviewed at the Summit on the Global Agenda in Dubai in November. For more information and a comprehensive list of participants, visit the event [website](#).

23 January, Washington, US. GLOBAL OIL AND THE MIDDLE EAST ECONOMIC OUTLOOK. The Carnegie Endowment for International Peace will host the International Monetary Fund (IMF) to discuss the 2015 update of the IMF's Regional Economic Outlook for the Middle East and North Africa. The discussion will focus on the potential impact of declining oil prices on Middle Eastern economies as well as global markets in the year ahead. For more information, visit the event [website](#).

27-29 January, New York, US. FIRST DRAFTING SESSION OF THE OUTCOME DOCUMENT OF THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT. This event is the first of three drafting sessions aimed at preparing the outcome document of the Third International Conference on Financing for Development, scheduled for this July in Addis Ababa, Ethiopia. The draft of the document is being prepared by co-facilitators on the basis of informal consultations, while taking into account member state inputs. More information on this UN process 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.

26 January: Dispute Settlement Body

27 + 29 January: Trade Policy Review Body – Barbados

Other Upcoming Events

29 January, London, UK. CHINA AND THE FUTURE OF GLOBAL GOVERNANCE. This Chatham House event will focus on the potential implications of China's rising international status on the future path for global governance. Featuring Dr. Katherine Morton, Senior Fellow in the Department of International Relations at the Australian National University, the meeting will address issues such as how Beijing is already shaping the rules and institutions of global governance. To learn more, or to register interest, visit the event [website](#).

29 January, London, UK. THE IMPACT OF OIL PRICES ON THE US AND GLOBAL ECONOMY. This discussion will take place at Chatham House in London, UK. The conversation will concentrate on the economic and geopolitical effects of the recent fluctuation of oil prices on developed and developing countries. The event is part of a series on US and European Perspectives on Common Economic Challenges. For more information, visit the event [website](#).

29-30 January, Venice, Italy. THIRD ANNUAL CONFERENCE ON THE GREEN GROWTH KNOWLEDGE PLATFORM. This event, hosted in partnership with the Ca' Foscari University of Venice, The Energy and Resources Institute (TERI) and the United Nations Environment Programme (UNEP), will bring together members of the policy and academic communities for a discussion on the efficacy and implications of a range of fiscal policy instruments in transitioning to a green economy, keeping in mind variations in national contexts. The conference will feature both plenary and parallel sessions. More information is available [here](#).

4 February, Tokyo, Japan. "WORLD DEVELOPMENT REPORT (WDR) 2015: MIND, SOCIETY, AND BEHAVIOR". At this event, Varun Gauri, Co-Director of WDR and Senior Economist with the Development Research Group of the World Bank, will present the World Development Report 2015. The presentation will be followed by a panel discussion with Japanese experts. The report analyses the psychological and social factors that influence development and how these factors might be overcome. For more information, please visit the [website](#).

11 February, New Delhi, India. REGIONAL TRADE POTENTIAL OF WMSMEs IN SOUTH ASIA: THE CASE OF INDIA. The workshop serves to address the findings of the study entitled "Regional Trade Potential and Associated Non-Tariff Barriers, With Special Focus on WMSMEs: The Case of India." CUTS International conducted the study with support from the Asia-Pacific Regional Centre of the United Nations Development Programme (APRC-UNDP). The study sought to uncover and analyse the domestic constraints and export-related difficulties facing Indian women-owned and managed micro, small and medium enterprises (WMSMEs) in the South Asian region. For more information, click [here](#).

25-27 February, Geneva, Switzerland. THE TRANSFORMATION OF THE INTERNATIONAL INVESTMENT AGREEMENT REGIME. This expert meeting, convened by the UN Conference on Trade and Development, will bring together a range of stakeholders from the investment and development community in order to identify concrete strategies and action plans that will help shape a sustainable development-friendly framework for international investment and foster improved global investment governance. The meeting's overall objective is to develop a roadmap for reform through an open and

inclusive multi-stakeholder approach, building on the work of past events. More information is available [here](#).

7-11 June, Toronto, Canada. THIRD INTERNATIONAL SYMPOSIUM ON CORPORATE RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT. The symposium, themed "Exploring the Nexus of Responsibility for Sustainable Development," will be held at Ryerson University in Toronto, Canada. The event aims to explore the ways in which differing interests of business, government, and multilateral organisations intersect to shape and affect socio-economic development. Proposals, either conceptual or research based, should be sent to ccrsd.org@gmail.com by 30 April at the latest; if accepted, the participant will be invited to register as a presenter in the symposium. For more information on deadlines for submitting proposals, please visit this [website](#).

Resources

SOUTH KOREA ETS DATABASE. Launched by the Carbon Market Data Team (19 January 2015). The Korean Emissions Trading System (ETS) Database serves as a repository of information on the 525 companies participating in Korea's cap-and-trade system. This system was enacted on 1 January 2015 and is part of the country's goal to reduce its greenhouse gas emissions by 30 percent by the year 2020. Information regarding the South Korea ETS Database can be found [here](#), while access to the Korea ETS Database is reserved for subscribers to [Expert version](#). To subscribe, please contact sales@carbonmarketdata.com.

THIRTEENTH INVESTMENT POLICY MONITOR. Published by the UN Conference on Trade and Development (UNCTAD) (16 January 2015). This regular online policy report provides the international investment community with current, country-specific information regarding the latest developments in foreign investment policies at both national and international levels. The most recent monitor found that 33 countries took 45 investment policy measures in the review period (March – December 2014), and that the share of liberalisation and promotion measures rose to 82 percent – slightly above the average of recent years. Despite this growth, the authors said, there are nonetheless new concerns about the role of foreign investors in host countries, such as regarding foreign investment restrictions related to oil production, data communication, and media companies. The report concludes that more can be done with investment policy to enhance the role of foreign investment in achieving the planned Sustainable Development Goals. The entire report can be found [here](#).

WORLD DEVELOPMENT REPORT 2015: MIND, SOCIETY, AND BEHAVIOUR. Published by the World Bank Group (December 2014). The WDR 2015 looks at the psychology behind how people make decisions and apply those insights to development work. The report suggests that poverty creates times of hardship and stress, during which impoverished people have difficulty making rational choices. The researchers advise governments and development practitioners to design development policies around these behavioural insights. For instance, policy makers should place crucial decisions at periods when income is relatively high for the decision maker, along with improving message framing and the timing of aid. The authors conclude that behavioural change is a necessary factor of the development process. The WDR 2015 can be downloaded [here](#).

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