

# BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 19, ISSUE 23, 25 JUNE 2015

## WASHINGTON

Trade Promotion Authority  
Secures Approval in US  
Congress ..... 1

## WORLD TRADE ORGANIZATION

WTO Members Try to Break  
Farm Subsidy Logjam ..... 4

## ENVIRONMENTAL GOODS

Environmental Goods  
Agreement Trade Negotiators  
Work to Hone Product List ..... 6

## PREFERENTIAL AGREEMENTS

China, Australia Sign Bilateral  
Trade Deal ..... 9

## DISPUTES

Disputes Roundup: COOL  
Arbitration Starts, China and  
Russia Panel Requests Rejected . 12

## GLOBAL ECONOMY

G-20 Members Implementing  
Fewer Trade Restrictions, WTO  
Says ..... 14

## EVENTS & RESOURCES

Events ..... 16  
Resources ..... 19

## WASHINGTON

### Trade Promotion Authority Secures Approval in US Congress

The US Senate approved Trade Promotion Authority (TPA) on Wednesday, just days after the House also voted in favour of the legislation. The bill is now set to go the US President's desk this week, where it is expected to be soon signed into law.

The successful passage of TPA in the Senate – which went through by a [60-38](#) vote margin – was widely expected after a procedural vote to invoke “cloture” on TPA passed the day prior.

Invoking [cloture](#) is a move that essentially breaks a filibuster, instead limiting debate on a pending matter for up to 30 additional hours. While the vote on TPA itself required only a simple majority of 51 votes to pass, cloture is a more difficult threshold to reach, requiring 60 votes.

“Today, the U.S. Congress made clear that the United States intends to lead on trade, deliver more, good middle class jobs, and unlock opportunity for American workers, farmers, ranchers, and small businesses across the country,” [said](#) US Trade Representative Michael Froman following the cloture vote.

The TPA legislation sets out US principal negotiating objectives in trade deals and allows for completed agreements to be submitted by the US executive branch 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 approved by Congress includes various new measures on transparency, as well as language that would strip a final trade deal from this “fast track” protection should it be found that the executive branch failed to meet TPA's consultation or transparency requirements, for instance if lawmakers find that the deal has not made sufficient progress in meeting congressional priorities and objectives.

#### Legislative manoeuvres

The road to bring the TPA legislation to the President's desk has proved to be a tricky one, with efforts in both chambers of Congress hitting repeated stumbling blocks before ultimately securing approval.

Overcoming these stumbling blocks has, in turn, required difficult legislative manoeuvring, with Republican leadership and pro-trade Democrats attempting a

series of approaches in combining – or separating – various trade bills in order to ensure that all receive approval.

Approval in the House last week, for example, came only after TPA was dealt a devastating defeat in that same chamber days before when it was attached to Trade Adjustment Assistance (TAA), a support programme for US workers displaced by trade. (See Bridges Weekly, [18 June 2015](#))

The loss prompted TPA proponents to pursue the legislation as a stand-alone bill, while working to provide pro-trade Democrats the necessary assurances that TAA would still receive the support to advance, given that Republicans have traditionally opposed the programme.

"This has been a long and rather twisted path to where we are today, but it's a very, very important accomplishment for the country," [said](#) Senate Majority Leader Mitch McConnell on Tuesday following the cloture vote.

### **AGOA, TAA renewal**

TAA has now been attached to a separate bill that would renew a series of US preference schemes, including the Generalized System of Preferences (GSP), the African Growth and Opportunity Act (AGOA), and preferential duty treatment for Haiti. That legislation was also approved by the Senate on Wednesday, and is now set for House consideration today.

In the wake of TPA's approval, members of the Republican leadership have repeated past assurances that they will help TAA cross the finish line as well.

"We remain committed to ensuring that both TPA and TAA are passed and enacted into law," [said](#) Speaker of the House John Boehner on Tuesday, pledging that his chamber would consider TAA once the Senate approves its own version, as part of the larger preferences bill.

"Our goal is to get TPA and TAA to the president's desk this week and deliver this win for the American people," he added.

House Minority Leader Nancy Pelosi, a Democrat from California, told fellow lawmakers in her party that she would be voting in favour of the TAA/Preferences package this week.

"While we have not all voted in the same manner, we all recognise that the next debate will be over Trans-Pacific Partnership [TPP] itself and all Members – on both sides of this debate – will shine a bright light on the provisions of TPP," Pelosi said in [a letter](#) on Wednesday.

Furthermore, Pelosi said, she would "support [TAA's] passage because it can open the door to a full debate on TPP."

Sander Levin, a Michigan Democrat that had been one of the leading voices in the House against the current iteration of TPA, has also said that he anticipates most of his Democratic colleagues to now vote today in favour of TAA, according to comments reported by Reuters.

Another key piece of legislation is a customs and enforcement bill, which has been passed in both chambers and must now undergo a "conference" process in order to reconcile the differences in the House and Senate versions.

McConnell has [said](#) that he intends to go this week to conference on the customs bill. Boehner, for his part, has made the same commitment.

## TPP boost

The enactment of TPA is expected to give a boost to a series of trade initiatives that the US is involved in, particularly the Trans-Pacific Partnership negotiations.

The former is a 12-country effort involving various Pacific Rim countries, which is reportedly in the final stages. Efforts to bring the deal to a close had slowed during the TPA process, with other TPP partners reportedly reticent to make their most difficult concessions without knowing whether the necessary trade legislation was in place in Washington.

"We are literally one week of negotiation away from completing this extraordinary deal across 12 countries and 40 percent of the world's GDP," said Australian Trade Minister Andrew Robb last week, in [an interview](#) with ABC Radio.

At the time, the Australian official had warned that a failure to pass TPA in Washington could create "a real problem with the future of the TPP."

Japanese Economy Minister Akira Amari, for his part, told the Reuters news agency yesterday that enacting TPA would mean there "won't be a big hurdle," to reach a broad TPP deal next month.

A ministerial-level meeting of TPP members had originally been expected last month, given that trade ministers from the Asia-Pacific Economic Cooperation (APEC) countries – a 21-country group that includes all 12 TPP members – were meeting in the Philippines.

However, that meeting was then postponed indefinitely in light of the US congressional processes. When and where it will be rescheduled has not yet been announced. (See Bridges Weekly, [28 May 2015](#))

## Reactions

The response to TPA's final passage have varied widely, in a reflection of the highly-polarised nature of the trade discussions.

Thomas Donohue, President and CEO of the US Chamber of Commerce, [said](#) on Tuesday that the cloture vote marked "an important step towards revitalising our economy, creating good American jobs, and reasserting our country's global economic leadership."

Labour union federations such as the AFL-CIO, however, have advocated strongly against TPA, warning that passing it "would lead to another bad trade deal that would cost American jobs," according to a [statement](#) issued earlier this month by Richard Trumka, the group's president. The AFL-CIO includes 56 US unions.

Public Citizen, a Washington-based advocacy group that has lobbied strongly against both TPA and TPP, released a statement following Tuesday's cloture vote that urged their supporters to redirect their efforts toward blocking the Trans-Pacific Partnership's approval, even with the final TPA vote on Wednesday still pending at that time.

"Today's action means that Congress will tie its hands to prevent it from exerting positive influence over negotiations of the TPP," said Robert Weissman, President of Public Citizen, in an e-mailed statement. "What it doesn't mean is that Congress must pass such a TPP."

ICTSD reporting; "Japan says broad agreement on Pacific trade deal possible in July," REUTERS, 24 June 2015; "Wyden: Dems will hold the line on customs bill," THE HILL, 23 June 2015; "Obama's Pacific trade pact nears finish in U.S. Congress," REUTERS, 24 June 2015; "Pacific Trade Authority Bill Wins Final Approval in the Senate," THE NEW YORK TIMES, 24 June 2015.

---

## WORLD TRADE ORGANIZATION

---

# WTO Members Try to Break Farm Subsidy Logjam

Farm exporting countries have tabled a new informal paper on domestic agriculture subsidies at the WTO, in an attempt to move beyond the increasingly acrimonious stand-off between the US and China on farm subsidy spending.

The unofficial "non-paper," sponsored by Australia and Canada and dated 19 June, argues that the effectiveness of current WTO ceilings on trade-distorting support is being rapidly eroded as the value of farm production in key countries increases. Proposed new caps on these payments would not necessarily require immediate policy changes in either the US or China, the paper claims.

China has repeatedly argued that recent US demands for a cap on its overall trade-distorting domestic support (OTDS) are unacceptable.

The latest draft Doha text, tabled in 2008, would establish a ceiling on OTDS. This would be calculated by adding a country's heavily trade-distorting "amber box" payments to its "de minimis" support – a minimal amount of amber box payments, expressed as a share of the country's value of production – and its production-limiting "blue box" payments, which are seen as slightly less trade-distorting under WTO rules.

In return, the US has argued that the 2008 draft Doha deal is unacceptable, because it would require farm subsidy concessions from developed country members but not lead to significant cuts from large developing countries.

### **"A lot of space"**

The new informal paper – a copy of which has been seen by Bridges – argues that "there is a large amount of space" between members' limits on trade-distorting domestic support and reported support levels.

The paper looks at farm subsidy spending in five key members – the US, the EU, China, India, and Brazil – and compares reported outlays with current WTO ceilings.

The paper finds that the US is using only 21 percent of its permitted ceiling on support, the EU is using 10 percent, China is using 12 percent, India is at four percent, and Brazil is at six percent.

Countries would therefore not immediately have to change current policies if they accepted a cap or ceiling on farm subsidy spending, the sponsors argue.

"This large and consistent binding overhang means that it is feasible and doable to find a landing zone on OTDS that accommodates existing policies over the short to medium term."

Doing so would still allow WTO members to introduce tighter disciplines than those inherited from the last round of trade talks twenty years ago, the paper's co-sponsors suggest.

### **Disciplining export restrictions**

A separate proposal calls for stronger rules on agricultural export prohibitions and restrictions as part of the post-Bali work programme.

The paper, which has been seen by Bridges, is sponsored by a group of four food-importing WTO members: Japan, Korea, Switzerland, and Chinese Taipei.

The sponsors propose that WTO members agree to improve transparency around export prohibitions and restrictions, for example by consulting with other countries in advance and reporting on any measures that have been imposed.

They also propose that new export prohibitions or restrictions should not last for more than 12 months, or 18 months with the agreement of affected importing members.

Finally, least developed countries and net food importing developing countries should be excluded from the effects of export prohibitions or restrictions imposed by other countries, the sponsors say.

### **Small group meetings yield little progress**

Small group meetings between ambassadors from major trading powers have failed to make much headway over the last two weeks, trade sources told Bridges.

The talks – which have focused on domestic support issues – have led some trade officials to suggest that the only apparent outcome from the Doha farm subsidy talks might be in the relatively little-used area of “blue box” spending.

For some WTO members, this merely highlights the size of the gulf that has still to be bridged on any new farm subsidy rules.

“The US needs to say to China, behind closed doors: ‘this is what we can do, what can you do?’” one negotiator said.

Another suggested that trade officials may be withholding possible concessions for tactical reasons, suggesting that these may only be floated as members draw closer to the WTO ministerial conference in Nairobi, Kenya this December.

ICTSD reporting.

---

## ENVIRONMENTAL GOODS

---

# Environmental Goods Agreement Trade Negotiators Work to Hone Product List

Delegates from 17 WTO members negotiating a tariff-cutting deal on environmental goods completed another reading of a compiled list of over 650 tariff lines and more than 2000 products during a meeting held last week in Geneva, Switzerland, with sources confirming progress in identifying which products have broad support for including in a final deal.

The occasion also reportedly helped identify other products where further discussion is needed. A similar approach will continue for the next session, scheduled for the last week of July, in a bid to provide further clarification on the support for various products.

Andrew Martin, Counsellor at the Australian mission to the WTO who chairs the talks in his personal capacity, will then provide participants in August with a draft list of goods that appear to have garnered the most consensus, trade sources also confirmed.

Participants in the plurilateral Environmental Goods Agreement (EGA) negotiations, as the talks are formally known, each submitted various product nominations in April, which the chair subsequently compiled into a master list.

"We are now entering a key phase of the negotiations. Countries have made their proposals and we are now discussing those proposals between us," EU Trade Commissioner Cecilia Malmström [told](#) stakeholders at conference in early June, ahead of the latest round.

"When we come back in September we will be into the real political process, leading up to the WTO's ministerial conference in Nairobi in December," she continued, referring to the global trade body's scheduled high-level meet in the Kenyan capital.

### Technical groundwork

Following the format established in an earlier May meeting, where the talks moved more decisively into a negotiating phase, delegates last week continued the process of asking questions and seeking clarity on various product nominations. Similar products were grouped together to help facilitate this effort.

The format reportedly helped develop delegates' understanding of the scope of some nominations and gave participants another opportunity to signal support for various products suggested by their negotiating partners. A number of participants, including those that had remained quieter in previous rounds, engaged in indicating product support in the latest session.

Following consent from participants, the chair will provide suggestions in the coming weeks on areas that may require additional focus in the next round in order to help deliver a useful chair's consensus list in August, sources say. The July round could also see participants dedicate more time to bilateral meetings in an effort to tackle specific issues, with the plenary serving as a key space to report back on progress.

Since May, EGA participants have also worked on clarifying nominations where the same tariff line has been nominated under the World Customs Organization (WCO)'s Harmonised System (HS) subheadings, but with different product descriptions for goods not fully captured in these HS codes. More bilateral efforts are expected in the coming weeks.

In this context, the chair of the talks is also due to circulate a revised compiled list of participants' nominations to date ahead of the July round, reflecting new proposals as well as any technical clarifications secured in the coming weeks. Several new product nominations were put forward by Switzerland ahead of the latest round.

Technical work undertaken at this stage, some sources said, would prove critical to enabling political conversations further down the line.

Meanwhile, players such as the EU have also [said](#) that it will be critical to secure a deal that is easy to implement by customs authorities, and that input from these stakeholders should regularly feed into the negotiations from September onward.

### **Building consensus**

While the compiled product list is not publicly available, the nominations cover a range of environmental categories discussed by EGA participants during the early months of talks, including goods related to cleaner and renewable energy, energy efficiency, air pollution control, environmental monitoring and analysis, and solid and hazardous waste management, among others. (See Bridges Weekly, [13 May 2015](#))

EGA participants have also said they plan to build on a list of 54 tariff lines and product descriptions targeted for tariff reductions to five percent or less by the 21-nation Asia-Pacific Economic Cooperation (APEC) alliance by the end of this year.

The APEC list of environmental goods includes several products related to clean energy, such as parts related to solar panels and wind turbines. Some sources indicated that the APEC goods were likely a safe bet for inclusion in the chair's consensus list. Efforts will likely be made to learn more on where the APEC implementation efforts stand, given that group's end-2015 target date.

Several bilateral meetings held during the week served as an opportunity to focus on products proving to be more controversial, including in relation to their environmental credibility, sources confirmed.

These products reportedly include goods relating to nuclear power, biofuels, car parts, various chemicals, plastics, as well as those related to waste. Some other commercially sensitive product nominations will also likely be addressed as part of the regular give and take of trade deals. Various sources have pointed to the significant estimated growth potential for several environmental goods sectors in the coming years.

Some participants also said that the eventual final EGA deal should ideally go well beyond APEC's 54-product list and, while opinions still vary, one option would be to secure an additional 150-200 products for tariff liberalisation.

### **Next steps**

An ambassador-level meeting held last Friday reportedly resulted in broad consensus on EGA timing and delivery. While many participants remain hesitant on setting strict deadlines, ambassadors from the 17 WTO members agreed that the end of this year will see a confluence of events such as the UN climate talks and tenth WTO ministerial conference, which set an important landscape for the EGA deal.

Several ambassadors are said to have backed an ambitious outcome for goods tariff liberalisation, with some using the opportunity to highlight goods they strongly supported. The EU, for example, reportedly underscored renewable energy, as well as waste and water management, while Norway pushed for keeping an eye on products of interest to developing country members.

While several other WTO members have expressed interest in joining the talks, including some developing nations, no formal applications have been made.

Some sources suggested that while current participants would continue to remain open to countries joining the talks, additional product nominations could become more complex, given hopes to wrap up as much as possible of the tariff line talks by year's end.

The EU has also reportedly indicated plans to distribute a version of a draft text for the final deal in time for the next round. The bloc's 28 member states could discuss and finalise the document early next month to send to other EGA participants by mid-July.

The text could cover the elements of the deal's framework, such as technical aspects for including the EGA liberalisation in WTO members' tariff schedules – meaning these would be enforceable through the global trade body's dispute settlement mechanism – along with a review mechanism, as well as how to tackle related questions on environmental services and technical barriers to trade.

ICTSD reporting.



---

## PREFERENTIAL AGREEMENTS

---

# China, Australia Sign Bilateral Trade Deal

Ministers from China and Australia formally signed a bilateral trade deal last week in Canberra, bringing the highly-anticipated agreement one step closer to enactment after over a decade of negotiations.

The news comes seven months after the two trading partners confirmed the successful conclusion of the talks last November, during a meeting between leaders that was also held in the Australian capital city. (See Bridges Weekly, [20 November 2014](#))

The Australia-China deal is the third major trade agreement clinched by Canberra over the past two years. Deals were reached with South Korea and Japan in late 2013 and mid-2014, respectively, with both of those now in force. (See Bridges Weekly, [22 January 2015](#))

"ChAFTA completes a historic trifecta of trade agreements with our top three export markets, accounting for more than 55 percent of our total goods and services exports," said Australian Prime Minister Tony Abbott and Trade Minister Andrew Robb in a joint [statement](#).

Advancing trade deals with major Asian economies has been a major focus of Abbott's prime ministership, with the Australian leader also hoping to reach a deal with India by the end of this year.

"Given what's going on in the region, the extraordinary explosion of people going into the middle class, this is a very landmark set of agreements, and it will see literally billions of dollars, thousands, many hundreds of thousands of jobs, and will underpin a lot of our prosperity in the years ahead," [said](#) Robb in an interview with ABC Radio.

Furthermore, Chinese commerce minister Gao Hucheng said last week, this agreement marks "the highest degree of liberalisation of all the FTAs China has so far signed with any economy," according to comments reported by The Guardian.

### Agriculture, energy

Under the [terms](#) of the deal, over 85 percent of Australian goods exports will be tariff-free immediately upon coming into force, eventually moving to 95 percent. Australian agriculture is particularly expected to benefit, such as in the areas of dairy, beef, wine, and wool. These tariffs will largely be phased out by China over a period of several years, depending on the products involved.

Those Australian farm goods that will see zero tariffs upon entry into force include barley and sorghum, while seafood, sheep meat, horticulture, and pork will see quick reductions.

However, sugar and wheat were not included in the deal, officials have confirmed. Robb has said, however, that within three years the two trading partners are set to re-examine those sectors to see if China would be willing to reconsider lowering the level of protection.

"This is a document which is not just what we sign today; it's a living document that we'll kind of review progressively, and again that will reflect what's going on in the region and the growth and the opportunities," the Australian trade chief told ABC Radio last week.

The agriculture component of the trade talks had been cited as especially difficult, particularly with regards to market access, with Australia pushing for terms that were at least on par with those that New Zealand reached when it clinched its own farm trade deal with China. (See Bridges Weekly, [20 November 2014](#))

There will also be drastic tariff reductions on most imports of Australian manufacturing, resources, and energy products, including aluminium oxide and coal. Last October, China had raised its tariff on imports of non-coking coal to six percent and on coking and anthracite coal to three percent. Regarding thermal coal, those tariffs are now set to be phased out over two years, while the coking coal import tariff will be removed immediately upon the deal's entry into force. (See Bridges Weekly, [16 October 2014](#))

According to the Australian government, iron ore, gold, crude petroleum oils, and liquefied natural gas will all see existing zero-tariffs "locked-in" as a result of the deal. Manufacturing goods, car parts and engines, plastic products, and various precious stones will also see tariff elimination within four years.

Regarding Australian tariffs on Chinese imports, those are set to be eliminated progressively, Canberra says. Examples include electronics, major household appliances sometimes known as "whitegoods," and manufacturing goods.

### **Services**

The agreement offers Australia extensive access to Chinese service markets, second only to the deals that Beijing has with Hong Kong and Macau, according to the Australian Government's Department of Foreign Affairs and Trade.

Included in the agreement are provisions regarding legal, education, telecommunications, financial, tourism, health and aged care services, the Australian government has confirmed.

Notably, the deal includes a "most favoured nation" (MFN) clause which ensures that any future beneficial access that China provides to other trading partners in certain services sectors – including, but not limited to, education, tourism, engineering, and environmental services – is also extended to Australia.

### **Foreign investment**

Last year, Chinese investment in Australia topped US\$65 billion, and Australia investment in China was valued at US\$108 billion, marking a substantial boost from just a decade ago. The provisions in ChAFTA are geared toward increasing both nations' foreign investment even further.

Another area of the talks which had proven particularly difficult included whether and how much to ease the Australian approval process for foreign investment, including those by state-owned enterprises. Australia has agreed to raise the screening threshold of its Foreign Investment Review Board (FIRB) for private Chinese investors operating outside Australia's sensitive sectors from A\$252 million to A\$1.04 billion (US\$193.8 million to US\$841.3 million at today's exchange rate).

However, FIRB will continue screening all state-owned enterprise investments by China, which Australia says is consistent with how these are treated in its other trade deals.

The deal also includes an investor-state dispute settlement (ISDS) mechanism, which provides a legal platform for foreign companies to file a case against a host country in front of an international tribunal if the company finds that one of its key protections – such as against expropriation or discrimination – has been violated.

Officials say that the ISDS mechanism will contain the necessary safeguards to ensure that governments can continue to regulate in the public interest and pursue domestic policy objectives, in an apparent effort to answer some of the questions that have been raised about such provisions in recent years.

**Next steps**

The agreement will now have to undergo domestic legal and parliamentary procedures on both sides before it can enter into force. While no timeline for this has been announced, both countries say that they aim to enact the agreement as soon as possible.

ICTSD reporting; "China and Australia formally sign free trade agreement," THE GUARDIAN, 17 June 2015, "China, Australia sign landmark free trade agreement," CCTV, 18 June 2015.

---

## DISPUTES

---

# Disputes Roundup: COOL Arbitration Starts, China and Russia Panel Requests Rejected

The WTO's Dispute Settlement Body (DSB) met twice last week, reviewing both requests for retaliation in the high-profile dispute between Canada, Mexico, and the US over Washington's country-of-origin labelling (COOL) policy for meat and livestock imports, as well as requests for panels in two cases where the EU is a respondent.

### Arbitration to begin in COOL case

At a special meeting last Wednesday, the DSB considered a request by Canada for the authorisation of countermeasures against the US in the COOL dispute, with Ottawa having asked for over C\$3 billion (US\$2.4 billion) annually in retaliation. (See Bridges Weekly, [11 June 2015](#))

This amount, Canada says, is necessary given the US' lack of compliance with WTO rules. Washington has lost repeatedly at the WTO in defending its labelling policy, either in its original or in its revised iteration, with the global trade arbiter deeming that both versions of the measure still unfairly discriminate against imported livestock and meat from Canada and Mexico. (See Bridges Weekly, [21 May 2015](#))

The complainants have urged the US to repeal the measures; while some steps to that effect have been taken in the country's Congress, specifically the approval of repeal legislation in the House of Representatives, no such moves have been made by the Senate. Both chambers would need to approve the bill, which would then need the US President's signature, for it to become law.

Meanwhile, the US has objected to the level of countermeasures requested by Canada, meaning that the case will now proceed to arbitration.

"The United States strongly disagrees with Canada's specific proposal for the suspension of concessions," the US delegate said at the meeting, adding that Washington finds the proposed amount of such countermeasures to be "quite excessive."

Mexico had previously submitted its own request for WTO-authorised countermeasures for the 17 June meeting, asking for US\$653.6 million annually to be approved. However, Mexico City then withdrew its request in order to correct an error – specifically, to request that the amount be changed to US\$713 million per year.

The change, Mexico reportedly explained, was the result of a typographical error. Given that the change was deemed "substantial" by the US, rather than just a "corrigendum," Mexico has now asked for another special meeting of the DSB to be convened on 29 June in order to hear the new request.

Regarding the level of countermeasures requested by Canada, the DSB has decided that the arbitration will be carried out by the original panellists.

Under the terms of an understanding reached between the parties in the dispute, they will cooperate to enable the arbitrator to release its decision within 60 days from the referral to arbitration.

## EU rejects panel requests by China, Russia

Two days later, the DSB convened again for a regular meeting, which saw the EU reject the establishment of WTO dispute panels in two cases: one tabled by Russia over the EU's Third Energy Package and another brought by China over the EU's tariffs on certain poultry meat products.

The panel request in the EU-Russia case ([DS476](#)) comes nearly a year after Moscow first filed a "request for consultations," which is the first step in WTO dispute settlement proceedings. (See Bridges Weekly, [8 May 2014](#))

At the time, Russia challenged the EU's energy sector regulations on the grounds that these include discriminatory certification requirements for third countries. The measures that violate WTO rules, Russia claimed, involved the areas of production, supply, and transmission of natural gas or electricity.

The EU's Third Energy Package, as these rules are known, were adopted in 2009, and includes a law that prohibits suppliers from owning distribution networks, such as pipelines.

At last Friday's DSB meeting, the EU said that it was both confident that its energy regime complied with global trade rules, while also arguing that Russia's panel request exceeds the scope of its original consultations request, to the point of actually altering the "essence" of its complaint, sources familiar with the meeting confirmed to Bridges. Brussels specifically cited the inclusion of new measures and claims in the panel request as causes for concern.

The EU's row with China ([DS492](#)) deals instead with the decision by Brussels in 2006 and 2009 to modify its tariff concessions on certain poultry meat products. The 28-nation bloc then underwent negotiations with Brazil and Thailand, reaching deals with those countries in 2006 and again in 2012.

China submitted a request for consultations in April, charging that the EU had broken WTO rules by not including the Asian country in either the consultations or negotiations, among various other concerns. (See Bridges Weekly, [16 April 2015](#))

At the time that the concessions were modified, Brussels had said that Beijing did not have a "principal or substantial supplying interest" in the goods involved, given that during the reference period used the EU was restricting imports of Chinese poultry over avian flu concerns.

China also claims that the tariff-rate quotas that resulted from the negotiations were discriminatory, arguing that the country-specific quotas that the EU reached with Brazil and Thailand gave them a market access advantage that other WTO members do not have.

Both cases involved first panel requests from Moscow and Beijing, respectively. Under WTO rules, a respondent in a dispute is allowed to reject a complainant's first request for a panel. Should the complainant submit that request again, however, a panel will automatically be established to hear the case.

ICTSD reporting.

---

## GLOBAL ECONOMY

---

# G-20 Members Implementing Fewer Trade Restrictions, WTO Says

Members of the G-20 coalition of major advanced and emerging economies have shown a slight slowdown in their use of trade-restrictive measures, the WTO said last week. However, the overall stock of such measures has risen by seven percent compared to the previous monitoring period, the global trade body said.

According to the WTO's latest monitoring [report](#), G-20 members have adopted an additional 119 trade-restrictive measures between mid-October 2014 and mid-May 2015, averaging at 17 per month. This average is lower than any time since 2013.

Trade-facilitating measures also continue to be introduced by G-20 members, the report says, with that trend remaining stable in this most recent period. There were 112 new trade-facilitating measures during that time.

The biennial monitoring report was released on 15 June by Director-General Roberto Azevêdo and covers the period from mid-October 2014 to mid-May 2015. The previous report had covered mid-May to mid-October 2014. (See Bridges Weekly, [20 November 2014](#))

The rate of removal for currently existing restrictive measures has been slow, the WTO noted. Since 2008, when the number of restrictive trade policies hit a high of 1360, G-20 economies have only been able to decrease the number by less than a quarter, to 1031.

"The G-20 individually and collectively must show leadership and deliver on their pledge to refrain from implementing new measures taken for protectionist purposes and to remove existing ones," the WTO said, while also noting that the multilateral trading system has helped in stemming the rise in protectionist measures.

G-20 members currently have in place a "standstill" on any new protectionist measures on trade and investment, as well as a commitment to "rollback" such measures that have been introduced since the 2008 global financial crisis began. The standstill commitment is currently in place through 2016, though it could be extended, as on previous occasions.

These commitments are monitored through the WTO on the trade side, and by the Organisation for Economic Co-operation and Development (OECD) and the UN Conference on Trade and Development (UNCTAD) for investment.

### Economic outlook

G-20 members have been experiencing varying degrees of economic growth over the last year, further indicating the need for renewed momentum toward trade liberalisation, rather than trade restrictiveness, the WTO noted.

Between plunging oil prices, the depreciation of the euro and appreciation of the US dollar, and fluctuating commodity prices, the global economic outlook has continued to be uncertain, the global trade body said, though there are some signs of improvement.

The forecasted growth rate for volume of the world's merchandise trade is 3.3 percent in 2015 and 4 percent in 2016, remaining below the historical averages, according to previous WTO figures. (See Bridges Weekly, [16 April 2015](#))

Asia is expected to experience the most export growth in 2015, followed by North America the EU, the growth figures released in April noted. During the monitoring period, the US experienced slowed growth due to decreases in exports and weaker investment, whereas the EU appears to have gained some momentum in its GDP growth.

### **Turkish G-20 presidency**

Last year's Australian presidency of the G-20 focused particularly on developing national growth strategies, with the goal of boosting the group's GDP above current trajectories by 2.1 percent by 2018. (See Bridges Weekly, [24 July 2014](#))

One question under the Turkish G-20 presidency will be, among other things, to see how members are beginning to implement such national growth plans.

According to a [document](#) outlining Turkey's priorities for the G-20 presidency, strengthening the global recovery and "lifting the [growth] potential" of the group's members will be a key focus for the group. The priorities are focused around the themes of inclusiveness, implementation, and investment for growth.

Within the area of trade, the document says that given the low levels of annual global trade growth – particularly when compared to pre-crisis levels – the Turkish presidency will focus on following-up on the G-20's commitment against protectionism and supporting the multilateral trading system, along with developing a greater understanding of bilateral, regional, and regional trade deals.

The G-20 Leaders' Summit will be held in Antalya, Turkey this upcoming November. A trade ministers' meeting will be held the month prior in Istanbul.

ICTSD reporting.

---

## EVENTS & RESOURCES

---

# Events

### Coming Soon

26 June, Geneva, Switzerland. FORTY-NINTH ANNUAL MEETING OF THE JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE. Hosted at the WTO, the Joint Advisory Group will evaluate the work of the International Trade Centre and make recommendations to the Trade Development Board of the United Nations Conference on Trade and Development (UNCTAD) and the WTO's General Council. This event is open to governments of UNCTAD member states and WTO members. To learn more, click [here](#).

29 June, Geneva, Switzerland. AFRICAN TFTA: A KEY MILESTONE FOR CONTINENTAL INTEGRATION? This event, organised by the International Centre for Trade and Sustainable Development (ICTSD), will focus on the recent launch of the Tripartite Free Trade Area (TFTA), now the largest FTA across Africa. Discussants will address issues such as the relationship between the TFTA and other existing blocs, as well as the TFTA's sustainability given the obstacles affected intra-African trade. To learn more, visit the ICTSD website for the [event](#).

29 June, Geneva, Switzerland. MULTIPLE PATHWAYS TO SUSTAINABLE DEVELOPMENT ROUNDTABLE. Hosted by the Geneva Environment Network, this roundtable is in response to the United Nations Environment Programme's (UNEP) efforts to document and share the national sustainable development initiatives of four countries: Bolivia, China, South Africa, and Thailand. This panel discussion will include a presentation of UNEP's new report, "Multiple Pathways to Sustainable Development: Initial Findings from the Global South." The discussion will focus on approaches adopted by Bolivia and China to work towards achieving the proposed Sustainable Development Goals. To register, click [here](#).

29 June – 2 July, Izmir, Turkey. SIXTY-SECOND SESSION OF THE SPECIALIZED SECTION ON STANDARDIZATION OF DRY AND DRIED PRODUCE. The United Nations Economic Commission for Europe (UNECE) will host a workshop in partnership with the Ministry of Economy of Turkey and the Aegean Exporters' Association to discuss cross-border agri-food trade. The workshop will focus on dried fruit and nut production and international trade, including the issue of quality standards, in reviewing various practices used around the world. To register and learn more, see the [workshop programme](#) and UNECE [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 June, Brussels, Belgium. EU ELECTRICITY INFRASTRUCTURE COORDINATION AND THE ENERGY TRANSITION. Hosted by the French Institute for International Relations (IFRI), this roundtable conference will include as speakers IFRI Associate Research Fellow Michel Cruciani; Chair of ENTSO-E System Development Committee Sébastien Lepy; and Policy Coordinator for the EU's Unit for Networks and Regional Initiatives Internal Energy Market Nicole Versijp. The debate will assess the electricity infrastructure outlook across



Europe, evaluate the risks for main players, and possibilities for improved coordination and regulatory harmonisation. For more information, visit IFRI's [website](#).

2 + 3 July, Geneva, Switzerland. MULTI-YEAR EXPERT MEETING ON PROMOTING ECONOMIC INTEGRATION AND COOPERATION. The third session of this meeting, hosted by the United Nations Conference on Trade and Development (UNCTAD), will lead a discussion on the best methods to boost productive capacities in a regional integration framework and the obstacles in both achieving and understanding the issues within economic integration. This year, the meeting will focus on how trade can be used as a growth tool for regional integration. To learn more and register for the event, visit UNCTAD's [website](#).

### WTO Events

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

26 June: Council for Trade in Goods

26 June: Meeting of the Joint Advisory Group on the International Trade Centre (ITC)

29 June: Fourth WTO/WB/IMF Trade Workshop

29 June: Dispute Settlement Body

29 June + 1 July: Trade Policy Review Body – New Zealand

29 + 30 June: Committee on Balance-of-Payments Restrictions

30 June + 1-2 July: 5<sup>th</sup> Global Review on Aid for Trade

1 July: Trade Policy Review Body – New Zealand

6 + 8 July: Trade Policy Review Body – European Union

### Other Upcoming Events

7-9 July, Toronto, Canada. CLIMATE SUMMIT OF THE AMERICAS. Hosted by the Government of Ontario, this event is geared toward developing a common statement of commitments from subnational governments to reduce greenhouse gases and identify opportunities for collaboration to reduce emissions, among other goals. The event aims to facilitate continued dialogue between subnational pan-American governments prior to the UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) in Paris, France at the end of the year. The event is open to representatives from pan-American jurisdictions, environmental groups, and members of the environmental industry. For more information, visit the event [website](#).

13-16 July, Addis Ababa, Ethiopia. THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT. This event will bring together high-level political representatives to analyse the progress made in implementing the development financing commitments from the Monterrey Consensus and the Doha Declaration, as well as identify barriers to putting these in action. Discussions will also address emerging issues regarding multilateral international development cooperation, with the UN meeting

expected to adopt an intergovernmentally negotiated and agreed outcome. To see full event details, visit the United Nations [website](#).

9-11 September, Dalian, China. ANNUAL MEETING OF THE NEW CHAMPIONS 2015. Hosted by the World Economic Forum, this three-day programme will bring together participants from the worlds of business, research, media, and government to discuss the imbalanced growth experienced across the globe, particularly in the wake of the financial crisis. This will be the ninth annual meeting focusing on innovation, science, and technology as a means to respond to the global growth challenge. For more information, visit the World Economic Forum's [website](#).

25 September, Boston, US. COUNCIL ON BUSINESS AND SOCIETY: ENERGY FORUM. Hosted by the Council on Business and Society and organised by an alliance of global business schools and various corporate partners, this international dialogue will focus on the new developments seen in the energy sector; what capabilities will help businesses navigate this energy transition smoothly; and how to incorporate and manage societal interests and requirements. To learn more about the forum, visit the Council on Business and Society's [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. More information on the event is available at the WTO [website](#).

26-27 October, London, UK. CLIMATE CHANGE 2015. The 21<sup>st</sup> Conference of the Parties (COP) to the UN Framework Convention on Climate Change (UNFCCC) is fast approaching. In this context, Chatham House will be hosting its 19<sup>th</sup> annual climate change conference, which aims to serve as a mechanism to assess what action steps can be taken to create a global climate deal that ensures long term climate action. The conference will incorporate the expertise of key stakeholders, with the goal of contributing to a positive outcome from the UNFCCC meeting in Paris. Participants will also analyse key risks, as well as important goals, for achieving a global consensus on mitigation priorities. For more information and registration, visit the Chatham House [website](#).

14-17 December, Nairobi, Kenya. TRADE AND DEVELOPMENT SYMPOSIUM. This biennial event, organised jointly by the International Centre for Trade and Sustainable Development (ICTSD) and the government of Kenya, will be held in parallel to the WTO's Tenth Ministerial Conference. The four-day event will include various high-level plenaries, press events, and private roundtables, among other features. A call for proposals is now underway for those interested in hosting partner sessions during the symposium. Further details can be found on the official event [website](#).

---

## Resources

TRANSATLANTIC FOOD AND AGRICULTURAL TRADE POLICY - 50 YEARS OF CONFLICT AND CONVERGENCE. By Timothy E. Josling and Stefan Tangermann. Edward Elgar Publishing (June 2015). In this new book, the authors take an analytical approach to the causes of trans-Atlantic conflict and the extent to which these trade tensions in agricultural markets have reflected wide differences in policy approaches and levels of support. They explore the role played by international rules in the GATT and subsequently in the WTO in disciplining farm price support policies to allow for more open markets. The book also points to possible ways to end five decades of trans-Atlantic trade tensions in the area of food and farm products and discusses options for negotiations on the Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU. To learn more, click [here](#).

CLIMATE CHANGE AND FOOD SYSTEMS: GLOBAL ASSESSMENTS AND IMPLICATIONS FOR FOOD SECURITY AND TRADE. Published by the Food and Agriculture Organization of the United Nations (FAO) (June 2015). This new book discusses the impact of climate change on food and agriculture at the global and regional levels over the past 20 years. Topics addressed include global food production patterns; how climate change is likely to impact crop nutrition quality; and the increase in water scarcity. To learn more, visit the FAO's [website](#).

DECARBONIZING DEVELOPMENT: THREE STEPS TO A ZERO-CARBON FUTURE. Written by Marianne Fay, Stephane Hallegatte, Adrien Vogt-Schilb, Julie Rozenberg, Ulf Narloch, and Tom Kerr for the World Bank Group (2015). This report explores action steps needed to decarbonise the world economy while upholding broader development goals. The report argues that to bring net carbon emissions to zero by 2100, major steps must be taken, including early, goal-oriented action; policy packages focused on spurring changes in investment patterns and behaviours; and effort to smooth the transitions for those most affected. To access the full report, visit the World Bank's publications [website](#).

SEEKING SHARED PROSPERITY THROUGH TRADE. By Massimiliano Cali, Claire H. Hollweg, and Elizabeth Ruppert Bulmer for the Trade and Competitiveness Global Practice Group at the World Bank (June 2015). This policy working paper discusses the short-run effects of trade-related shocks on households, with a view to capture the potential welfare impact on the poor. The authors review, among other issues, how such shocks are transmitted to households; how trade changes in agriculture affect the consumption basket of households; what channels transmit trade-related shocks to prices of non-agricultural products; and how labour mobility costs affect gains from trade. To read the entire report, click [here](#).

WHY CHINA WANTS A BIT WITH THE UNITED STATES. By Sean Miner for the Peterson Institute for International Economics (18 June 2015). Negotiations for a Bilateral Investment Treaty (BIT) between the US and China made progress in this month with a formal submission from Beijing of a "negative list," with other upcoming events such as a September leaders' summit expected to yield additional announcements on the subject. This blog post provides an explanation for why China is interested in this type of pact with the US, with the author citing domestic reforms, possible market economy status through a potential side agreement, and increased foreign direct investment as potential motivations. For more information, visit the Peterson Institute [blog](#).

GLOBAL ECONOMIC PROSPECTS: THE GLOBAL ECONOMY IN TRANSITION. Published by the World Bank Group (June 2015). The Global Economic Prospects report focuses on the expected challenges for developing countries in the year ahead, including increases in borrowing costs in the wake of the fall in oil and commodity prices. The report includes growth prospects for these countries overall, while providing regional outlooks, as well as information on risks and policy challenges. To read the full report, click [here](#).

IMPROVING THE AVAILABILITY OF TRADE FINANCE IN DEVELOPING COUNTRIES: AN ASSESSMENT OF REMAINING GAPS. By Marc Auboin for the WTO (June 2015). This working paper addresses the effects of the global financial crisis on access to trade finance for developing countries. This area has remained difficult for such countries, the author finds, with the paper reviewing recent available information and background on market gaps in trade finance. The paper also reviews those initiatives where the WTO and other organisations are working to address the trade finance issue. To read the full working paper, visit the WTO's [website](#).

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

## BIORES

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

## BRIDGES AFRICA

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

## PUENTES

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

## МОСТЫ

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

## PONTES

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

## 桥

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

## PASSERELLES

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

PUBLISHED BY



International Centre for Trade  
and Sustainable Development  
Chemin de Balexert 7-9  
1219 Geneva, Switzerland  
+41-22-917-8492  
[www.ictsd.org](http://www.ictsd.org)

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

DFID - UK Department for  
International Development

SIDA - Swedish International  
Development Agency

DGIS - Ministry of Foreign Affairs  
Netherlands

Ministry of Foreign Affairs, Denmark

Ministry of Foreign Affairs, Finland

Ministry of Foreign Affairs, Norway

Copyright ICTSD, 2015. Readers are encouraged  
to quote and reproduce this material for  
educational, non-profit purposes, provided the  
source is acknowledged.



This work is licensed under the Creative  
Commons Attribution-NonCommercial-No-  
Derivative Works 4.0 International [License](https://creativecommons.org/licenses/by-nc-nd/4.0/).

Your support to BRIDGES and the BRIDGES series  
of publications is most welcome; if interested,  
please contact Andrew Crosby, Managing  
Director at +41-22-917-8335.

Contributors to this issue are Sofia Alicia Baliño,  
Kimberley Botwright, Jonathan Hepburn, and  
Kylie Grader. This edition of Bridges Weekly  
Trade News Digest is edited by Sofia Alicia Baliño.

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

Price: €10.00

ISSN 1563-0

