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WASHINGTON

TPP Timeline in Focus as Obama Signs Trade Promotion Authority into Law

US President Barack Obama signed Trade Promotion Authority (TPA) into law on Monday, putting an end to the months-long drama in Washington over the controversial legislation's fate. With the TPA debate now in the rear-view mirror, the focus has now turned to the potential timeline for wrapping up the Trans-Pacific Partnership (TPP) talks.

"This legislation will help turn global trade – which can often be a race to the bottom – into a race to the top," Obama [said](#) in signing the bill. "It will reinforce America's leadership role in the world – in Asia, and in Europe, and beyond. If I didn't believe it, I wouldn't have fought so hard to get these things done."

The US President also signed into law a separate piece of legislation renewing both a support scheme for domestic workers displaced by trade, as well as various US preference programmes, such as the African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences (GSP).

TPA will now be in place for at least three years, with the possibility of a three-year extension. Both chambers of Congress had approved these various trade bills earlier in June, after a prolonged and bitter fight among lawmakers that brought many of the US public's anxieties over the effects and transparency of trade deals – past and present – to the fore. (See Bridges Weekly, [25 June 2015](#))

Obama: "tough negotiations" ahead

While the TPA battle is now over, this has been widely recognised as just the first stage of a more difficult fight – that of bringing the 12-country TPP talks to the finish line before the end of the year.

The proposed trade deal, whose members account for 40 percent of global GDP, has drawn controversy across the various countries involved in the talks, both over the potential content in areas such as intellectual property rights and environmental and labour protections, as well as over the level of transparency in the negotiations.

Obama openly acknowledged some of the difficulties ahead in his remarks on Monday. "The trade authorisation that's provided here is not the actual trade agreements. So we still have some tough negotiations that are going to be taking place," he said.

Nor would the debate on trade come to a close, he added, while voicing his confidence that the trade deals that will be subject to TPA will "improve the system of trade that we have right now."

Timing, possible roadblocks

Since the news of TPA's passage, Japanese Economy Minister Akira Amari has been among those to suggest that ministers from the 12 TPP countries could meet as early as this month to reach a broad deal.

Some TPP officials, such as Australian Trade Minister Andrew Robb, have suggested that the 12-country trade talks could be wrapped up in a week once TPA is in place in the US. (See Bridges Weekly, [25 June 2015](#))

No date has yet been confirmed for either chief negotiators' meetings or a ministerial-level gathering, which would both be expected before a final agreement is confirmed, though some reports have indicated that a ministerial might be held this month. Contact has reportedly begun among TPP officials to begin whittling down the remaining areas of disagreement as much as possible before such high-level meetings are convened.

US Trade Representative Michael Froman suggested at a Politico-hosted event on Wednesday that a deal could be ready in time for Congress to ratify it this year. That would require a quick conclusion of the talks, given requirements under the new TPA legislation regarding how long the completed text must be public before Obama signs it and submits it to Congress for ratification.

Yet how many issues remain beforehand, and how difficult these are to resolve, is still unclear. For one, the US and Japan have yet to announce a bilateral agreement on automobiles and agricultural market access, including rice – areas that have been blamed for slowing down the overall TPP talks.

While progress had been reported between the two sides prior to the TPA situation, where they currently stand – and how far apart they remain – is still unclear, though some officials have been quoted as saying that a bilateral deal could be announced in July.

Disagreements also remain between and Canada and other TPP partners, particularly the US and New Zealand, on agriculture. Dairy and poultry have been particular sticking points, given Canada's supply management system.

This scheme relies on the use of "marketing boards" which both control domestic production of such farm goods, as well as requires high tariffs on importing these products from abroad.

New Zealand Trade Minister Tim Groser has pegged the dairy issue as a priority for his country, warning that if Canada does not offer a better deal, "we won't be signing what's on the table at the moment," in comments reported by Reuters.

Tom Mulcair, as the leader of the New Democratic Party (NPD), the main Canadian opposition party, has called on Prime Minister Stephen Harper to protect the supply management system "in its entirety."

Dairy Farmers of Canada, an industry group, [said in May](#) that it continues to back Ottawa's stance in the TPP talks, noting that "the claim that supply managed commodities are protectionist is unfounded" and suggesting that other markets, including that of the US, provide even less access.

Should a TPP deal indeed be reached in July, as these officials have predicted, the next major hurdle would be getting domestic legislatures to approve the final agreement.

While the US is headed into a general election year in 2016 – with the White House guaranteed to see a new president the year after, given US term limits – other TPP countries such as Peru and Canada are also set to go to the polls, ensuring an already difficult political climate for passing the agreement.

Yet some officials have expressed confidence that the final agreement will be approved by domestic lawmakers. “I think the likelihood is pretty high that [the US] Congress will pass it,” Froman said on Wednesday, in comments reported by Reuters.

The members of the TPP negotiations include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US, and Vietnam.

ICTSD reporting; “U.S. trade representative sees Pacific trade pact before Congress by year-end,” REUTERS, 1 July 2015; “Japan, U.S. can reach agreement for July pan-Pacific trade deal: Japan official,” REUTERS, 26 June 2015; “Pacific trade talks enter ‘fast and furious’ phase,” REUTERS, 25 June 2015; “Mulcair urges Harper to defend supply management during TPP negotiations,” GLOBAL NEWS, 29 June 2015.

BILATERAL TRADE TIES

EU, China Leaders Make Investment, Climate Push

The EU and China are aiming to have a joint text for a sweeping bilateral investment pact by year's end, leaders from the two sides said on Monday following a summit in Brussels, in a move that could eventually pave the way for future consideration of a potential trade deal.

Climate change also ranked high on the 29 June meeting agenda, with Beijing releasing the following day a highly-awaited document outlining its planned national actions for addressing the issue in the context of a global binding climate deal.

Monday's meeting, which marked the 40th anniversary of diplomatic relations between the two sides, brought together European Council President Donald Tusk, European Commission President Jean-Claude Juncker, and Chinese Premier Li Keqiang for a wide-ranging discussion on areas for bilateral cooperation, as well as past irritants.

Joint BIT text by end-2015

One of the key issues on the agenda during the high-level meet was the progress of the EU-China bilateral investment treaty, or BIT. Brussels and Beijing began negotiations for such a pact in early 2014, after agreeing in 2012 to start the talks. (See Bridges Weekly, [24 October 2013](#))

The 28-nation EU is China's largest source of imports, and vice versa, according to European Commission [data](#). The two sides trade over one billion euros per day. Investment figures are comparatively paltry, with China accounting for just two to three percent of overall European investments abroad.

Proponents say that this planned deal, if achieved, could serve to lower investment barriers, provide a more predictable investment framework, and boost investor confidence.

"The EU and China view the ongoing investment agreement negotiations as one of the most important issues in EU-China bilateral economic and trade relations," they affirmed in a [joint statement](#).

Negotiating teams should now aim to "seek convergence" on the BIT's scope, including reaching a joint text, by the end of this year, leaders said on Monday. Furthermore, they said, a final deal should be "ambitious and comprehensive," including the areas of investment protection, market access, and other elements that could ease investment.

A successful result in the BIT talks has long been suggested as a potential litmus test for whether the two can eventually negotiate a trade pact. Leaders reiterated this possibility at the bilateral summit, noting at reaching an investment agreement would be both a sign of their commitment to deeper cooperation "as well as their willingness to envisage broader ambitions including, once the conditions are right, towards a deep and comprehensive FTA, as a longer term perspective."

An eventual trade agreement, if ever negotiated, would be a significant economic and geopolitical step for the two sides. The EU and China have long had a tumultuous trade relationship, sparring on issues ranging from domestic support for their respective

renewable energy sectors to whether China should be treated as a market economy in trade remedy disagreements.

China unveils climate pledge

The day after the summit, Beijing released its highly-awaited [pledge](#) for its contribution to a post-2020 global climate agreement, outlining a series of actions the world's largest carbon emitter intends to take by 2030.

China's submission, known as its intended nationally determined contribution (INDC), had been widely expected given its earlier indications that it would submit its pledge during the first half of the year.

These INDCs are meant to be the building blocks of a final global climate deal, which UN negotiators are aiming to reach in Paris, France when they meet at the end of the year. At press time, 16 INDCs had been [submitted](#) to the UN Framework Convention on Climate Change (UNFCCC), including China's.

In its pledge, China affirmed that it would work to achieve a "peak" in carbon dioxide emissions around 2030, as well as "making best efforts to peak early." China had already affirmed this goal late last year, when it announced a joint plan with the US aimed at curbing emissions. (See Bridges Weekly, [13 November 2014](#))

Other actions listed in the document include actions aimed at lowering carbon emissions per unit of GDP by 60 to 65 percent from the 2005 level; boosting the share of non-fossil fuels in primary energy consumption "to around 20 percent"; as well as increasing by 4.5 billion cubic metres the forest stock volume, relative to 2005 levels.

Beijing noted that these actions were based on the country's "national circumstances," as well as its stage in development, among other factors. The document then goes on to outline various policies and measures to implement such actions, as well as China's views on the overall process and outcome of the global climate talks.

Following the release of China's INDC, EU Climate and Energy Commissioner Miguel Arias Cañete publicly welcomed the deal, referring to it as a "positive boost for the climate talks" on the [social media](#) site Twitter.

At this week's summit, EU leaders had already pressed China to agree to targets as ambitious as the bloc's own. Speaking [to reporters](#) on Monday, Juncker noted that the EU has already made strong commitments in this area, with the intention to lower emissions by 40 percent compared with 1990 levels.

"I would strongly welcome China taking on its shoulders commitments having the same ambition, if not in numbers, then at least in targets," the EU Commission chief said.

Leaders from both sides released a [joint statement](#) on climate change during the EU-China summit, where they said they would work together for an "ambitious and legally binding" Paris deal this year, "on the basis of equity and reflecting the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances."

ICTSD reporting; "Li Keqiang pushes for China-Europe investment treaty," FINANCIAL TIMES, 29 June 2015; "At summit, EU Hopes to deepen ties with China," REUTERS, 29 June 2015; "EU Leaders Urge China to Adopt Tough Climate-Change Goals," THE WALL STREET JOURNAL, 29 June 2015; "EU Lawyers Favor Market Economy Status for China Next Year," THE WALL STREET JOURNAL, 9 June 2015; "Malmstrom: No Automatic Market Economy Status for China in 2016," THE WALL STREET JOURNAL, 11 December 2014.

CLIMATE CHANGE

US Supreme Court Faults Government Limits on Mercury Pollution

The US' top court ruled on Monday that federally set limits on mercury emissions and other toxic pollutants from coal-fired power plants had failed to take into account the economic costs of implementation.

"It is not rational, never mind 'appropriate,' to impose billions of dollars in economic cost in return for a few dollars in health or environmental benefits. Statutory context supports this reading," wrote Supreme Court Justice Antonin Scalia for the majority 5-to-4 decision.

For its part the US Environmental Protection Agency (EPA) – the government agency responsible for the mercury pollution rules – had argued that it was not required to take costs into account when making the determination to regulate.

The agency also reportedly highlighted that even when it had done so later in the legislative process, its analysis found that the benefits of action on mercury and other toxic pollution outweighed the costs. The mercury emissions limits could produce some US\$37-90 billion worth of benefits per year, particularly in terms of public health, the EPA's analysis had found.

Industry groups, however, contended that the annual costs would be around US\$9.6 billion and result in only about US\$6 billion in benefits. The case at hand was brought by industry groups and 23 states.

The EPA finalised the nation's first ever mercury and air toxic standards (MATS) in December 2011 geared towards reducing air pollution from around 600 coal and oil-fired plants. A compliance grace period of four years was built into the rule in order to give industry time to adapt.

According to the agency, coal and oil-fired power plants are the [dominant](#) emitters of mercury, acid gases, and a number of toxic pollutants in the country.

Back to the drawing board

While Monday's ruling did not explicitly strike down the MATS, a number of experts have suggested that the EPA will now have to review and re-write the rule, taking costs into consideration from the get-go.

The case will, however, shortly return to the US Court of Appeals for the District of Columbia Circuit to decide whether the entire ruling should be thrown out or not. This is one of 13 appellate courts which sits below the Supreme Court.

A spokeswoman for the EPA confirmed to the New York Times that the agency would continue to move forward with the rule, particularly as the Supreme Court's decision was not targeted at the agency's authority to act, but rather its approach.

The EPA also said that a number of plants had already made the necessary investments to comply with the rule despite the legal challenge. These efforts have included installing mercury control technology.

"The EPA will have to do more homework on costs," Sean Donahue, a representative of environmental and public health groups supportive of the government agency's case, told The New York Times.

"But I am very confident that the final rule will be up and running and finally approved without a great deal of trouble. It's a bump in the road, but I don't think by any means it's the end of this programme," he added.

International credibility, competitiveness

A number of experts and analysts have suggested that international stakeholders are keeping a close eye on legal challenges to US President Barack Obama's domestic push to tackle air pollution and greenhouse gas emissions.

Nearly 200 nations are engaged in submitting emissions-cutting plans as part of an effort to hammer out a new multilateral climate regime by the end of the year, to take effect from the end of the decade.

Some of the US' climate negotiating partners have previously expressed concern that Obama's executive actions might be quashed in the courts or that a change of leadership would threaten implementation. Several experts this week suggested legal setbacks such as those on the mercury rules might mean the Obama Administration will run short on time to implement a revised version.

Climate action plan

The MATS represents one of Obama's early efforts to tackle climate and energy challenges under the auspices of the nation's Clean Air Act. The US leader in 2013 then unveiled a "climate action plan" pledging to use executive actions to address, among other things, carbon emissions from new and existing power plants in the country. (See Bridges Weekly, [27 June 2013](#))

The EPA has since proposed a cap on emissions from new power plants and also released plans to slash emissions by an average of 30 percent from 2005 levels on all existing American power plants. (See BioRes, [9 June 2014](#))

Both efforts have faced legal challenges by opponents who say that the regulations will place a burden on industry and threaten their economic competitiveness in the global economy.

In the latest development last month, however, a federal appeals court dismissed a challenge to the EPA's effort to cut emissions on all power plants. A three-judge panel said that they could not rule on the case until the agency issues a final regulation, known as the Clean Power Plan, now expected in August.

The move to address climate change via executive actions rather than through US legislation has also angered many American lawmakers, particularly of the opposing Republican party, who have questioned their legality and their potential cost.

The Obama Administration has reportedly released some 40 new measures to tackle carbon emissions since the start of this year, and set in motion action on all 75 goals in the climate action plan, [according](#) to Washington-based think tank the Centre for Climate And Energy Solutions (C2ES).

"While much of the damage of this regulation has already been done, the [Supreme Court] ruling serves as a critical reminder to every governor contemplating the administration's demands to impose more regressive – and likely illegal – regulations that promise even more middle-class pain," [said](#) Senate Majority Leader Mitch McConnell, a Republican from the state of Kentucky who has been a vocal opponent of such policies.

House Minority Leader Nancy Pelosi, a Democrat from California who has long called for more aggressive climate action, countered in her own [statement](#) that the Supreme Court ruling "puts polluters before people, creating new obstacles for the Environmental Protection Agency's mission to protect our health and environment."

Obama Administration officials say that they are still reviewing the ruling. However, White House Press Secretary Josh Earnest [told reporters](#) that, "based on what we have read so far, there is no reason that this court ruling should have any impact on the ability of the administration to develop and implement the Clean Power Plan."

The two are separate rule-making processes, he said, with nothing in this week's Supreme Court ruling likely to have a bearing on the power plant carbon emissions rule.

ICTSD reporting; "Supreme Court Blocks Obama's Limits on Power Plants," THE NEW YORK TIMES, 29 June 2015; "Supreme Court tells EPA to consider industry costs," THE FINANCIAL TIMES, 29 June 2015; "Barack Obama sets sizzling climate action pace in push to leave legacy," THE GUARDIAN, 26 June 2015; "Appeals Court Dismisses Challenge to EPA Climate Rule," THE WALL STREET JOURNAL, 9 June 2015.

POST-2015 DEVELOPMENT AGENDA

UN Negotiators Review “Zero Draft” for Post-2015 Development Agenda

UN negotiators meeting in New York last week commented on a “zero draft” for a new global development agenda and engaged in substantive discussions on key sections, including a declaration, a planned set of sustainable development goals (SDGs), means of implementation, and how to monitor progress in the coming years.

The co-facilitators of the process charged with crafting this post-2015 development agenda released the [zero draft](#) of the text in early June. The agenda is scheduled to be adopted by world leaders at a UN summit in September, outlining a broad vision of international sustainable development priorities for the next 15 years.

According to Earth Negotiations Bulletin, several countries said last week that the co-facilitators' zero draft provided an “excellent basis” for intergovernmental negotiations on the final outcome, though some called for strengthening the environment and climate change language in the document's declaration.

Some aspects of the zero draft, however, saw past disagreements between countries re-surface. Among others, these areas include the relationship between the post-2015 development agenda and ongoing UN financing for development talks; how best to monitor both processes; and whether to revise the targets in a proposed set of SDGs put forward by a UN working group last year.

Trade tools and rules are set to feature in the new agenda both as targets and means of implementation (MoI) for some of the planned SDGs. A proposed final goal on systemic MoI for the overall SDG framework includes a trade section with references to concluding the WTO's Doha Round; significantly increasing developing and least developing country (LDC) exports; and implementing past WTO decisions geared towards improving LDC market access. (See Bridges Weekly, [24 July 2014](#))

A draft for the outcome document of the Third International Conference on Financing for Development (FfD3), scheduled to be held in from 13-16 July in Addis Ababa, Ethiopia, also includes a section on trade as an engine for growth and sustainable development.

The use of trade in both documents offers one example of the complexities, synergies, and interactions between these processes that delegates must address as they seek to finalise a comprehensive sustainable development to-do list and the means to achieve it.

Financing for development ongoing

Delegates remain at odds on the relationship between the post-2015 development agenda and the FfD3 outcome. Developed countries largely favour using the financing talks as the MoI for the post-2015 agenda – an approach generally opposed by developing countries. (See Bridges Weekly, [30 April 2015](#))

The current post-2015 zero draft currently includes a section on means of implementation, though a footnote clarifies that this language is a placeholder pending the Addis Ababa summit.

The 15-22 June drafting session for the FfD3 outcome document ran late, with the final draft for Addis not yet released. Key sticking points in those talks initially included areas such as trade, debt, tax, follow-up, international public finance, and technology.

On trade, there has reportedly been some haggling over text related to welcoming plurilateral initiatives, such as those on liberalising environmental goods trade, as well as language on Aid for Trade allocations and multilateral duty-free, quota-free market access for landlocked developing countries (LLDCs). Sources say, however, that the trade section has been less difficult than others during these final negotiating stages.

The full content of the FfD3 draft remains to be seen, with no further information yet available on when this document would be circulated, though a session could be scheduled later this week. The co-facilitators of that process said on Monday 22 June that some issues of "great sensitivity" would need to be handled at the political level through bilateral consultations.

Tracking progress

During last week's post-2015 discussions, developed and developing countries also disagreed on whether the follow-up and review process should be integrated for both processes. The EU, Switzerland, and Japan were among those reportedly pushing for the first option, while some developing countries pushed for the second.

Delegates also debated a three-tiered follow-up and review proposal included in the zero draft. The suggested text posits a voluntary review process, implemented at national, regional, and global levels. The High Level Political Forum on sustainable development (HLPF), which meets annually under the UN Economic and Social Council (ECOSOC), would serve as the "apex" body of a global review process.

While several delegates welcomed the zero draft's proposal in this area, some including the G-77 and China, Australia, and the US said it was too prescriptive. Other players such as the EU called for the active engagement of stakeholders in the follow-up and review process.

This year's HLPF is currently ongoing in New York until 8 July and will likely include discussion on the body's relationship with the implementation of the post-2015 development agenda.

The post-2015 zero draft also included an annex with proposed target revisions for the SDGs, specifically where "X%s" instead of numbers were left in the UN group's proposal last year. As with previous co-facilitator attempts to address these areas, various developing countries expressed concern that "technical tweaks" would shift the balance of the text. Further complicating the discussion, some countries supported making amendments to some targets, but not to others.

Systemic conversations

Last week's post-2015 session also saw some substantive discussion around "common but differentiated responsibilities" (CBDR) in relation to environmental protection and development.

This principle recognises that common effort is needed to ensure integrity in the earth's ecosystem, alongside differing levels of responsibility with regards to global environmental degradation.

The zero draft includes a section in the declaration on commitments and shared principles, which reaffirms the CBDR principle first enshrined in the 1992 Rio Earth Summit declaration.

The CBDR principle is also present in the UN Framework Convention on Climate Change (UNFCCC), acknowledging that the global challenge posed by climate change requires common action in line with differentiated responsibilities and respective capabilities, given varying social and economic conditions.

The principle has created friction between so-called developed and developing countries, particularly in the multilateral climate change context, where emerging economies such as China are now among the world's largest greenhouse gas emitters.

A majority of developed country players, including the EU, Canada, Japan, and the US, have called for the removal of the CBDR reference in the zero draft, a move which is opposed by most developing nations, including the G-77 and China negotiating group, Nigeria, and Sri Lanka.

The US reportedly said that the CBDR principle was a concept "steeped in the North-South divide" and should not apply to a universal sustainable development agenda. Japan suggested the term "shared responsibility" might be more appropriate.

Meanwhile, India held that universality did not necessarily mean uniformity, and that the concept could be seen as underpinning equity in the relationship between countries and how they tackle global challenges.

The topic will likely surface again later in July as delegates return for a final round of talks on the post-2015 outcome and will be closely watched by stakeholders for a signal of the shift in the dynamics of global cooperation.

A test for multilateralism?

During last week's closing session, the post-2015 talks' co-facilitators – David Donoghue, Permanent Representative of Ireland and Macharia Kamau, Permanent Representative of Kenya – said they would do their best to distil input from the meeting in order to produce a final zero draft within the next couple of weeks.

Negotiators will reconvene from 20-31 July in an effort to secure a final outcome document and find compromises on the remaining differences, a goal which co-facilitators say they are confident of meeting. The session will take place after the FfD3 summit.

Many experts have suggested the post-2015 and FfD3 processes could usher in a significant change in global cooperation around economic, environmental, and social issues under a new sustainable development architecture.

Other analysts have also cautioned that the global challenges ahead are substantial – with some one billion people around the world continuing to live in extreme poverty, rising unemployment figures, and the urgent need to respond to climate change – and comprehensive efforts will be required.

ICTSD reporting; "Summary of the Sixth Session of the Intergovernmental Negotiation Process on the Post-2015 Development Agenda: 22-25 June 2015," ENB, IISD REPORTING, 28 June 2015; "Summary of the Third Drafting Session of the Outcome Document of the Third International Conference on Financing for Development," ENB, IISD REPORTING, 24 June 2015.

WORLD TRADE ORGANIZATION

Trade Facilitation, Development in Focus as WTO Begins Aid for Trade Review

WTO Director-General Roberto Azevêdo called this week for making 2015 "the year of trade and development," as ministers, delegates, civil society, and private sector representatives gathered in Geneva this week to review the progress of the WTO's Aid for Trade initiative.

This year's event, which has as its theme "Reducing Trade Costs for Inclusive Sustainable Growth," marked ten years since the Aid for Trade initiative was launched in 2005 at the WTO's ministerial conference in Hong Kong.

According to a report issued jointly this week by the WTO and the Organisation for Economic Co-operation and Development (OECD), Aid for Trade disbursements have now hit US\$264.5 billion in official development assistance since the launch of the initiative ten years ago. An additional US\$190 billion have been provided via other official flows for financing trade-related programmes in developing countries.

"The development benefits of reducing trade costs are impressive: a one percent decrease in global trade costs would increase global income by US\$40 billion at a minimum, with close to two-thirds of this amount accruing to developing countries, according to OECD calculations," said Azevêdo and OECD Secretary-General Ángel Gurría in a foreword to the report.

However, trade costs remain worryingly high, officials said, with the poorest countries, particularly those that are land-locked being those worst affected.

"High costs suffocate trade. They limit the gains from trade. Worse, the burden of high trade costs falls heaviest on the poorest countries, the smallest firms, and the lowest income consumers," Azevêdo said during the opening plenary of this year's Global Review.

In his remarks, the WTO chief outlined three key ways for slashing trade costs and barriers further, with a view to ensuring more of the world's poor have access to the global trading system and its benefits.

This included, he said, maximising the results of the Aid for Trade initiative; implementing the WTO's Trade Facilitation Agreement; and negotiating new development outcomes at the global trade body's upcoming ministerial conference this December.

Eyes on 2015

The fifth biennial "Global Review" of the initiative, which began Tuesday morning at the WTO's Geneva headquarters and is set to conclude on Thursday evening, comes during a key year for various international trade and development processes.

These include, among others, a push by WTO members to bring their long-running Doha Round trade talks closer to conclusion, with those negotiations now nearly 14 years old. The global trade body's 161 members have set themselves an end-July deadline for inking a Doha Round "work programme," one which would outline how to address the various unresolved issues in the talks.

However, with just weeks to go before this deadline, many are questioning whether this target will indeed be met, or if heated disagreements between WTO members over issues such as domestic agricultural subsidies and farm trade tariffs will mean that the deadline could be missed. Some have suggested that the process to conclude such a programme could then drag on to December, when the organisation has its tenth ministerial conference in Nairobi, Kenya. (See Bridges Weekly, [25 June 2015](#) and [18 June 2015](#))

Other key dates on the international calendar include a UN summit this September to adopt new post-2015 development agenda and Sustainable Development Goals (SDGs), with the current Millennium Development Goals set to expire this year. A separate UN conference being held this month in Addis Ababa, Ethiopia, is also set to focus on the issue of development financing.

Given this context, Azevêdo said on Tuesday, "I think we have to make sure that trade plays its full role."

The WTO-OECD report indicated that trade can be a key source of financing for development for the post-2015 development agenda, particularly for least-developed countries, given that this agenda will need "significantly increased" financing to implement.

"However, the trade and development community should take care that the transformative nature of the post-2015 agenda does not inadvertently result in a rise of unnecessary non-tariff measures that would increase trade costs and reduce the capacity of developing countries to use trade as an engine of economic growth and poverty reduction," the report warned.

Furthermore, the report said, this "new development paradigm" could also mean that the Aid for Trade initiative will need to take on a "more integrated approach," one that goes beyond trade performance improvements to also strive for positive social, economic, and environmental impacts.

Trade facilitation

One of the five chapters of the joint WTO-OECD report was focused on the Trade Facilitation Agreement – a multilateral deal aimed at easing customs procedures and reducing red tape at the border that was reached at the global trade body's December 2013 ministerial conference in Bali, Indonesia.

This agreement, the OECD's Gurría said during Tuesday's opening plenary, "creates a significant opportunity to reduce trade costs and enhance participation in the global value chains." Issues such as cumbersome border procedures and poor infrastructure, he explained, are part of the reason that producers in low-income countries are often "priced out" of the global market, even if they would otherwise be competitive.

The TFA has been open for domestic ratification since November 2014, with trade officials including Azevêdo saying that bringing the deal into force would be a key deliverable for the Nairobi ministerial conference.

To bring the TFA into force, two-thirds of the global trade body's membership must approve it domestically and then submit these "instruments of acceptance" to the WTO. With the organisation being made up of 161 members, soon to be 162 once Kazakhstan's entry is finalised, that means that at least 108 must send in such instruments.

Eight [WTO members](#) have done so to date: Hong Kong, Singapore, the US, Mauritius, Malaysia, Japan, Australia, and Botswana. The EU and its 28 members are expected to submit theirs by year's end or sooner, while members of various regional coalitions – such as the Asia-Pacific Economic Cooperation countries – have also pledged to do so.

Even so, whether the goal is indeed reachable by Nairobi remains an open question given the number of acceptances are needed, though many efforts to speed up the process are ongoing. For example, in a bid to help developing countries facing domestic legal and capacity constraints in adopting and implementing the agreement, the UN Conference on Trade and Development (UNCTAD) [announced](#) last week a new “vehicle” to help in this area.

Development, poverty eradication

The role of trade in poverty eradication was highlighted by World Bank President Jim Yong Kim in his speech during Tuesday's opening plenary. The Washington-based organisation has set a goal of ending extreme poverty – in other words reducing the percentage of people living on less than US\$1.25 a day to three percent – by the year 2030. (See Bridges Weekly, [25 April 2013](#))

“I say this knowing that, for some, the argument that trade helps the poor has been controversial. Yet our best evidence suggests that, when countries are effectively integrated into regional and global markets, their poorest citizens can reap substantial benefits,” the World Bank chief [said](#).

The objectives of this poverty eradication plan should address both expanding participation opportunities for low- and middle-income countries, along with slashing trade costs that particularly harm the poor and vulnerable in their own trade participation.

International organisations have a key role to play in this endeavour, Kim said, telling participants that “if we succeed together, we will become the first generation to end extreme poverty in the world. It will be one of humankind's greatest achievements.”

ICTSD reporting.

DISPUTES

WTO Panel Grants Japan Mixed Victory in Ukraine Automobile Trade Dispute

Ukraine's emergency measures to limit imports of certain Japanese passenger cars are largely in violation of global trade rules, a WTO panel said last Friday, while backing Kiev on some procedural points. The panel has also suggested that Ukraine remove the duty, though these findings could be appealed.

The panel report ([DS468](#)) circulated last Friday focused on both the measures themselves – known as "safeguards" in trade parlance – as well as the investigation behind them. These safeguards can be imposed when there has been an import surge of a particular good, should this surge cause serious injury – or threaten to do so – to domestic industry.

Such emergency actions can either take the form of quantitative limits on imports or duties above a country's "bound rates," or WTO-agreed ceiling.

Kiev had launched its safeguard investigation into imported motor cars of any origin four years ago, at the request of domestic automobile manufacturers. After concluding the probe in 2012, Ukraine confirmed in March 2013 that it would put in place safeguard measures for three years, starting the following month.

These would involve a special duty set at either 6.46 or 12.95 percent depending on the car's engine volume, with the higher duty corresponding to larger automobiles.

Tokyo then filed a WTO challenge against Kiev's measures in October of that same year, [claiming](#) that the measures were "illegitimate" and inconsistent with several provisions of the General Agreement on Tariffs and Trade (GATT) 1994 and the Agreement on Safeguards.

Japan also [said](#) that the measure would impose additional duties of about 19 billion yen (US\$155 million, at today's exchange rates) annually on its vehicle exports to Ukraine, potentially harming its own industry.

A WTO panel was established in March 2014 to hear the complaints. Kiev announced that same month that it would progressively lower the safeguard duty rates, signaling that these would be slashed over two years to 2.15 percent and 4.32 percent, respectively.

Unforeseen development, serious injury

At the WTO, the rules for applying safeguard measures are covered by the Agreement on Safeguards and GATT Article XIX.

Under the latter, a member imposing a safeguard measure must demonstrate that a product has been imported in increased quantities as a result of an "unforeseen development" and the effect of the importing country lowering its market barriers, for instance, in complying with its GATT obligations – something which Kiev failed to identify and to prove, the panel said.

For safeguard measures to be legal under WTO rules, there must also be a sufficiently recent, sudden, sharp, and significant increase of imports, which in turn must be found to

cause or threaten serious injury to a competing domestic industry. Ukraine failed to demonstrate this type of increase, the panel said, among other related findings.

In addition, the panel found that Kiev failed to evaluate all relevant factors affecting the domestic industry. The panel also found that Ukraine did not show a causal link between increased imports and serious injury to domestic industry, while failing to properly analyse whether this injury might be due to other factors.

Publication, notification

The Safeguards Agreement also includes various procedural requirements for imposing such policies, in the interest of transparency and participation by interested parties. These include rules regarding publication, notifications, and public hearings.

For instance, the panel disagreed with Kiev's decision to delay the publication of the competent authorities' report. The investigation was concluded in 2012, only for the report to be released nearly a year later. Even if the type, level, start date, and duration of the safeguard duties was only decided in March 2013, the panel said this was not enough reason for the delay in publishing its finding of injury, particularly given Ukraine's WTO obligation to publish this report promptly.

The panel found that Ukraine failed to notify the WTO Committee on Safeguards immediately after both starting a safeguard investigation and after making a finding of serious injury or threat caused by increased imports.

Missing timetable

Kiev was also faulted for not having notified the WTO's Committee on Safeguards of its timetable for progressively liberalising the measure at the time the dispute panel was established. The panel found Ukraine acted inconsistently with its obligations by failing to provide "all pertinent information" in its WTO notification.

The panel also found Ukraine in violation of trade rules for not providing Japan a timetable for the liberalisation prior to applying the safeguard, therefore not giving Tokyo enough opportunity to consult ahead of time and review all pertinent information.

Without this timetable, an affected exporting member cannot accurately assess a safeguard's adverse effects, since the level and duration of these effects will depend on whether and when this liberalisation occurs. This information is necessary for calculating an adequate level of compensation, the panel said.

Consequently, the panel found that Ukraine failed to endeavour to maintain a substantially equivalent level of concessions and other obligations relative to those exporting members affected, as required by global trade rules.

Next steps

The two sides now have 60 days from the report's release for filing an appeal, if they so choose. Should either side appeal, the WTO's Appellate Body will then have 90 days from the close of the appeals period to issue a final report on the case.

The Appellate Body can review aspects of law – such as legal interpretation – but generally will not interfere with the panel's factual findings.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

6 July, Tokyo, Japan. GLOBAL ECONOMIC PROSPECTS (GEP): THE GLOBAL ECONOMY IN TRANSITION. This seminar is co-organised by the World Bank and the Asian Development Bank Institute. The World Bank's Director for Development Prospects in Development Economics Group (DEC), Ayhan Kose, will present the findings of a new report by the World Bank Group which focuses on the increased likelihood of higher borrowing costs for developing nations in 2015 due to lower oil and other commodity prices, and the potential result on economic growth. For more information, visit the World Bank's [website](#).

6 – 10 July, Geneva, Switzerland. SEVENTH UNITED NATIONS CONFERENCE TO REVIEW THE UN SET ON COMPETITION POLICY. Hosted by the United Nations Conference on Trade and Development (UNCTAD), this review conference offers an opportunity for competition authorities and governments to establish relationships and exchange best practices. UN member states can gain access through this framework to technical assistance and capacity-building in order to better use competition law and policy for development purposes. To learn more and register for the event, visit UNCTAD's [website](#).

7 July, London, UK. JAPAN AND THE UK: A NEW DEVELOPMENT COOPERATION POLICY POST-2015. Hosted by the Overseas Development Institute (ODI), this public event will engage both the UK and Japan to discuss contributions toward peace, public-private partnerships, and African development. This event will be streamed live on the ODI website. For a list of speakers and more information, click [here](#).

7 – 9 July, Toronto, Canada. CLIMATE SUMMIT OF THE AMERICAS. Hosted by the Government of Ontario, this event hopes to develop a statement of commitments from governments to reduce greenhouse gases and identify opportunities for collaboration to reduce emissions. The event will facilitate continued dialogue between subnational pan-American governments prior to the UNFCCC Conference of the Parties in Paris. The event is open to representatives from pan-American jurisdictions, environmental groups, and members of the environmental industry. For more information, visit the International Institute for Sustainable Development's (IISD) [website](#).

8-9 July, Nairobi, Kenya. AGRICULTURAL TRADE POLICY AND SUSTAINABLE DEVELOPMENT IN EAST AFRICA. This dialogue aims to provide participants from the East Africa Community (EAC) region an opportunity to explore how global trade rules and national policies affecting agricultural markets could best promote food security and support rural development, in the run-up to the WTO's tenth Ministerial Conference in Nairobi and beyond. The meeting is being hosted by the International Centre for Trade and Sustainable Development (ICTSD). To learn more, visit the event [website](#).

9 + 10 July, Lima, Peru. PROMOTING GROWTH THROUGH EFFECTIVE POLICY. In collaboration with the Government of Peru, the World Bank invites participants to discuss how public policies can contribute to economic growth in Latin America and the Caribbean. Topics of discussion will include productivity improvement, job creation, infrastructure provision, poverty alleviation, and more. This event also serves as a preparatory event for the 2015 Annual Meetings of the World Bank and the International Monetary Fund which will take place in Lima in October. Visit the Road to Lima [website](#) for more information.

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.

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

9 July: 23rd Round of the Director General's Consultative Framework Mechanism on Cotton – Cotton Development Assistance

9 July: Dedicated Discussion of the Relevant Trade-Related Developments on Cotton

14 + 16 July: Trade Policy Review Body – Madagascar

Other Upcoming Events

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](#).

15 + 17 July, Taipei, Chinese Taipei. CONFERENCE ON ASIA-PACIFIC ECONOMIC COOPERATION (APEC) REGIONAL LIQUIFIED NATURAL GAS (LNG) TRADE FACILITATION. Sponsored by the Energy Working Group through APEC, the two-day workshop invites experts from member economies, international organisations, and the regional LNG trading hub to share their views on LNG trade in the region. The discussion aims to focus on LNG development, trade obstacles, and regional trading mechanisms used by LNG suppliers and consumers. For more information, visit APEC's [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 21st 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 19th 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

TRADE AND SUSTAINABLE DEVELOPMENT: OPTIONS FOR FOLLOW-UP AND REVIEW OF THE TRADE-RELATED ELEMENTS OF THE POST-2015 AGENDA AND FINANCING FOR DEVELOPMENT. By Alice Tipping and Robert Wolfe for the International Institute for Sustainable Development (IISD) (June 2015). This new working draft aims to map where trade-related elements are found in the planned Sustainable Development Goals (SDGs) and draft outcome document of the upcoming Financing for Development (FfD) conference. The paper also aims to describe the trade-related architecture for review and follow-up that could support such outcomes, as well as mapping where such architecture exists or could be created. For more information, please visit the IISD [website](#).

INVESTMENT CONTRACTS FOR AGRICULTURE: MAXIMIZING GAINS AND MINIMIZING RISKS. Published by the World Bank Group (June 2015). This paper analyses two major bodies of research with the goal of demonstrating how investment contracts can be used in promoting sustainable development. The paper explains the top five positive outcomes, as well as the five downsides, from private sector investment in large-scale agricultural projects, and then suggests legal options for maximising those positive outcomes and reducing negative aspects. To read the full discussion paper, click [here](#).

ENHANCING ENGAGEMENT BETWEEN CHINA AND THE EU ON RESOURCE GOVERNANCE AND LOW-CARBON DEVELOPMENT. Published by Chatham House (23 June 2015). This research paper argues the need for further cooperation between the EU and China to achieve climate change, energy security, economic integration, and green growth goals. This report revisits the 2007 report Changing Climates that emphasised a deeper China-EU partnership based on common interests and economic interdependence. For a summary and full text, visit Chatham House's [website](#).

MAKING PUBLIC INVESTMENT MORE EFFICIENT. Published by the International Monetary Fund (IMF) (1 May 2015). This policy paper compares the value of public investment inputs (capital) and the outputs produced (infrastructure coverage and quality) across countries to determine where inefficiencies lie. The paper argues inefficient public investments enjoy half the benefits than that of efficient investors. Closing this efficiency gap will increase the delivery of public services, connect people and firms to economic opportunities, and increase economic growth. To read the full text, click [here](#).

LATENT TRADE DIVERSIFICATION AND ITS RELEVANCE FOR MACROECONOMIC STABILITY. Written by Daniel Lederman, Samuel Jaime Pienknagura, and Diego Rojas. Published by the World Bank (23 June 2015). This working paper discusses the shortcomings of traditional measures of trade diversification and explores how historical export data can measure latent diversification, and therefore a country's ability to respond to economic shocks. Countries that hold latent export baskets are, on average, three times larger than those that do not, and are better able to cope economic changes. Small and poor countries are often those that suffer the most from the diversification gap. To read the full working paper, visit the World Bank's [website](#).

HAYEK, LOCAL INFORMATION, AND THE DECENTRALISATION OF STATE-OWNED ENTERPRISES IN CHINA. By Zhangkai Huang, Lixing Li, Guangrong Ma, Lixin Colin Xu. Published by the World Bank (22 June 2015). This paper tests Frederick Hayek's theory that local knowledge is a defining factor in determining whether production should be decentralised. The authors explore China's reasoning for decentralising state-owned enterprises and reviews whether governments decentralise enterprises to better engage

local knowledge in cases of higher communication costs and government's uncertainty over performance, among other questions. For the full working paper, click [here](#).

GAINS FROM HARMONIZING US AND EU AUTO REGULATIONS UNDER THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP. By Caroline Freund and Sarah Oliver. Published by the Peterson Institute for International Economics (PIIE) (24 June 2015). This policy brief discusses the potential benefits to both the US and the EU from the Transatlantic Trade and Investment Partnership (TTIP) from regulatory coherence in the automobile industry. The brief argues that the automobile industry is a critical test case to examine the options for improving regulatory coherence between the two parties. To read the full policy brief, click [here](#).

CLIMATE CHANGE AND THE AGRI-FOOD TRADE: PERCEPTIONS OF EXPORTERS IN PERU AND UGANDA. Published by the International Trade Centre (4 June 2015). This publication reviews the various ways in which climate change can affect the agri-food trade in Uganda and Peru, as well as the role exporters play in adaptation and mitigation. The effects of climate change has the potential to undermine both countries' export competitiveness and need to be understood to reduce negative consequences. To learn more, click [here](#).

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