

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 19, ISSUE 6, 19 FEBRUARY 2015

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JAPAN

Japan PM Eyes Agricultural Reforms, TPP Early Conclusion

Japanese Prime Minister Shinzo Abe urged his country's legislators last week to approve the "most drastic reforms since the end of World War II," in a major policy speech featuring renewed pledges to continue efforts at overhauling key sectors, particularly agriculture, along with promises to help bring ongoing Pacific Rim trade talks to a prompt conclusion.

The [speech](#) was his first to the Diet, as the Japanese legislature is known, since Abe inaugurated his third cabinet this past December, following a snap poll that cemented the premier's hold on his position for at least four more years. (See Bridges Weekly, [18 December 2014](#))

The result of the end-2014 polls have been touted by Abe as signs of public approval of his Abenomics suite of policies aimed at jumpstarting the national economy. The "three arrows" of the scheme include monetary stimulus, increased fiscal spending, and structural reforms.

While the first two arrows have been in the process of implementation since Abe took office just over two years ago, the launch of the third one was deemed lacklustre by critics, particularly after data late last year indicating that Japan had slipped into recession. Though the country has since rebounded, growth data released this week was still lower than expected.

Among the various structural reforms that are meant to be part of the Abenomics plan's third arrow are those of the farm sector and trade policies, as part of the broader effort to ensure the island nation remains competitive in a changing economic landscape.

"Press forward ever more dynamically along this path, under stable political conditions. This is the message the people of Japan sent me in the recent general election," Abe told lawmakers last Thursday.

"Together with the members of the ruling Liberal Democratic Party and New Komeito in this chamber, I pledge to the people that we will fully apply ourselves in both mind and body in responding to the mandate we have been granted," he continued.

Aiming for TPP "early conclusion"

Increased trade liberalisation, through participation in initiatives of the Trans-Pacific Partnership (TPP) negotiations, has been one of Abe's key goals since taking office. His immediate predecessor, Yoshihiko Noda, had already expressed interest in joining the trade talks before losing to Abe in the 2012 elections. (See Bridges Weekly, [14 November 2012](#))

Tokyo ultimately was invited to join the TPP talks in April 2013, and first took part in the negotiations in July of that same year under Abe's government. (See Bridges Weekly, [25 April 2013](#) and [25 July 2013](#))

Since then, one of the key issues in the TPP talks has been securing improved market access to Japan's heavily protected agricultural sector, with the US having spent the past several months engaged in complex bilateral talks with its Asian trading partner on the subject.

However, recent reports have indicated that Washington and Tokyo may be close to resolution in both this area and on separate bilateral talks on automobile trade, which could help pave the way to resolving the overall TPP negotiations.

On Thursday, the Japanese premier also told lawmakers that the end of the 12-country TPP talks is now "coming into focus," pledging that his government, in cooperation with the US, would aim to bring the negotiations to "an early conclusion," without specifying a set timeframe.

Along with the US and Japan, the TPP also includes Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam – a group that together encompasses 40 percent of global GDP.

Several officials have indicated in recent weeks that such a deal, which is touted as a "21st century agreement" that incorporates both traditional trade issues such as tariffs and newer areas, could be finalised within a matter of months. (See Bridges Weekly, [5 February 2015](#))

Sweeping agricultural reforms

The influence of the Japanese farm lobby has largely been raised as one of the main reasons why negotiating reductions in import tariffs on sensitive agricultural products such as beef, pork, rice, dairy, and sugar has been so difficult in international trade negotiations.

In his speech last week, Abe made a strong call for reforming Japan's system of agricultural cooperatives, particularly given that only two million people are employed in the country's agriculture sector – compared with a post-World War II total of 16 million.

"Sweeping reforms of agricultural policy can wait no longer," he said, adding that his government's goal would be to establish a strong agricultural sector while boosting farmer incomes.

Among the most drastic changes outlined by Abe are plans to turn the country's main agricultural lobby – the Central Union of Agricultural Co-operatives, known more commonly as JA-Zenchu – into a general incorporated association, thus depriving it of its current privileged status.

The Japanese premier has also said that the 700-odd agricultural cooperatives covered by JA-Zenchu's current network will now need to undergo audits by a certified public accountant, a function that had previously fallen to that union, whose own auditing branch will be spun off as a separate entity.

Analysts say that these changes would allow farmers to have greater influence in determining their own actions, such as in their production and distribution practices, thus helping them boost their own productivity – particularly given the potential market opening that could come from a TPP deal.

The series of changes unveiled by Abe would essentially curtail JA-Zenchu's political influence and revenues, analysts say, as the group currently controls most of the distribution of Japanese produce. The network was established by law six decades ago, and has long opposed domestic agricultural policy reforms.

In a surprise announcement last week, JA-Zenchu confirmed that it would be backing Abe's plans, following meetings held with leaders of the Liberal Democratic Party (LDP), with which it has close ties. The changes still need formal approval by lawmakers, with the Abe government expected to submit the relevant legislation next month.

"We should not be afraid of change in the face of tradition," Abe said last week, adding that his aim was to make his country's agricultural sector play a greater role in global markets. "Agriculture is the very backbone of the nation. It has protected our beautiful Japanese homes and communities. It is precisely because of this that we must implement change at this very moment."

ICTSD reporting; "JA-Zenchu accepts drastic farm cooperative reforms," THE JAPAN TIMES, 9 February 2015; "Abe's Third Arrow Finds Its Mark," THE WALL STREET JOURNAL, 11 February 2015; "Agricultural Reforms in Japan Pave the Way for TPP," THE DIPLOMAT, 12 February 2015; "Japan's farming lobby accepts cooperatives reform plan," REUTERS, 9 February 2015; "Japan emerges from recession but growth subdued," REUTERS, 16 February 2015.

CLIMATE CHANGE

UN Talks Agree to Negotiating Text for Global Climate Deal

Delegates from just under 200 nations agreed last Friday to a text that will form the basis for substantive negotiations on a new global climate deal, which these countries aim to adopt at a December meet in Paris, France.

The 86-page [document](#) contains options and sub-options put forward by countries on possible language for the eventual agreement, currently organised in twelve sections ranging from mitigation commitments to technology development and transfer.

The bid to secure a negotiating text was slated as the main deliverable for last week's six-day session by the new co-chairs of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), the UN Framework Convention on Climate Change (UNFCCC) body charged with hammering out the new climate pact.

"We now have a formal negotiating text, which contains the views and concerns of all countries. The Lima Draft has been transformed into the negotiating text and enjoys the full ownership of all countries," said Christiana Figueres, Executive Secretary of the UNFCCC, referring to a much shorter non-paper penned by UN officials.

That latter text was contained in the annex of the outcome document from last December's climate meet held in Lima, Peru.

During the first three days of last week's ADP session, many delegations scrambled to insert various textual proposals into the Lima draft. After completing most of this work by Tuesday afternoon, the ADP co-chairs and some parties suggested ways to start streamlining the Paris deal draft. This met with resistance from other parties who raised process-related concerns, which eventually stymied further work in this area at the meeting, a move criticised by the EU among others.

A new climate architecture?

At a closing session last Friday, Co-Chair Daniel Reifsnyder of the US said that the agreed negotiating text would not pre-judge the legal outcome or structure of the final Paris deal. This new "Geneva text" will be translated into the five other UN languages and circulated to parties in March.

Some seasoned climate delegates said last week that the "ballooning" of the Geneva text in length was an expected part of the negotiating process. Figueres told reporters on Friday that the session had been an important "trust-building" exercise and opened the way for frank conversations on a number of topics of systemic importance.

Evidence from the new Geneva text suggests that climate delegates will have their work cut out for them in the coming months, given that divergences remain on key topics such as emissions-cutting responsibility. Differences in this area almost de-railed the Lima climate talks last December. (See Bridges Weekly, [18 December 2014](#))

In Section D on mitigation, for example, proposals range from all parties making long-term mitigation efforts consistent with keeping global temperatures below a two degree Celsius rise relative to pre-industrial levels, to varying formulations on different abatement

ambition between developed and developing countries. One option suggests that developed countries should reach peak emissions by this year with developing countries taking longer to do so in order to allow space for poverty alleviation efforts.

Some parties and experts argue that emissions abatement efforts can come at the cost of wealth creation. In early February Laurent Fabius, France's Foreign Minister, said at a summit in New Delhi, India that the new climate agreement should not hamper countries' growth.

Under the Kyoto Protocol regime, only developed country parties such as the US, the EU, and others, were mandated to reduce climate-warming greenhouse gas emissions, while the Durban Platform language calls for a new agreement applicable to all countries.

In light of shifting global economic wealth, some experts have suggested that the ADP talks are focusing governments' attention on the meaning of "common but differentiated responsibilities and respective capabilities" (CBDRRC), a principle that emerged out of the 1992 UN Conference on Environment and Development (Earth Summit), and inscribed into the Convention's founding text.

Another likely complex issue to navigate will be the question of timeframes, cycles of contribution, and a review process. The ADP held discussions on these areas last Tuesday and Thursday.

While the Lima outcome agreed on the requirements and process for parties' "intended nationally determined contributions" (INDCs), which will be the core of the global deal, parties were not able to agree on a uniform timeframe for implementing emissions cuts. The Geneva text contains different options for the submission and cycles of new commitments, as well as multiple possibilities on how to review parties' contributions, both before and after the new agreement's entry into force. The latter is set for 2020, when the current Kyoto Protocol expires.

Climate finance is also expected to be a hot topic in coming year's talks. Parties currently disagree on the role of public and private finance as well as on finance responsibilities. The topic will likely come up in other ongoing multilateral talks such as the Third International Conference on Financing for Development due to be held in July in Addis Ababa, Ethiopia. (See Bridges Weekly, [5 February 2015](#))

Economic competitiveness questions

Some experts have suggested that the varying levels of ambition could potentially lead to economic competitiveness asymmetries or carbon leakage. The latter refers to cases where production and associated emissions move to constituencies with less stringent climate regimes.

In addition, several options in the new agreement make reference to the prospect of "unilateral measures," in one instance specifying that these should not constitute an arbitrary or disguised restriction on international trade, echoing Article 3.5 of the original 1992 Convention.

Carbon markets debate

Over the next 10 months, governments will also need to agree on the role for market mechanisms under the new climate regime, namely whether to facilitate international carbon credit trades or crediting from emissions reduction projects, both of which exist under the Kyoto Protocol. The ADP held a specific discussion on the topic last Friday.

The current text lists a variety of options and many parties which support the use of market mechanisms stressed the need to ensure environmental integrity and avoid double

counting. Several parties said last week that agreement on areas such as common accounting standards for emissions units could help ensure consistency between bilateral efforts to link emissions trading schemes.

Some parties, however, remain ideologically opposed to the use of markets. Others do not think it is necessary to refer to these in the post-2020 deal text since market details could still be worked on at the multilateral level outside the core Paris agreement in subsequent decisions taken at the Conference of Parties (COP).

Some options in the Geneva text also propose putting in place global sectoral emission reduction targets for international aviation and maritime transport within the context of the UN's specialised agencies – the International Aviation Organization (ICAO) and the International Maritime Organization (IMO).

The idea could prove contentious given past disputes around regulating international airline emissions. Any such action within the UNFCCC would need to align with talks among the 191 ICAO members to develop a proposal for a global market-based mechanism geared towards reducing airline emissions by 2016.

Cutting fossil fuel subsidies

The Geneva text makes two suggestions for tackling fossil fuel subsidies, both contained in the finance section of the document.

The first is listed in the context of reduced international support for high-carbon investments and the second in connection with leveraging private finance for better climate outcomes. The latter also includes a reference to developing an international renewable energy and energy efficiency bond facility.

Governments are estimated to spend upwards of US\$500 billion annually subsidising fossil fuels, according to the International Energy Agency (IEA). Fossil fuel consumption and production subsidies have been labelled by several analysts as trade-distorting given the possible effects on competitiveness and investment opportunities. Fossil fuel subsidies can also dis-incentivise investment in cleaner energy sources, critics say.

A new [report](#) from the Nordic Council of Ministers and launched by the International Institute for Sustainable Development's (IISD) Global Subsidies Initiative (GSI) suggests that the removal of fossil fuel subsidies could help reduce global emissions by between 6-13 percent by 2050. The report offers policymakers options for including the phasing out of fossil fuels in their INDCs.

"Potential financial savings unlocked from reform of fossil fuel subsidies could be substantial to some countries. GSI research finds that investing a modest percent of these savings into energy efficiency – 20 percent – and renewables – 30 percent – enables low-carbon pathways for the long term," said co-author of the report Laura Merrill from IISD in an interview on Wednesday.

Next steps

The ADP will meet again in June in Bonn, Germany to begin streamlining the Geneva text. The co-chairs said last week that they would reflect parties' views over how to slim down the text in a scenario note prepared ahead of the June meet.

Several informal meetings will also be held by Peru and France, as the current and next presidents of the annual climate talks. These will be convened at the negotiator level in April and May and at ministerial level in March and May.

Various parties have said that substantial progress and dialogue between capitals at the highest level will be needed in the coming months if a deal is to be secured in Paris. The topic will also likely feature in other intergovernmental gatherings throughout the year such as meetings of G-20 and G-7, as well as the Major Economies Forum, the Petersburg Climate Dialogue, and the African Ministerial Conference on the Environment.

Parties also agreed to two further formal ADP negotiating sessions this year in Bonn scheduled for the first week of September and the third week of October.

Countries in a position to do so are due to start coming forward with their INDCs by the end of March. The EU has already indicated it will outline its contribution next Wednesday.

ICTSD reporting; "Summary of the Geneva Climate Change Conference, 8-13 February 2015," ENB REPORTING, 16 February 2015; "Global climate deal should not hamper individual countries' economic growth: France," REUTERS, 5 February 2015; "UN agrees new climate text for Paris deal, but hard work remains," RTCC, 14 February 2015.

AGRICULTURE

Trading Powers Tussle over Shape of WTO Farm Deal

Despite a raft of new proposals, trading powers continue to tussle over the shape of a new farm trade deal at the WTO, sources familiar with the latest consultations have said.

A small group meeting convened on Monday by the organisation's Director-General, Roberto Azevêdo, made only modest headway in clarifying whether trading powers could accept the "architecture" of a proposed deal on agricultural domestic support that was drafted over six years ago, trade officials told Bridges.

"It was too general," said one negotiator. "Nobody sent a clear signal."

Sources said that 16 ambassadors were invited to attend, including Argentina, Australia, Brazil, Burkina Faso, Canada, China, the EU, India, Indonesia, Japan, Kenya, Lesotho, New Zealand, Switzerland, Uganda, and the US.

Negotiators are scrambling to meet a July deadline for agreement on a "work programme" on the unresolved issues in the long-running Doha Round of trade talks, which after successive stalemates was resurrected at the WTO's ninth ministerial conference in Bali, Indonesia, in December 2013.

Three "elephants" key

Meanwhile, new formal and informal submissions from farm exporting countries appear to have met a mostly wary reception from other WTO members.

A number of negotiators told Bridges that major trading powers first needed to define both what they want from others and what concessions they could make before the talks could move forward.

"Basically we have three elephants in the room: the US, India, and China," one trade official said.

Others singled out the US in particular. "It's unclear what they want, don't want, or could pay," one developed country negotiator claimed.

The US reportedly repeated demands for increased market access in large developing economies, and for domestic support concessions in China and India. However, negotiators told Bridges that if Washington is obligated to make higher farm subsidy payments under the new US Farm Bill, it may find it difficult to offer trade concessions in return.

Poultry, pork, sugar, maize and wheat

"The US wants more market access in China, India, Indonesia, and Brazil," one source said, specifying that increased access for poultry, pork, sugar, maize, and wheat were seen as particularly important by the country's negotiators.

Others questioned whether the US' demands were realistic given the steep tariff cuts Beijing had accepted when it joined the global trade body after gruelling accession talks over a decade ago.

Some said that the US also wanted to see cuts in China's proposed ceiling for trade distorting support under the WTO's "de minimis" allowance, which under current rules is capped for Beijing at 8.5 percent of the value of production.

A clause in the 2008 draft text states that proposed new farm subsidy rules should not constrain recently acceded members – such as China – from using this allowance after the Doha Round has been concluded.

"If we want concrete progress, we need to respect each other's red lines," said one negotiator familiar with the consultations.

Eliminating export subsidies

A new proposal from a group of agricultural exporting countries argues that WTO members should agree to fast-track progress on export subsidies and related measures under the talks on "export competition."

The co-sponsors argue that proposed commitments in this area should be adopted at the trade body's tenth ministerial conference, which is scheduled to be held this December in Nairobi, Kenya.

The proposal is supported by a sub-set of the Cairns Group of farm exporters, including Argentina, Australia, Canada, Chile, Colombia, Costa Rica, Guatemala, Malaysia, New Zealand, Pakistan, Paraguay, Peru, South Africa, Thailand, Uruguay, and Vietnam.

The extensive negotiations on this topic and the relative maturity of the proposed new disciplines in this area meant that the new proposal was "not very surprising," one trade official told Bridges.

Tropical products: "fullest liberalisation"

Another group of farm exporting countries has also called for the trade body to build on past negotiations aimed at liberalisation for their exports of "tropical products."

The group – composed of eight Latin American countries – recalls the 2009 breakthrough in talks between the EU, the group of African, Caribbean and Pacific (ACP) countries, and the "tropical products group," saying that this and subsequent progress should form the basis for further discussions. (See Bridges Weekly, [16 December 2009](#))

At the same time, the July work programme should reaffirm the trade body's long-standing commitment to deliver results on the "fullest liberalisation" of trade in tropical products, the group says.

Request and offer?

Sources also said that an informal non-paper from Argentina reportedly explored whether countries could usefully pursue a "request and offer" approach in a bid to achieve market access gains under the long-running talks.

Countries would request trade concessions from negotiating partners, and also identify areas in which they could make reciprocal offers, sources familiar with the proposal said.

Concessions would then be "multilateralised" or extended to all WTO members according to the trade body's long-standing principles.

Initial responses suggested that the proposal had met with a cool reception from other negotiating partners.

"I haven't heard any of my colleagues show much real enthusiasm for this proposal," one trade official told Bridges.

Another questioned whether the approach would even be feasible, given the complexity of negotiating concessions among the organisation's 160 members.

Time running out

Some delegates expressed concern that the talks were still at an early stage, given the limited time remaining until the July deadline was reached.

"Time is running out fast – it's almost March," said one. Others openly questioned whether the deadline would be respected.

One developed country delegate acknowledged that many capitals were still trying to understand the formulas for cuts to farm subsidies and tariffs, and review how the draft disciplines in the 2008 draft would actually affect trade in today's world.

"We're digging up the old presentations from 2008," the source said.

However, another negotiator told Bridges that the talks could move ahead fast if there was a sudden breakthrough.

"Everything could go very quickly," the official observed.

ICTSD reporting.

DISPUTES

WTO Appellate Body Begins Hearings on US Compliance in COOL Dispute

The dispute on the US' country-of-origin labelling (COOL) policy for livestock and meat products returned to the WTO this week, with the launch of Appellate Body hearings to review if Washington's revisions to the measure are enough to comply with WTO rules.

The hearings were held on Monday and Tuesday at the global trade body's Geneva headquarters and were open to public viewing. They also marked the latest stage in a nearly 7-year dispute launched by Mexico and Canada against the COOL requirements.

Under the original US policy, producers were required to inform consumers of meat's country of origin via a label on the sale package. Washington lost at the panel and Appellate Body stages, with the latter confirming that COOL's design put foreign products at a disadvantage by making the processing of imported livestock prohibitively costly.

Though the US had subsequently made changes to COOL in 2013, a compliance panel report had deemed that Washington has not sufficiently amended the WTO-illegal aspects of its policies, prompting all three parties to file appeals to clarify or revise legal aspects of the panel's report. (See Bridges Weekly, [4 December 2014](#))

US defends policy

During the hearing, the US said that the amended COOL measure addressed all the problems raised by the Appellate Body in the original case, through making the necessary changes to ensure that the labels convey accurate, meaningful information to consumers.

The US therefore claims the amended measure no longer causes arbitrary and unjustifiable discrimination in violation of the WTO's Technical Barriers to Trade Agreement (TBT).

The complainants challenged this statement, with Canada arguing that the 2013 COOL revisions "ignored Canada's longstanding and legitimate market access concerns, and increased the disincentive against handling Canadian livestock in the US market."

Mexico similarly claimed that the amended measure is a "classic example of a discriminatory measure and an unnecessary obstacle to international trade."

Compliance questions

Article 2.1 of the TBT Agreement outlines the "national treatment" and "most favoured nation" obligations with respect to technical regulations. WTO members must ensure that imports are accorded treatment no less favourable than that given to like products, either produced domestically or by any other country.

The US has challenged the compliance panel's finding that the amended COOL measure was inconsistent with that legal provision, which the panel had said was due to a detrimental impact that did not stem exclusively from a legitimate regulatory distinction.

Given the quality of information regarding country of origin provided by current labels, the US argued that the amended measure does actually provide a legitimate, non-

discriminatory basis to explain why upstream producers and processors are required to keep the records in the first place.

Furthermore, the US said, the panel made legal errors in conducting two independent strands of analysis – reviewing the records that producers are required to keep, versus the consumer information provided by the labels – without assessing whether there is a “disconnect” between these types of information.

Canada and Mexico disagreed, arguing that the compliance panel had scrutinised two main types of informational “disconnect” from the recordkeeping and verification requirements imposed on upstream producers and processors. These were the exemptions from labelling requirements and the accuracy of the information conveyed by the labels.

“The measure detrimentally impacts 100 percent of Mexican cattle yet excludes from point-of-production labelling from 75 to 84 percent of all US beef product,” the Mexican delegation said in its statement.

The US argued that the panel was wrong to simply assume that the exemptions are illegitimate distinctions, without analysing the nature of the exemption and the degree of informational “disconnect” that this exemption creates.

The US also challenged that the actual discrimination concluded by the panel was wrongly based on “fictional hypotheticals” of labelling scenarios. However, Ottawa countered that “the amended COOL measure sets out the very scenarios that the US now dismisses.”

Potential alternatives?

Article 2.2 of the TBT Agreement prohibits technical regulations from being more trade-restrictive than necessary to fulfil a legitimate objective, taking into account the risks that non-fulfilment would create.

Parties disagree on whether there is always a need to compare the challenged measure with possible alternatives, and on the level of the burden of proof required.

For Canada and Mexico, given that COOL aims to provide consumer information, and the level of contribution that the measure makes in achieving that goal, it is unnecessary to also examine potential alternative measures – an argument that the US has challenged.

Ottawa also claimed that the panel had imposed a very heavy burden of proof by requiring Canada to describe how the US would implement alternative measures and to make an “actual, concrete proposal.”

Parties also disagree on the relationship between accounting for “the risks non-fulfilment would create” and the other elements of Article 2.2. Canada and Mexico argue this TBT provision requires proportionality between the trade-restrictiveness of the technical regulation and the risks non-fulfilment would create.

The US said that there is no correlation between the “importance” of an objective, and the phrase “risk non-fulfilment would create,” arguing that panels are not meant to determine the level of importance of legitimate objectives.

Next steps

The Appellate Body will next issue a report, which should take no more than 90 days from the date of notification of the appeal. If it agrees with the compliance panel's conclusions, Ottawa and Mexico City can then ask for the authorisation of countermeasures.

ICTSD reporting.

SERVICES

TISA Talks Continue in Geneva, Eyeing July Stocktaking Session

Negotiators for a plurilateral agreement to liberalise services trade capped their latest round of talks on Friday, welcoming Uruguay as the 24th participant. Sources confirmed that negotiators are now eyeing a July stocktaking session as an opportunity for senior officials and ambassadors to help give additional direction going forward.

The talks on this proposed Trade in Services Agreement (TISA), as the proposed deal is known, formally kicked off in 2013, following exploratory discussions among interested participants the year prior. This latest round was hosted by the US, marking the first formal TISA round of the new year.

Disciplines

During the past week alone, officials reportedly held discussions on 14 different topics, with talks on some disciplines more advanced than others. Among the more advanced are those involving domestic regulation, telecommunications, financial services, transparency, and e-commerce, sources said, noting that many of these are among the "classical services sectors" found in many existing FTAs.

Talks on other disciplines, such as maritime and road transport, are said to be less far along. Discussions on the subject of Mode 4 – the movement of natural persons – also needs additional work, sources say.

A September proposal by Turkey on healthcare services reportedly received a lukewarm welcome last week, with [EU officials](#) saying publicly before the meet that this topic should not fall under the remit of a trade deal. An alleged version of the proposal [leaked](#) by the Associated Whistleblowing Press, an NGO, had sparked heated public debate ahead of last week's talks.

Given the various issues currently on the table, some sources say that the planned July stocktaking could help clarify the perimeter of the future agreement, giving experts a clearer indication of which are the key issues to tackle going forward.

Negotiators are currently dealing "with all issues all the time," one source noted, suggesting that the July meeting could be a time to recognise which proposals have less support and potentially put those aside for the time being as participants work to stabilise the agreement.

Market access discussions

Another key area in the TISA talks involves market access offers. Most TISA members had presented initial market access offers in time for the February 2014 negotiating round, with the exception of Pakistan and Paraguay. (See Bridges Weekly, [27 February 2014](#))

Since then, TISA members have been meeting bilaterally to discuss these offers in further detail, and to request additional improvements in areas where they have specific commercial interests – a process that is still ongoing.

Sources say it is not yet clear when Pakistan and Paraguay will table their initial offers, and new member Uruguay will also need to submit an offer of its own. Some of the existing initial offers by certain TISA members also remain incomplete, with some sectors or modes of supply not yet covered, delegates confirmed.

One official speculated that these could both be resolved by the July stocktaking session, while acknowledging that this was one “possible scenario.”

Another key question that has emerged in the talks in recent months involves how to address cases where TISA members provide additional market access to third countries in FTAs concluded further down the road.

While there has been a proposal, dubbed “MFN-forward,” to include a provision within the deal's text that would extend any new benefits from deals with third parties to all TISA participants, some members have reportedly said they would prefer to deal with this subject as new FTAs are concluded, rather than attempting to determine it in advance under TISA.

There remains a “lack of common ground” on this issue, one source confirmed. Other officials concurred that discussions on how to approach this subject are still ongoing.

China application still pending

Though Uruguay has now joined, China's request to join the services talks remains pending, sources confirmed, citing domestic internal processes in certain TISA member countries. Both countries had applied to join the services talks in September 2013.

While some non-TISA members are said to be watching the talks with interest, no one else has formally asked to join the negotiations at this stage.

Timeline?

While a formal deadline has not been set for the TISA talks, some sources speculated that a potential outcome could be reached in time for the WTO's 10th Ministerial Conference (MC10) this December in Nairobi, or at least that some announcement could be made regarding the talks' progress.

Others were more sceptical over whether an outcome could be announced by then, and whether it would be a good idea to tie a TISA result to MC10, given that the former is not yet a WTO initiative and has sparked some controversy among non-participants. Some officials suggested that the July stocktaking will give a clearer indication of what might be achievable and when.

Members of the TISA group will be holding their next negotiating round in April. That meeting will be following by the July stocktaking session, with two subsequent rounds planned for later this year.

Along with Uruguay, the participants of TISA currently include Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, the EU, Hong Kong, Iceland, Israel, Japan, Korea, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Switzerland, Turkey and the US.

ICTSD reporting.

AGRICULTURE

Russia Introduces Grain Export Tax

Russia introduced a new tax on grain exports earlier this month, as part of a broader response to rising domestic food prices. The measures comes as Moscow works to respond to a faltering economy and recent currency crisis, among other difficulties.

Russia had already reacted to food price inflation with a number of informal curbs on grain exports, including tighter quality controls from 1 December, prior to imposing the tax on 1 February.

The duty will be in place until 30 June of this year, and is set at 15 percent of the customs price plus €7.5, and will amount to no less than €35 per tonne.

Officials rule out export ban, for now

This is the third time Russia has imposed grain export restrictions since 2008, having banned exports altogether in August 2010. The ban, which followed severe drought and record low harvests, was in place until June 2011. (See Bridges Weekly, [1 June 2011](#))

Although Russia is restricted from repeating the export ban under WTO rules, having joined the organisation in 2012, domestic officials have yet to rule out the use of such measures.

One of the country's deputy prime ministers, Arkady Dvorkovich, told a meeting of Russian lawmakers in January that it was unnecessary to impose an embargo on exports at the current time, according to RIA Novosti news.

Referring to the export tax, Dvorkovich explained that while "measures have been taken," there is also the possibility of "more radical proposals" if necessary.

Major grain importers, exporters alerted

Russia is currently the world's fourth largest-exporter of wheat, and the export price increases from new measures are expected to limit international demand over the coming months. Moscow may still ship over 2 million tonnes of wheat from February to June, as traders must fulfil previously agreed contracts.

Russia had been exporting record volumes from a large grain crop as the value of the rouble plummeted, with a dash for foreign currencies pushing up domestic prices.

International wheat prices increased to US\$25 per tonne this month, following a seven percent dip in January from December 2014, which analysts say was a reflection of strong supply conditions.

Some analysts say that the tax is unlikely to have a substantial impact upon international grain markets or low-income food deficit countries due to an abundant global supply. Those most likely to be affected are major importing countries such as Egypt, Iran, and Turkey.

"You have a glut of supplies", said Abdolreza Abbassian, Senior Grains Economist at the UN Food and Agriculture Organization (FAO), in an interview with Bridges. Furthermore, he explained, "the big buyers are quite concentrated."

Abbassian suggested that the primary effect of the ban may instead be on Russia's relations with its trading partners.

"The importing countries will be looking at Russia with more doubt than they did before," the FAO official said, suggesting that "other exporters will try to take advantage of the situation."

In the wake of the Russian move and a slide in the value of the euro relative to the US dollar, EU wheat exports have soared to their highest level since 2004.

Ukraine's agricultural ministry has recently said that it is also weighing the possibility of taking action should a devaluation of its hryvnia currency led to a spike in exports.

"If we see that the volume of exports exceeds the agreed volumes, we will take adequate measures," Deputy Minister Volodymyr Lapa told Reuters last week.

ICTSD reporting; "Дворкович: придерживающие зерно производители не получат господдержку," RIA NOVOSTI, 19 January 2015; "Ukraine says ready to act if grain exports exceed limits," REUTERS, 10 February 2015; "Europe Ships Record Amounts of Wheat Overseas as Prices Decline," BLOOMBERG, 6 February 2015.

TRADE REMEDIES

WTO Panel Issues Mixed Ruling in EU, Japan Complaint Against China Steel Duties

A WTO dispute panel issued a mixed ruling last week in the dispute concerning China's imposition of anti-dumping duties on certain high-performance stainless steel seamless tubes (HP-SSST) from Japan and the European Union, which are used mainly in boilers for coal-fired power stations.

The duties had resulted from the 2012 decision by China's Ministry of Commerce (MOFCOM) to impose definitive anti-dumping duties ranging from 9.2 to 14.4 percent on imports of these products from the EU and Japan, following a year-long investigation.

The move prompted Brussels and Tokyo to file WTO complaints, claiming that both the anti-dumping duties themselves and the underlying investigation were inconsistent with various procedural and substantive provisions of the Anti-Dumping Agreement and Article VI of the General Agreement on Tariffs and Trade (GATT 1994).

The EU and Japan are among the top exporters of these products to China. [EU exports](#) of these tubes, for instance, had reached €90 million in 2009. Brussels claims that this number fell to €20 million following the imposition of the duties.

Chinese domestic producers began to produce steel tubes for these types of boilers in 2008, with Beijing's [twelfth "five-year" plan for its steel industry](#) (2011-2015) indicating that the domestic production of HP-SSST was key for upgrading this sector.

Injury to domestic industry

Among other claims, Japan and the EU had argued that MOFCOM had wrongly determined that these allegedly dumped imports had caused material injury to Chinese domestic industry.

In determining material injury, Article of 3.1 of Anti-dumping Agreement requires proof of both the volume of the dumped imports and their effect on domestic prices for like products, as well as the impact on domestic producers. Other sub-provisions outline technical considerations and factors for investigating authorities to assess the evidence on injury.

Tokyo and Brussels had said that MOFCOM's consideration of the price effects of these imports was inconsistent with Articles 3.1 and 3.2 of the Anti-Dumping Agreement.

They also argued that MOFCOM's assessment of the impact of the dumped imports on the state of the domestic industry was inconsistent with Articles 3.1 and 3.4 of the Anti-Dumping Agreement, and questioned the legality of MOFCOM's determination that there is a causal link between dumped imports and the alleged material injury.

The panel upheld many, though not all, of these claims. For instance, the panels rejected the complainants' argument that MOFCOM was required to assess whether price undercutting by these imports actually pushed down domestic prices, and that the Chinese agency had failed in doing so.

Investigation procedures

The complainants had also raised various claims against China's methods in conducting the anti-dumping investigation. For example, they argued that MOFCOM failed to fulfil WTO requirements in applying "facts available" to determine the "all others" rates for unknown exporters.

In applying antidumping duties for exporters or producers not included in the sample, investigating authorities usually establish an "all others" rate. For the current dispute, MOFCOM based this rate on the highest margins of dumping for the cooperating European and Japanese exporters.

The panel rejected the complainants' claims, finding that there was no factual basis to conclude that MOFCOM had failed to inform unknown exporters/producers of what was required of them, given that the Chinese government agency had posted the exporter questionnaire online.

However, the panel upheld the EU's and Japan's claims that MOFCOM failed to disclose its dumping margin calculation methodology, along with the bulk of the allegations over whether the agency had failed to disclose essential facts pertaining to its injury determination.

The complainants also claimed that MOFCOM failed to include certain key factual information or reasoning in its public notice concerning the injury determination and the determination of the all others rates. Regarding the former, the panel rejected certain aspects of these claims and exercised judicial economy for the others. For the latter, the panel upheld one aspect of the claims, but rejected the others.

Other complaints from the EU and Japan included MOFCOM's decision to allow the full text of certain reports to remain confidential without showing "good cause" for such treatment, and failing to provide sufficient non-confidential summaries or explanations as to why such summaries were not possible. The panel upheld all of these claims.

Next steps

Chinese officials say that Beijing is currently assessing the panel report to determine its next steps. All parties have 60 days from when the report was issued to appeal the panel's findings.

Under WTO rules, the Appellate Body can review aspects of law – such as legal interpretation – but generally will not interfere with the factual findings of the original panel.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

23-27 February, Lima, Peru. SUSTAINABLE OCEAN INITIATIVE (SOI) CAPACITY-BUILDING WORKSHOP FOR SOUTH AMERICA. This workshop, convened by the Secretariat of the UN Convention on Biological Diversity (CBD), the Ministry of Environment of Peru, and the UN Food and Agriculture Organization, will focus on the ongoing efforts of CBD parties to meet the Aichi Biodiversity Targets related to marine and coastal biodiversity. Participants will discuss scientific and technical tools to support these targets, and the regional experiences to date in this area. For more information about this event, please visit this [website](#).

23-25 February, New York, US. 2015 SUBSTANTIVE SESSION OF THE ECOSOC: OPERATION ACTIVITIES FOR DEVELOPMENT SEGMENT. The 2015 Substantive Session of the UN Economic and Social Council (ECOSOC) will host a segment on Operational Activities for Development. Sessions will address topics such as advancing South-South cooperation; strengthening the coherence of funding of operational activities related to the realisation of the post-2015 development agenda; and enhancing the effectiveness of the UN system's support for national capacity development. An outcome of this year's segment will be an ECOSOC resolution providing guidance to the analytical preparations of the Secretary-General for the 2016 quadrennial comprehensive policy review (QCPR) process. For more information about this event, please visit this [website](#).

25 February, New York, US. HIGH-LEVEL THEMATIC DEBATE ON CRIME PREVENTION, CRIMINAL JUSTICE AND THE POST-2015 AGENDA. The Office of the President of the UN General Assembly (UNGA) is organizing a high-level thematic debate on 'Integrating Crime Prevention and Criminal Justice in the Post-2015 Development Agenda'. The debate aims to discuss the linkages between crime prevention, criminal justice and sustainable development within the context of the post-2015 agenda. The debate will consider how to address social and economic challenges and promote sustainable development through strengthening crime prevention and criminal justice systems, norms and standards while also addressing threats that undermine them, such as corruption, illicit trafficking, and corruption. The debate will include an opening session and two panel discussions, and will result in a President's summary. For more information about this event, please visit this [website](#).

23 February, Dar es Salaam, Tanzania. SHAPING ECONOMIC TRANSFORMATION IN TANZANIA. REPOA and the DFID-ESRC Growth Research Programme will convene a high-level workshop to explore the challenges and potential solutions for economic transformation and growth in Tanzania. It will bring together leading international experts and notional policy-makers to discuss their contribution to economic transformation through the agricultural, financial, and manufacturing sectors. For more information about this event, please visit this [website](#).

24-27 February, Nairobi, Kenya. FORTY-FIRST SESSION OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE. The 41st session of the Intergovernmental Panel on Climate change (IPCC-41) will be held at the UN Environment Programme (UNEP) headquarters in Nairobi, Kenya. The panel will convene to discuss the future work of the IPCC, including potential changes in the structure and mandate of IPCC Working Groups and Task Forces. Up for discussion as well will be the IPCC's budget, upcoming reports, and

progress on communication and outreach activities. For more information about this event, please visit this [website](#).

25 February, Washington, US. EUROPEAN FINANCIAL REGULATION AND TRANSATLANTIC COLLABORATION. This event, hosted by the Economic Studies department at the Brookings Institution, will feature Lord Hill, the new European commissioner for financial stability, financial services, and capital markets union, as the guest speaker. His presentation will address topics such as the values that will guide his term of office, his approach to financial sector regulation, and priorities in EU-US cooperation. The presentation will be followed by a moderated discussion, including a question-and-answer session. For more information about this event, please visit this [website](#).

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

WTO Events

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

20 February: General Council

23 February: Dispute Settlement Body

24-25 February: Council for Trade-Related Aspects of Intellectual Property Rights

Other Upcoming Events

23-24 March, National Harbor, Maryland, US. SELECTUSA 2015 INVESTMENT SUMMIT. The U.S. Department of Commerce's International Trade Administration will host this year's Summit at the National Harbor in Maryland, at a short distance from Washington. Featuring top government officials, this event will connect foreign and domestic investors with local, state, and regional economic development actors to promote investment and create jobs within the United States. Professionals looking to invest in the United States as well as representatives of economic development organisations are encouraged to attend this Summit. The deadline for registration for this event is 16 March, 2015. For more information, and to register for the event, please visit this [website](#).

20 April-12 June, online. INTRODUCTION TO A GREEN ECONOMY: CONCEPTS AND APPLICATIONS. This interactive, 8-week-long e-learning course will be held by the United Nations Institute for Training and Research (UNITAR) and its PAGE partners this coming spring. The course aims to educate professionals from government, business, and civil society sectors about the green economy concept and how to apply this concept within economic, policy-making, and personal contexts. Participants will learn about the global, national, and industry-specific challenges and opportunities associated with low-carbon, resource efficient, and socially inclusive development. Registration for the course is open

until 31 March 2015. For more information, and to register for the course, please visit this [website](#).

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

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 about this biennial event, visit the WTO [website](#).

Resources

ADAPTING DEVELOPMENT: IMPROVING SERVICES TO THE POOR. By Leni Wild, David Booth, Clare Cummings, Marta Foresti, and Joseph Wales for the Overseas Development Institute (ODI) (February 2015). This report, written for government officials, domestic reformers, and external actors, argues that to avoid continuing the uneven progress that has characterised the efforts to meet the Millennium Development Goals (MDGs), there must be a clearer recognition of the role that political conditions play in development. The authors review past MDG to date while outlining a potential new approach going forward. The full report may be accessed [here](#).

LATIN AMERICA AND THE CARIBBEAN IN THE WORLD ECONOMY 2014: REGIONAL INTEGRATION AND VALUE CHAINS IN A CHALLENGING EXTERNAL ENVIRONMENT. Published by the UN Economic Commission for Latin America and the Caribbean (February 2015). The latest edition of this publication reviews the main features of a persistently weak global economy and world trade, highlighting trends at both the global and regional levels. The report considers the changes that have resulted from international production networks and value chains, particularly with regards to trade, with an emphasis on the countries in the region. For more information, please refer to the UN Publications [website](#).

TOWARD A US-CHINA INVESTMENT TREATY. By C. Fred Bergsten, Cathleen Cimino, Gary Clyde Hufbauer, J. Bradford Jensen, Sean Miner, Theodore H. Moran, and Jeffrey J. Schott for the Peterson Institute for International Economics (February 2015). This briefing discusses the prospects for a possible US-China bilateral investment treaty, following the resumption of negotiations. The authors evaluate the various developments seen in both countries in recent years that could affect or inform the process, along with the potential challenges that may lie ahead. To access the full briefing, please click [here](#).

FOSSIL-FUEL SUBSIDIES AND CLIMATE CHANGE: OPTIONS FOR POLICY-MAKERS WITHIN THEIR INTENDED NATIONALLY DETERMINED CONTRIBUTIONS. By Laura Merrill, Melissa Harris, Liesbeth Casier, and Andrea M. Bassi for the Global Subsidies Initiative (GSI) of the International Institute for Sustainable Development (IISD) (February 2015). This report reviews recent research on how the removal of fossil fuel subsidies could affect global greenhouse gas (GHG) emissions, with the authors then presenting a potential process for UN member states to include such reductions as part of their "intended nationally determined contributions" (INDCs) for the UN climate change negotiations. The full report may be accessed [here](#).

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PUBLISHED BY



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

DFID - UK Department for
International Development

SIDA - Swedish International
Development Agency

DGIS - Ministry of Foreign Affairs
Netherlands

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Contributors to this issue are Sofia Alicia Baliño,
Kimberley Botwright, Yaxuan Chen, Jonathan
Hepburn, William Kemp, Adriana Motta, and Julia
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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

