

# BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 20, ISSUE 1, 14 JANUARY 2016

## WASHINGTON

Obama Renews Call for TPP  
Ratification in Final State of the  
Union Speech .....1

## DISPUTES

TransCanada Announces Plans  
for ISDS Claim Under NAFTA .....4

## AGOA

South Africa, US Settle Poultry  
Row, Averting AGOA  
Suspension .....7

## DISPUTES

US Repeals Country-of-Origin  
Labelling, Avoiding Retaliation ...10

## TRADE AGREEMENTS

EU, Ukraine Begin Applying  
Trade Deal, Rekindling Russia  
Tensions.....13

## EVENTS & RESOURCES

Events .....15  
Resources .....16

## WASHINGTON

### Obama Renews Call for TPP Ratification in Final State of the Union Speech

US President Barack Obama openly called upon domestic lawmakers to ratify the Trans-Pacific Partnership (TPP) Agreement, referring once more to the need for Washington to play a leading role in setting trade rules in Asia.

Speaking at a joint session of Congress on Tuesday evening for his final [State of the Union address](#), the US president said that the 12-country trade pact would “open markets, and protect workers and the environment, and advance American leadership in Asia.”

“With TPP, China does not set the rules in that region, we do. We want to show our strength in this new century? Approve this agreement, give us the tools to enforce it. It’s the right thing to do,” Obama said.

The speech otherwise featured little on trade, besides a call upon lawmakers to vote to lift the US embargo on Cuba, building upon last year’s restoration of diplomatic relations and steps to increase travel and trade with the island nation.

No mention was made by Obama of either the ongoing negotiations with the EU for a Transatlantic Trade and Investment Partnership (TTIP) agreement, nor of his thoughts for the WTO’s future following the Nairobi ministerial conference last month. (See Bridges Daily Update #5, [19 December 2015](#))

Even regarding the TPP, little detail on what the president aims to do – or what he would like to see from Congress during the ratification process – was included in the speech, and no reference was made as to the possible timing of a vote.

Obama did note, however, that the US has “recovered from the worst economic crisis in generations” and raised the issue of how to give people a “fair shot at opportunity and security in this new economy” as one of the questions he says the country must aim to address.

"Anyone claiming that America's economy is in decline is peddling fiction," he said on Tuesday. "What is true – and the reason that a lot of Americans feel anxious – is that the economy has been changing in profound ways, changes that started long before the Great Recession hit, changes that have not let up."

### **February TPP signing**

The State of the Union speech comes just weeks before leaders from the 12 TPP nations are set to meet in New Zealand on 4 February to sign the agreement.

The signing of the deal kicks off a two-year window for the original signatories to finish their domestic approval, legislative, and ratification processes. Should that timeline be met, the deal would enter into force within 60 days.

Otherwise, 60 days following the end of that two-year window the agreement will still enter into force as long as six of the signatories have notified the completion of domestic legal procedures, and that those six make up 85 percent of the group's combined GDP under 2013 figures. Should that threshold not be met, the TPP will enter into force 60 days following whenever a minimum of six signatories making up 85 percent GDP is reached. (See Bridges Weekly, [12 November 2015](#))

The US is the largest economy of the Trans-Pacific Partnership members, with the 12-country group together making up 40 percent of global GDP. Negotiations for the proposed agreement were concluded in October 2015 following a ministerial-level meeting in the US city of Atlanta, Georgia. (See Bridges Weekly, [8 October 2015](#))

### **Election politics**

This year's address comes just weeks before the first presidential primary, scheduled for 1 February in the state of Iowa. The months ahead are set to be frenetic ones both in Washington and across the country, as presidential candidates vie first for their respective party's nomination and then for the White House.

While the upcoming November presidential contest has been most in the spotlight, the stakes are also high for many US lawmakers, with the entire House of Representatives also up for re-election in November, as well as one-third of the Senate.

How those politics will affect TPP ratification, as well as other processes, remains an open question, particularly given the rancorous Washington trade debate in 2015 when lawmakers were discussing the renewal of Trade Promotion Authority. (See Bridges Weekly, [2 July 2015](#))

In recent weeks the pact has drawn the support of some key US business groups, such as the National Foreign Trade Council, the American Farm Bureau Federation, the Business Roundtable, and the US [Chamber of Commerce](#).

The Chamber of Commerce, for example, has cited the results of a new [World Bank report](#) on the TPP's implications, which found that the trade pact could boost the GDP of participating economies by an average of 1.1 percent by 2030, while increasing their trade by 11 percent. The report also found that, given the "positive spillovers" the TPP would have for other countries, the deal would only have a limited "detrimental impact" as a result of trade diversion and preference erosion for countries outside the agreement.

However, some TPP compromises made to clinch a final deal – such as the length of data exclusivity periods for biologic drugs, which are those derived from a biological background rather than a chemical one – have drawn harsh words from key US lawmakers, such as Senator Orrin Hatch, a Republican of Utah, who has cited them as insufficient. (See Bridges Weekly, [22 October 2015](#))

Some legislators, such as Senate Majority Leader Mitch McConnell, a Republican from Kentucky, have reportedly urged for the TPP vote to wait until after the November 2016 general election – in other words, until the lame duck session between the election and when a new president and lawmakers take office in January 2017.

### **Climate change, other priorities**

While the trade references in the speech were brief, one of the key themes of the president's speech was on the importance of tackling the challenges of climate change and transitioning more quickly from "old, dirtier energy sources" to cleaner ones, suggesting that doing so would not only be good for the planet but also give a chance for US companies to play a leading role in the production and sale of "the energy of the future."

Along with calling for energy sources to better reflect their actual cost to taxpayers, specifically by changing the management of coal and oil resources, Obama also noted that wind and solar power are becoming cheaper than "dirtier, conventional power," along with creating new jobs.

The US president made multiple references in praise of the universal climate deal reached by nearly 200 nations in December during their annual UN meeting, which in 2015 was hosted by Paris, France. (See BioRes, [13 December 2015](#))

Addressing climate change – an issue that has been raised repeatedly by Obama during his years in office – was also linked to national security, one of the speech's overarching themes, with the US president also raising the challenges posed in areas ranging from terrorism to economic security.

In these areas and many others, however, Obama warned that the tone of the political debate in Washington has moved away from compromise and, at times, away from reasoned discussions.

"The future we want, all of us want – opportunity and security for our families, a rising standard of living, a sustainable, peaceful planet for our kids – all that is within our reach. But it will only happen if we work together. It will only happen if we can have rational, constructive debates. It will only happen if we fix our politics," said Obama toward the end of the speech.

The US president urged lawmakers to move past the "rancour and suspicion between the parties," which he noted has worsened over the course of his presidency, while addressing the American people more broadly in urging them to change the existing system to one that "reflect[s] our better selves."

ICTSD reporting; "Govt confirms plans to sign TPP in Auckland," RADIO NEW ZEALAND, 13 January 2016; "Business leaders announce support for TPP," THE HILL, 5 January 2016.

---

## DISPUTES

---

# TransCanada Announces Plans for ISDS Claim Under NAFTA

The TransCanada Corporation, the major North American energy company which had proposed the construction of the Keystone XL pipeline, announced last week that it has filed a notice of intent to initiate a multibillion-dollar investor-state claim against the US government under the North American Free Trade Agreement (NAFTA).

The move, the company said on 6 January, came in response to the Obama Administration's decision in late 2015 to deny a Presidential Permit for the cross-border pipeline. TransCanada has also challenged the constitutionality of the decision in a US domestic court.

The news brings the famously controversial pipeline project back into the limelight, in an already difficult atmosphere in Washington given election-year politics; separate efforts by US President Barack Obama to push for the ratification of the Trans-Pacific Partnership (TPP) Agreement; and the scepticism in some quarters over the merits and design of investor-state dispute settlement (ISDS) provisions in trade deals.

### Continued saga

The Keystone saga dates back to September 2008, when TransCanada applied for a Presidential Permit from the US Department of State to build the Keystone XL Pipeline, which would carry crude oil from Western Canada to the United States.

The pipeline would be capable of delivering up to 830,000 barrels of crude oil per day, though the yearly quantities would likely vary.

In US Executive Order 13337 and Executive Order 11423, as amended, the US Secretary of State was delegated by the President the authority to determine whether granting a permit for certain types of border facilities would serve the national interest, and subsequently whether the permit merited approval.

Over the years, US Congress approved legislation on multiple occasions aimed at speeding up a decision on the pipeline project, citing the prolonged nature of the process – prompting in each case a presidential veto.

For example, in December 2011, lawmakers voted in favour of legislation that sought to require a permit decision for the 2008 application within 60 days – which was vetoed by Obama in early 2012, citing an arbitrarily tight deadline which did not allow sufficient review time. (See Bridges Weekly, [18 January 2012](#))

TransCanada submitted a revised permit application later that year, which included adjustments such as an altered route to avoid some environmentally-sensitive lands. In early 2015, Obama vetoed once more legislation by Congress that would have required a pipeline decision. In November that same year, the US president announced that the State Department would not be approving the permit. (See Bridges Weekly, [26 February 2015](#) and [12 November 2015](#), respectively)

During the State Department review process, concerns had been raised over the carbon footprint from the extraction and refining of Canadian sands oil, along with whether the

pipeline itself could pose an environmental risk and whether there would indeed be significant, long-term job creation as a result.

Proponents of the project, however, had argued that Keystone would be a major job creator, while ensuring reliable access to oil in a time when energy security continues to be a significant concern. Whether the perceived environmental and climate risks were as high as some detractors and analysts claimed was also raised by Keystone backers. (See Bridges Weekly, [12 November 2015](#) and [5 November 2015](#))

In announcing the denial decision, US Secretary of State John Kerry [said](#) that the critical factor was that “moving forward with this project would significantly undermine our ability to continue leading the world in combatting climate change.”

Along with the climate change concerns, Kerry said that the proposed project has a negligible impact on US energy security and will not reduce domestic gas prices, while doing little for the American economy. Kerry also cited questions over the effects the pipeline might have on heritage sites and water supplies, while warning that Keystone “would facilitate transportation into our country of a particularly dirty source of fuel.”

### **NAFTA claim: TransCanada pushing for US\$15 billion**

The 22-year old NAFTA pact between the US, Canada, and Mexico, which features a series of trade and investment rules geared toward slashing trade barriers between these parties, sets out under its investment chapter a framework of rules and disciplines that aim to provide investors from participating countries with a predictable, rules-based investment climate.

The chapter also outlines how dispute settlement procedures should work between investors and a NAFTA party government.

In its [Notice](#) of Intent to Submit a Claim to Arbitration, TransCanada argued that the denial of a Presidential Permit was “based on politics, not on the merits of the application,” noting among other claims that Keystone would not have been fundamentally different from some oil pipeline projects that have received the permits in the past.

TransCanada asserted that “environmental activists, however, turned opposition to the Keystone XL Pipeline into a litmus test for politicians—including US President Barack Obama – to prove their environmental credentials,” a claim that has also been raised by other proponents of the pipeline, including some US lawmakers, who suggested that the move was made more to ensure the Administration’s climate legacy.

TransCanada also quoted several studies by the Obama Administration and argued that the State Department had concluded on various occasions that the Keystone XL pipeline would not have a significant impact on climate change.

Therefore, TransCanada said, the company invested billions of dollars in the preparatory work for the pipeline project while the Keystone XL Pipeline application was pending, all with the “reasonable expectation that the Administration would process Keystone’s application fairly and consistently with past actions,” given the lengthy lead time that construction would have required.

Under State Department rules, the energy company explained, if construction of a pipeline does not begin within five years after a permit is issued, the permit then expires, prompting the need to begin preparations beforehand.

“The politically-driven denial of Keystone’s application was contrary to all precedent; inconsistent with any reasonable and expected application of the relevant rules and regulations; and arbitrary, discriminatory, and expropriatory,” the company claimed,

arguing that the November 2015 denial was extremely costly – to the tune of several billion dollars.

TransCanada also claimed that the US government breached its NAFTA commitment to provide all Canadian investors with “core investment protections,” including national and most-favoured nation treatment, treatment in line with international law, and “protection against uncompensated expropriations.”

Consequently, TransCanada will be seeking to recover more than US\$15 billion in costs and damages that it claims to have suffered as a result of this alleged breach of investment rules.

### **Constitutional claims**

On a separate track, TransCanada is also [suing](#) under the US Federal Court in Houston, Texas, asserting that the White House decision to deny construction of Keystone XL exceeded Obama's constitutionally-granted powers, given that Congress is delegated the role of regulating commerce domestically and with other countries.

“While the President has traditionally granted permits on narrow, established grounds, any such power does not exist when Congress has acted to the contrary or when the decision is based on the unprecedented and symbolic grounds that are the foundation of the denial in this case,” TransCanada said in a press release, noting also the early 2015 veto by Obama of congressional legislation requiring a decision on the pipeline project.

### **Next steps**

In its notice of intent, TransCanada welcomed further discussion with the US government, as Article 1118 of NAFTA provided that “the disputing parties should first attempt to settle a claim through consultation or negotiation.”

NAFTA's investment chapter requires a minimum of 90 days to pass between a notice of intent and the submission of a claim to arbitration.

ICTSD reporting.

---

## AGOA

---

# South Africa, US Settle Poultry Row, Averting AGOA Suspension

South Africa and the US reached an agreement last week on the technical issues which have been blocking US meat – essentially poultry, pork and beef – imports into the African country.

Although the negotiations went beyond the time frame envisaged earlier by US President Barack Obama, uncertainty about South Africa's continuation within the African Growth and Opportunity Act (AGOA) now appears to have been lifted.

"While we celebrate the progress we have made in resolving the outstanding technical issues, the true test of our success will be based on the ability of South African consumers to buy American products in local stores," said US Trade Representative (USTR) Michael Froman while lauding the "constructive" efforts of South Africa over the past several months.

US President Barack Obama has set a 15 March 2016 deadline for implementing the deal to ensure that it does indeed function as envisaged. Otherwise, as outlined in a [presidential proclamation](#) published on 11 January, duty-free treatment for South Africa's AGOA-eligible agricultural products will be suspended.

### South Africa's AGOA eligibility

"Our goal is to complete this effort so that South Africa can maintain the full and continued enjoyment of AGOA's benefits," Froman added in announcing the deal.

Last year, US President Obama set 31 December 2015 as a deadline for South Africa to comply with AGOA eligibility requirements. With the country failing to conclude the negotiations on this issue by the set deadline, South Africa faced the risk of its agricultural products being suspended from AGOA.

AGOA expands upon the US Generalized System of Preferences (GSP), a set of formal exceptions from the WTO's most-favoured nation (MFN) principle, which allows developed countries to offer developing countries preferential treatment on specific goods.

This summer, the US Congress passed legislation to extend duty-free access to the American market for eligible sub-Saharan African countries for another decade through AGOA. Under the new legislation, it was envisaged that an "out-of-cycle" review of South Africa would be undertaken 30 days after the bill's enactment given specific concerns about the country's compliance with certain AGOA provisions.

Following the AGOA renewal, the review of South Africa's eligibility concluded that the country failed to meet certain AGOA requirements since "it has not eliminated or made continual progress towards eliminating barriers to US trade, including long-standing barriers to US poultry, pork, and beef." (See Bridges Africa, [11 November 2015](#))

According to US government data, poultry meat is the third largest South African import from the US, with data showing that US\$24 million [worth](#) of US poultry was imported into South Africa in 2013.

### **Safety standards at stake**

Since 2000, imports of certain US chicken products into South Africa had been subject to anti-dumping duties of above 100 percent. In June last year, South Africa committed to end these import duties, but then raised sanitary concerns in December 2014 over an avian influenza outbreak – an infectious viral disease of birds which can sometimes spread to poultry – in 15 US states (see Bridges Africa, [27 January 2015](#)).

Despite meetings over the past several months between South African and US veterinary experts, they were unable to find a solution on aspects of the dispute related to animal health and food safety standards.

While agreements were reached on time for a quota of bone-in-chicken pieces and a poultry trade protocol in the case of highly pathogenic avian influenza, issues related to salmonella testing of US poultry imports that arose after the deadline remained outstanding.

According to the South African Poultry Association, the salmonella testing protocol implemented by the South African Department of Agriculture, Forestry, and Fisheries is based on that of the European Union and complied with the standards of the World Organisation for Animal Health. The microbiological testing is intended to monitor for disease during multiple steps of the production process.

In an effort to find a solution, US and South African veterinary authorities met again on 6 January.

"We are calling on the US to do the right thing and retain our involvement in AGOA without any interruptions," said Davies following the meeting.

In the final agreement, South Africa will permit the unrestricted importation of "shoulder cuts" under the condition that the US apply mitigation measures including the removal of risk material before exporting to South Africa.

With regards to beef, South Africa had suggested a 90-day quarantine period for foreign livestock slaughtered in the US. The US has instead guaranteed that such products will comply with US domestic requirements for human consumption. According to the statement, "South Africa has agreed to the assurances given by the USA."

Both countries have agreed on a protocol to control the risk of transmission of Highly Pathogenic Avian Influenza (HPAI).

Despite government agreements, some stakeholders are not convinced of the parameters of the agreements reached.

However, several private sector representatives came forward to welcome the deal struck between the two nations, with some stressing that the concessions made by South Africa on sanitary standards should be considered in relation to the competitive gains AGOA offers South Africa.

### **Agricultural, automotive industry reaction**

"We have succeeded in achieving a balance in maintaining the trade opening with the US and the animal health in South Africa," declared Davies.

This announcement came as a relief for the South African agricultural and automotive industries, which stand to benefit considerably from preferential access to the US market through AGOA.



According to the South African government, continued participation in AGOA will maintain numerous trade benefits for key industries exporting to the US market, including the automotive and several agricultural sectors. In 2013, [US\\$2.3 billion](#) worth of vehicles were exported from South Africa to the US and about [US\\$253 million](#) worth of South African agricultural products were exported to the US in 2013, with fruits and wines in the leading categories.

ICTSD reporting: "South Africa May Lose U.S. Trade Benefit After Target Missed," BLOOMBERG BUSINESS, 4 January 2015; "South Africa: Agoa - SA Poultry Slammed for 'Protectionism'," ALLAFRICA, 5 January 2015; "Trade: South Africa's AGOA partnership under threat in meat war with US," THE AFRICA REPORT, 5 January 2015; "South African Farmers See Pain as U.S. Trade Deal Unravels," BLOOMBERG BUSINESS, 6 January 2015; "Agoa deal cracked: Davies," TIMES LIVE, 7 January 2015; "South Africa: We Have Cracked the Agoa Deal – Davies," ALLAFRICA, 7 January 2015; "U.S. Says South Africa May Lose AGOA Trade Benefits in March," BLOOMBERG BUSINESS, 12 January 2015.

---

## DISPUTES

---

# US Repeals Country-of-Origin Labelling, Avoiding Retaliation

The US' country-of-origin labelling (COOL) scheme for pork and beef was repealed by Congress late last month, averting hefty countermeasures that Canada and Mexico were preparing to impose following a prolonged WTO dispute.

"The omnibus bill repealed the country of origin labelling (COOL) requirements for muscle cuts of beef and pork, and ground beef and pork. Effective immediately, [the US Department of Agriculture] is not enforcing the COOL requirements for muscle cut and ground beef and pork outlined in the January 2009 and May 2013 final rules," [explained](#) US Agriculture Secretary Tom Vilsack following the repeal.

The repeal was included in language for a multi-trillion dollar spending bill passed by the US legislature on 18 December and signed into law by President Barack Obama. While it removes COOL for pork and beef, it does allow the labelling to continue for lamb and chicken.

### Long-running dispute

The WTO dispute between the US, Canada, and Mexico over the COOL regime dates back to 2008, when Ottawa and Mexico City filed their respective challenges ([DS384](#), [DS386](#)) at the global trade body.

The measures at issue in the case were labelling requirements applicable to imported livestock and meat, which required retailers to inform consumers of the origin of those products, including beef and pork. In turn, meat suppliers were required to provide retailers with the necessary information, with origin being determined under a complex formula regarding where the animals were born, raised, and slaughtered.

The original dispute proceedings had found at both the panel and Appellate Body stages that the US COOL scheme was in violation of global trade rules, specifically the Technical Barriers to Trade (TBT) Agreement's Article 2.1. In other words, the US policy was found to be giving less favourable treatment to meat and livestock products from Canada and Mexico relative to the US equivalent. (See Bridges Weekly, [23 November 2011](#) and [4 July 2012](#))

Washington later revised the policy in an effort to bring it into compliance with trade rules, with Ottawa and Mexico City challenging whether the changes were indeed sufficient to address the problems found by the global trade arbiter. A compliance panel and the Appellate Body ultimately found that the changes were not enough to resolve the WTO-inconsistent elements. (See Bridges Weekly, [23 October 2014](#) and [21 May 2015](#))

### Arbitration levels lower than requested

An arbitrator later deemed on 7 December that Canada has effectively lost benefits worth C\$1.054 billion (US\$740 million at today's exchange rate) annually as a result of COOL, with Mexico having suffered losses amounting to US\$227.758 million annually. In both cases, in line with global trade rules, the arbitrator had granted those two countries with permission to ask for WTO-authorised retaliation up to those respective amounts.

The level of countermeasures approved by the arbitrator were lower than what the two complainants had earlier requested. Canada had pushed for over C\$3 billion annually in authorised retaliation, while Mexico had called for US\$713.4 million, with both countries citing losses from both export revenue and domestic price suppression.

During the arbitration process, the US had challenged the inclusion of domestic price suppression losses in the level of countermeasures, which the arbitrator ultimately agreed with, then focusing the remainder of its analysis on potential countermeasures on the "claimed level of export revenue losses caused by the COOL measures."

The arbitrator's report subsequently explained the differences and rationale in the econometric approaches advocated by the parties in determining the level of "nullification or impairment of benefits," as well as what approach the arbitrator found to be appropriate in making its final determination of export revenue losses and level of countermeasures.

The WTO's Dispute Settlement Body (DSB) granted authorisation to both Canada and Mexico on 21 December for retaliation at the levels found by the arbitrator, following those countries' respective requests.

### **Canada, Mexico welcome news**

In a joint statement, Mexican Economy Secretary Ildefonso Guajardo Villareal, Canadian Trade Minister Chrystia Freeland, and Canadian Agriculture and Agri-food Minister Lawrence MacAuley welcomed the news.

"The re-establishment of open access to the US market for bovine and pork products from Canada and bovine products from Mexico will benefit our producers and our economies," they said, according to a 19 December [statement](#) released by the Mexican government.

A separate [statement](#) on 21 December by the two Canadian officials noted that Ottawa plans to monitor the repeal's implementation "to ensure discrimination against Canadian cattle and hog exports is removed expeditiously in the US market," expressing hope that there will be no need for future retaliation.

### **US lawmakers, stakeholders react**

Key US lawmakers, such as Kansas Senator Pat Roberts, a Republican who chairs that chamber's Agriculture Committee, also welcomed the result, noting the penalties US exporters would have suffered from retaliation.

"From the ranchers in Kansas to the jewelry makers on the East Coast, every state had something to lose from keeping mandatory COOL intact," [said](#) Roberts.

Whether Washington will later pursue a voluntary meat labelling regime is not yet clear, though has been raised in earlier discussions of alternative ways to meet the objective of providing consumers with origin information while attempting not to run afoul of trade rules as the mandatory scheme had.

Across the US, the response by different groups have been mixed, with consumer groups and some meat producer organisations, particular those in direct competition with Canada and Mexico, lambasting the move.

"Clearly this language was produced by long-time COOL opponents who legislated in the dark of the night under the guise of solving an issue, when really their intentions completely undermine the will of American consumers and producers," [said](#) National Farmers Union (NFU) President Roger Johnson, advocating for a voluntary COOL programme.

However, some other farm groups noted that the retaliation could have been extremely harmful to their sectors had it not been prevented.

"Repealing the six-year-old Country-of-Origin Labelling program for beef and pork prevents the loss of millions of dollars of US dairy exports that would have resulted from the World Trade Organization ruling," [said](#) Jim Mulhern, President and CEO of the US-based National Milk Producers Federation.

ICTSD reporting; "New rules on how meat is labeled: What you should know," CHICAGO TRIBUNE, 4 January 2016; "Meat-labeling changes: Northwest producers and purveyors respond," SEATTLE TIMES, 4 January 2016; "US repeals meat labeling law after trade rulings against it," ASSOCIATED PRESS, 3 January 2016.

---

## TRADE AGREEMENTS

---

# EU, Ukraine Begin Applying Trade Deal, Rekindling Russia Tensions

The EU and Ukraine have begun putting into operation their bilateral trade deal since 1 January, in a move that, as was widely expected, has brought long-simmering tensions with Russia on the subject back to the fore.

The Deep and Comprehensive Free Trade Area (DCFTA), as the EU-Ukraine pact is known, is part of the larger political and economic Association Agreement between Brussels and Kiev that was signed in mid-2014. (See Bridges Weekly, [3 July 2014](#))

When the trade deal was then ratified simultaneously by the European and Ukrainian parliaments in September 2014, the two sides had agreed to delay the application of the pact until 1 January 2016, with officials citing at the time the difficult economic situation in Ukraine. Autonomous trade preferences that Brussels had been granting Kiev since May 2014 were to remain in place, however. (See Bridges Weekly, [18 September 2014](#))

Moscow has long argued against the application of the EU-Ukraine trade deal, citing both competitiveness concerns as well as fears that this arrangement could lead to a massive influx of inexpensive European imports into Russia, given its economic relationship and shared border with Ukraine. The compatibility of the trade deal with Ukraine's involvement in the Commonwealth of Independent States (CIS) agreements has also been raised.

The trade pact between the two sides was one of the main triggers for the unrest in Ukraine throughout 2014 that resulted in widespread protests and subsequently a major international crisis, including EU sanctions on Russia.

### **Food embargoes, Russia-Ukraine trade deal suspension**

The delay in applying the trade deal had also allowed for the EU, Russia, and Ukraine to hold trilateral negotiations in a bid to find common ground. Despite holding over 20 sessions, those talks ultimately failed to lead to a resolution, breaking down on 21 December.

Speaking ahead of the final December trilateral negotiating meeting, European Commission President Jean-Claude Juncker [reaffirmed](#) that the EU-Ukraine trade pact would enter into force in January as planned "and cannot be amended – neither directly nor indirectly," while referring to the 21 December discussions as a "last chance... to find a common understanding."

"Let me reiterate what the goal of these talks is: to talk to one another, to engage in a constructive way in order to find pragmatic solutions. That is why any threats or retaliatory measures contradict the mandate, objective, and spirit of these talks," Juncker said, noting the importance of continued reform in Ukraine to ensure strong trade ties with the 28-nation EU.

Russian lawmakers then agreed on 22 December to suspend the country's own trade agreement with Ukraine, as part of the CIS trade zone, citing "extraordinary circumstances affecting the interests and economic security of Russia and requiring immediate action."

Ukrainian leaders, for their part, have said that they will not be deterred by trade measures taken by Moscow in response to moving forward with the DCFTA.

"Ukraine is aware of these restrictions and the expected damage to the Ukrainian economy. But we are ready to pay this price for our freedom and our European choice," said Ukrainian President Petro Poroshenko last month, in comments reported by Reuters.

Moscow also confirmed in December plans to ban imported food from Ukraine, as it has already done with such products from the European Union. Kiev has since banned imports of certain Russia food products, including among others vegetables, meat, and dairy, effective from 10 January and in place through August – unless Russia decides to lift its own food embargo.

ICTSD reporting; "Ukraine says to ban imports of some Russian goods in trade row," REUTERS, 30 December 2015; "Kiev 'ready to pay price' after Russia curbs trade ties over EU deal," REUTERS, 16 December 2015; "Moscow votes to suspend free-trade zone with Ukraine," FINANCIAL TIMES, 22 December 2015; "Russia, Ukraine, EU hold last-ditch talks on EU-Ukraine trade deal," EUROPE ONLINE MAGAZINE, 21 December 2015; "Russia confirms food embargo on Ukraine: PM Dmitry Medvedev," AGENCE FRANCE PRESSE, 21 December 2015; Ukraine bans Russian foods as trade war escalates," THE TELEGRAPH, 3 January 2016.

---

## EVENTS & RESOURCES

---

# Events

### Coming Soon

15 January, Washington, US. GREEN FINANCE AND THE G20 – THE QUIET REVOLUTION. Organised by the Carnegie Endowment for International Peace, this event focuses on the topic of green finance, reviewing the necessary steps to use the international financial system to support moving toward a low-carbon economy, particularly in the context of this year's Chinese G-20 presidency. For more information or to register, please visit the event [website](#).

20 January, Washington, US and online. TOP PRIORITIES FOR AFRICA IN 2016. Organised by the Brookings Institution, this event will involve an expert panel discussion on what challenges and opportunities the African continent will need to tackle in the coming year. The panel will include journalists, ambassadors, and Brookings experts, who will also aim to give recommendations for different stakeholders on how to address these issues. The meeting will be streamed live online at the Brookings website. More information can be found at the following [link](#).

20-23 January, Davos-Klosters, Switzerland. WORLD ECONOMIC FORUM ANNUAL MEETING 2016. This year's annual World Economic Forum gathering will bring together leaders from governments, international organisations, business, and various other sectors to discuss how to adapt and thrive in light of the myriad changes facing the world today, ranging from technological to political. More information about the high-level event – including a programme, speakers list, and partners – 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.

19 + 21 January: Trade Policy Review Body – Georgia

### Other Upcoming Events

27 January, London, UK. THE EU AS A GLOBAL POWER: AN INTERNATIONAL AGENDA FOR EUROPE. This Chatham House event, organised in association with the Konrad Adenauer Stiftung UK & Ireland Office, will feature a panel discussion on the expected challenges for the EU – both internally and with its international partners – in the years ahead. Panellists will look at both foreign policy and security, among other topics. More information, including an initial list of speakers, can be found at the event [website](#).

8 February, online. LEAVING NO ONE BEHIND. Organised by the Overseas Development Institute, this event will feature Dutch Minister for Foreign Trade and Development Cooperation Lilianne Ploumen, together with various experts and senior government officials, to discuss the way forward following the adoption last September of the Sustainable Development Goals (SDGs). Among the topics for discussion are how to identify those people most in need, as well as how to support those same needs, as governments

and other actors work to meet the SDGs by 2030. More information about the event is available [here](#).

10 February, London, UK. THE IMPACT OF INEQUALITY ON TRANSATLANTIC ECONOMIC GROWTH. This Chatham House event will focus on the income inequality problems facing various developed economies, particularly the US and the EU member states, and review what implications may have on these countries' potential growth in the years ahead. The event will feature as its speaker Martin Wolf, Financial Times Associate Editor and Chief Economics Commentator. Please note that the meeting is by invitation only. To learn more, visit the Chatham House [website](#).

---

## Resources

THE COMMONWEALTH IN THE UNFOLDING GLOBAL TRADE LANDSCAPE – COMMONWEALTH TRADE REVIEW 2015. Published by the Commonwealth Secretariat (2015). This publication reviews how the changing global trade landscape is affecting Commonwealth countries, and what responses these countries are undertaking as a result. Along with analysing possible opportunities these changes may have for Commonwealth countries' trade prospects, the report features a series of insights on issues relating to trade's role in promoting development. The publication is available [here](#).

UNCTAD'S INVESTMENT DISPUTE SETTLEMENT NAVIGATOR. Published by the UN Conference on Trade and Development (UNCTAD) (2015). This navigator is an upgraded version of the UN agency's investor-state dispute settlement (ISDS) case database, focusing on ongoing international arbitration cases between investors and governments where public information is available. The navigator can be accessed on UNCTAD's Investment Policy Hub [website](#).

ADVANCING TRADE DEVELOPMENT: A STUDY INTO INTERNATIONAL TRADE. Published by the Export Council of Australia (2015). This report focuses on ten countries – Singapore, Hong Kong, Taiwan, Germany, the United Kingdom, the United States, Canada, Brazil, Chile, and New Zealand – in reviewing trade promotion services provided by public agencies. The authors discuss the lessons learned, while aiming to generate additional insights regarding trade promotion. To learn more about the report, visit the Export Council of Australia's [website](#).

THE GREAT TRADE-OFF: CONFRONTING MORAL CONFLICTS IN THE ERA OF GLOBALIZATION. By Steven R. Weisman for the Peterson Institute for International Economics (January 2016). This new book examines the fall-out from the 2008 global financial and economic crisis, as well as what factors contributed to it. The author brings together insights from the fields of economics, moral philosophy, politics, and history to construct his analysis. More information about the book is available [here](#).

INTERNATIONAL TRADE BY COMMODITY STATISTICS, VOLUME 2015, ISSUE 5. Published by the Organisation for Economic Co-operation and Development (OECD) (November 2015). This regular OECD publication provides annual data of trade by the organisation's member countries, broken down both by partner country and in value by commodity. The volume is available [here](#).



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

## BIORES

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

## BRIDGES AFRICA

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

## PUENTES

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

## МОСТЫ

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

## PONTES

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

## 桥

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

## PASSERELLES

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

PUBLISHED BY



**International Centre for Trade  
and Sustainable Development**

Chemin de Balexert 7-9  
1219 Geneva, Switzerland  
+41-22-917-8492  
[www.ictsd.org](http://www.ictsd.org)

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

**DFID - UK Department for  
International Development**

**SIDA - Swedish International  
Development Agency**

**DGIS - Ministry of Foreign Affairs  
Netherlands**

**Ministry of Foreign Affairs, Denmark**

**Ministry of Foreign Affairs, Finland**

**Ministry of Foreign Affairs, Norway**

**Department of Foreign Affairs and Trade,  
Australia**

Copyright ICTSD, 2016. Readers are encouraged  
to quote and reproduce this material for  
educational, non-profit purposes, provided the  
source is acknowledged.



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

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

Contributors to this issue are Sofia Alicia Baliño,  
Yaxuan Chen, Kiranne Guddoy, and Anya  
VerKamp. This edition of Bridges Weekly Trade  
News Digest is edited by Sofia Alicia Baliño.

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

Price: €10.00

ISSN 1563-0

