

# BRIDGES WEEKLY

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## BILATERAL TIES

# US, Canada Leaders Agree to Slash Methane Emissions, Increase Climate and Trade Cooperation

The US and Canada are aiming to increase their cooperation on a range of climate and trade issues, leaders from both countries announced last week, including by taking steps to cut methane emissions from oil and gas sources dramatically.

The news came following a high-profile meeting between US President Barack Obama and Canadian Prime Minister Justin Trudeau in Washington—a discussion that came hot on the heels of Canada's announcement this month that it would be moving toward adopting a nation-wide carbon pricing scheme. (See Bridges Weekly, [10 March 2016](#))

The meeting also comes in the first year of Trudeau's term, and the final year of Obama's, with the US election process already in full swing. The similarities in policy approach between the two leaders was highlighted by both sides – even amid questions that the impending leadership change in Washington could slow any planned progress in the bilateral relationship.

"We've got a common outlook on what our nations can achieve together," said Obama to reporters following their discussions.

"He campaigned on a message of hope and of change," the US President continued, referring to his Canadian counterpart. "At home, he's governing with a commitment to inclusivity and equality. On the world stage, his country is leading on climate change and he cares deeply about development. So, from my perspective, what's not to like?"

The Canadian premier, for his part, echoed the sentiment that climate action does not have to come at the expense of a robust economy, but can rather be a catalyst for one.

"The President and I share a common goal: We want a clean-growth economy that continues to provide good jobs and great opportunities for all of our citizens. And I'm confident that, by working together, we'll get there sooner than we think," said Trudeau.

### **Wide range of climate commitments**

Following their discussions, the two sides released a "[Joint Statement on Climate, Energy, and Arctic Leadership](#)" outlining a series of areas where they have agreed to boost their cooperation both at a domestic and global level.

Among these is a commitment to slash methane emissions in their respective countries by 40-45 percent below 2012 levels by 2025 from the oil and gas sectors – a commitment Obama had already announced for the US a year ago, but is new for Canada. (See Bridges Weekly, [22 January 2015](#))

Canada will focus on developing regulations for both new and current oil and gas sources. The relevant US agencies are already in the process of developing regulations for new plants, and have now been directed to do so for existing ones. (See BioRes, [26 August 2015](#))

The two leaders have also set two other big climate action goals for the coming year. One of these involves pushing for a "carbon offset" measure to be adopted at the [International Civil Aviation Organization's](#) (ICAO) triennial assembly, due to be held from 27 September to 7 October.

This measure, they say, would help ensure "carbon-neutral growth" from international civil aviation.

Both sides will also work toward cutting back on hydrofluorocarbon (HFC) emissions, a potent greenhouse gas with an atmospheric warming potential up to 10,000 times that of carbon dioxide. Along with taking steps domestically, including through updating their government procurement processes, the two countries will also put in place a "second phase" of aligned emissions standards for heavy-duty road vehicles, with models starting after 2018. At the international level, they are both pushing for the Montreal Protocol to adopt an HFC "phasedown amendment" this year – referring to a process that is already underway under that international agreement, which deals with reducing the production and use of ozone-depleting substances. (See Bridges Weekly, [12 November 2015](#))

The joint statement also includes a section devoted specifically to the implementation of the Paris climate accord – a global, emissions-cutting agreement reached last December under the UN Framework Convention on Climate Change (UNFCCC). (See BioRes, [13 December 2015](#))

For example, Trudeau and Obama have agreed to complete this year "mid-century, long-term low greenhouse gas emission development strategies, pursuant to the Paris Agreement and encouraging this approach with members of the G-20."

The two sides have also announced steps to help developing countries in their climate adaptation efforts and in putting their national contributions under the Paris accord into effect, among other commitments.

Notably, the joint statement also makes a reference to carbon markets, a politically contentious issue at the national level for both sides – but one that has also seen significant sub-national advances, including under schemes that link some Western US states with select Canadian provinces.

"Recognising the role that carbon markets can play in helping countries achieve their climate targets while also driving low-carbon innovation, both countries commit to work together

to support robust implementation of the carbon markets-related provisions of the Paris Agreement," the statement says.

Under the carbon market-related provisions of the Paris Agreement, parties can transfer so-called mitigation outcomes through voluntary cooperative approaches to help them achieve higher ambition under their contributions. This shall, among others, ensure environmental integrity and avoid double-counting.

The two sides have therefore directed their respective governments, working together with state, provincial, or territory governments, to "explore options for ensuring the environmental integrity of transferred units" in international carbon market mechanisms, noting that this could help in the accounting efforts as countries implement their "intended nationally determined contributions" and help avoid "double-counting" of reductions.

Furthermore, given that both sides do have some emissions trading schemes that operate at the sub-national level, they intend to ask for lessons learned both relating to design and necessary complementary measures – while pledging also to increase their bilateral cooperation on the subject.

### **Softwood lumber talks**

On trade, one question going into the meeting would be whether the two leaders would be able to announce any advances on a possible new arrangement on softwood lumber, after the previous [Softwood Lumber Agreement](#) (SLA) expired last October. (See Bridges Weekly, [15 October 2015](#))

The SLA had been in force from 2006, following a prolonged row between the two sides over whether Canadian lumber producers received unfair subsidies as a result of "stumpage fees" – taxes on each harvested tree on state-owned land – being artificially low. Subsequent US trade remedy investigations led to duties being imposed as a result.

Trade disputes under both the North American Free Trade Agreement (NAFTA) and the WTO were filed, with the two sides later reaching the SLA – a deal which entailed the refund of the bulk of US anti-dumping and countervailing duties, as well as [border measures](#) on Canadian softwood lumber exports. Though the deal expired last October, there is a one-year grace period in place.

Whether the US was actually interested in a renewal has been a subject of much speculation in recent months. However, the two leaders have now directed their top trade officials – US Trade Representative Michael Froman and Canadian Minister of International Trade Chrystia Freeland – to "intensively explore all options and report back within 100 days on the key features that would address this issue," according to a White House [factsheet](#) released after the meeting.

"President Obama welcomed Prime Minister Trudeau's interest in a new long-term agreement for softwood lumber," the White House statement noted. Both leaders also confirmed in their remarks to the press that advances had been made, with Obama saying that the issue "will get resolved in some fashion."

"Our teams are already making progress on it. It's been a longstanding bilateral irritant, but hardly defines the nature of the US-Canadian relationship," he added.

Trudeau, for his part, also acknowledged that progress had been made and that he was optimistic about a solution.

**Advances on TPP?**

The next steps for the Trans-Pacific Partnership (TPP) Agreement were also slated to be on the agenda. The 12-country deal – which includes both the US and Canada – was signed last month in Auckland, New Zealand. (See Bridges Weekly, [11 February 2016](#))

At the time, Canadian officials noted that signature did not necessarily mean endorsement, given that the government is now holding a public consultation on the trade deal. On Canada's side, the TPP was negotiated under the previous government of Stephen Harper, of the opposing Conservative party.

"Recognising that the Trans-Pacific Partnership, which links together countries that represent nearly 40 percent of global GDP, would advance these objectives, Canada and the United States are working to complete their respective processes," the factsheet notes.

Further details on the nature of their TPP discussions were not made clear, including on whether the new Trudeau government has solidified its position on the trade deal. As the public consultation continues in Canada, questions also remain in the US as to whether Obama will be able to push Congress to vote on the trade deal's ratification before he leaves office in early 2017, given the ongoing election process and the heated debate over trade's potential impacts on domestic jobs. (See Bridges Weekly, [10 March 2016](#))

ICTSD reporting; "US, Canada partner to cut methane, vow more collaboration on carbon markets," CARBON PULSE, 10 March 2016.

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## TRADE REMEDIES

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# EU Executive Announces Plans to Boost Steel Sector

The European Commission released on Wednesday 16 March a plan detailing various steps – both existing and new – aimed at supporting the 28-nation bloc's struggling steel sector.

The news comes just one month after the EU executive launched investigations into whether several types of Chinese-made steel are being sold on the European market at prices below their normal value, in what is known in trade jargon as "dumping." (See Bridges Weekly, [18 February 2016](#))

In a [press release](#) announcing the plans, the Commission cited "serious challenges" resulting from "global overcapacity, a dramatic increase of exports, and an unprecedented wave of unfair trading practices."

Brussels has specifically referred to China – which leads the world in steel production – as allegedly having an overcapacity in production at 350,000 million tonnes. Chinese officials have argued that the actual issue is that of overcapacity worldwide, with Minister of Commerce Gao Hucheng referring to it as a "global problem" in a February [press conference](#).

Steelmakers in various EU member states, however, have argued that low-priced Chinese imports are contributing to their difficulties in remaining competitive.

"We must do more to help the steel sector and other energy-intensive industries adapt, innovate, and compete on the basis of quality, cutting-edge technology, efficient production, and a highly skilled workforce," said Jyrki Katainen, the Commission's Vice President for Jobs, Growth, Investment, and Competitiveness.

According to EU figures, the steel sector accounted for 328,000 direct jobs last year, and potentially many more from other sectors that rely on steel in their processes. The 28-nation bloc produces approximately 170 million tonnes of crude steel annually.

The 13-page [communication](#) is divided into several sections, which purport to describe the challenges facing the sector; possible tools under trade, investment, labour, and climate and energy policy; and a concluding part that ultimately reiterates calls for key industry players to "work together in a spirit of sincere cooperation."

### Trade remedies

The communication refers, among several other areas, to the use of trade defence measures as one approach to help address the situation. It notes, for instance, that EU investigative authorities are now launching probes "based on a threat of injury" and other steps aiming at providing support to industry before duties are actually confirmed.

In addition, the communication says, "the Commission will immediately use the available margins to further accelerate the adoption of provisional measures," outlining various procedural steps to that end.

The document also calls for updating EU trade defence instruments, such as adopting a "modernisation package" that was [put forward in 2013](#) and has stalled at the Council level. One of the proposed changes at the time was to allow for deviations from the bloc's "lesser

duty rule" – in other words, when the duty is set to levels equal to either the dumping or injury margin, depending on which is lower – in certain cases.

This rule is currently mandatory under EU law, and the Commission is now arguing that along with advancing the modernisation package that the rationale for dropping this practice "should apply also to the steel sector and more generally to situations where the market of the exporting country is subject to significant distortion."

The document also makes a reference to the ongoing public consultation on whether the EU should grant China with market economy status, specifically given what this would mean for anti-dumping investigations. (See Bridges Weekly, [18 February 2016](#))

### **Subsidy notifications, bilateral meetings, other measures**

Other steps that the Commission has outlined as being key to "an effective and responsible trade policy" for the steel sector includes pushing China to improve its WTO subsidies notifications, adding that this would include questions under Beijing's upcoming Trade Policy Review this year.

China, as one of the world's top four traders, goes under these WTO reviews on a biennial basis, as does the EU, the US, and Japan.

Other forums for discussion that the EU mentioned include the G-20 process, which China is chairing this year. Brussels is also conducting "steel contact group" meetings with various other producing countries, including China.

Besides trade, other areas for action described in the communication include efforts to make investing in new steel-related technologies and a skilled workforce. Furthermore, the communication notes that the Commission is set to put forward various proposals on electricity market design and governance, along with renewable energy and energy efficiency, in the context of its Energy Union discussions.

These steps, it says, are key to ensuring that "energy-intensive industries" – such as steel – become more sustainable, while boosting their competitive edge.

"Energy prices are... very volatile and they could rise again. To contain them Europe needs to contain energy consumption, including by encouraging greater energy efficiency of its industry, and promote competitive energy prices by tapping into the potential of the single market and regional market," the communication explains.

The ongoing discussions about the revision of the EU's Emissions Trading System (EU ETS) from 2020 onward are also referred to in the document, including talks relating to distribution of free carbon allowances, carbon leakage, and steps geared toward facilitating innovation-focused investments. The EU ETS is the bloc's flagship cap-and-trade programme, and has been in place since 2005.

### **Long road ahead**

The document ultimately acknowledges that the sector's problems run deep, and will ultimately take time to address.

"The long-term challenges of the steel sector will not go away," the communication says. "A range of investment instruments and focused policies in areas like trade, innovation, competition, or the Energy Union will help the steel industry to compete through innovation, resource efficiency, modernisation, and reform."

ICTSD reporting.

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## AGRICULTURE

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# EU Commission Unveils New Farm Support Package

The European Commission has [announced](#) a package of measures to support the bloc's struggling dairy, pigmeat, and fruit and vegetable sectors – but stopped short of reintroducing mandatory production quotas for dairy producers.

Markets have been hit by slowing demand growth from China, along with a glut in supply as producers responded to a period of higher prices between 2007 and 2011. A Russian import ban on EU farm goods has further exacerbated problems in agriculture, producers have said.

The package, which was unveiled in Brussels on Monday, supplements a €500 million farm aid package that was announced last September in the wake of farmer protests across the 28-nation bloc. (See Bridges Weekly, [17 September 2015](#))

"This package of measures is not intended to be a magic bullet but I believe that we should give it a chance to succeed," said Phil Hogan, the European Commissioner for Agriculture and Rural Development, in [remarks](#) at a meeting of the bloc's farm ministers.

Hogan also told ministers that the Commission would look into the feasibility of an "export credit tool" which would supplement existing schemes being run by EU member states.

Export credits were among a number of policy instruments that were subject to an agreement among WTO members at the global trade body's tenth ministerial conference in Nairobi, Kenya, last December. (See Bridges Daily Update #5, [19 December 2015](#))

A source familiar with the discussions told Bridges that any potential scheme would have to comply with the Nairobi conditions for export credits.

Czeslaw Adam Sierkierski, the chair of the European Parliament's agriculture committee, welcomed the Commission's plan but suggested more may be needed to address the situation.

"Commissions aid package is a step in the right direction but it is not enough and it has arrived quite late," [said](#) Sierkierski on Wednesday.

### Voluntary production quotas

Dairy producer groups would be allowed to introduce voluntary measures to limit output, Hogan said, but the EU would not re-introduce the mandatory production quotas it phased out last year.

The bloc's own competition rules normally restrict producer groups from collaborating to influence supply and prices, but the Commission can bypass these under exceptional circumstances.

Mandatory production quotas could have negative effects on the competitiveness of the EU dairy industry in the long run, and on the expected average price received by dairy farmers over the cycle, said Alan Matthews, Emeritus Professor at Trinity College Dublin, in an online [commentary](#).

"It is clear from yesterday's Council meeting that member states are not prepared to take that step," said Matthews.

The Commission also gave a green light to proposals to raise the amount of "state aid" that EU member states could provide, per farmer, to a maximum of €15,000.

Hogan told ministers that the support could be provided far more quickly than other measures that they had proposed instead.

The Commission will also temporarily double the ceilings on the volume of skimmed milk powder and butter that can be bought through public intervention. These will be raised to 218,000 tonnes for skimmed milk powder, and 100,000 tonnes for butter.

"Processors will continue to get the guaranteed public intervention price for these additional quantities," Matthews told Bridges.

### **Switzerland reforms "Chocolate Law"**

In a separate development, Switzerland's Federal Council announced in a [statement](#) last Friday that the Alpine country would stop providing export subsidies to countries classified as "least developed" by the UN, with the new rules entering into force on 1 April this year.

Bern said it would amend its "Chocolate Law," which provides export subsidies for processed agricultural products, to comply with the Nairobi decision on export competition.

Swiss customs authorities estimate that only 0.5 percent of eligible products were destined for least developed countries, the statement said.

### **Dairy: weak global demand**

The EU's September support package prompted questions from WTO members at a regular meeting of the trade body's Committee on Agriculture last week.

New Zealand [asked](#) for more information on how new funding for farmers was being allocated, including by EU member states, and urged the bloc to avoid approaches that distort production or trade.

The EU responded by saying that the bulk of support had gone to the dairy sector, sources said, with livestock producers receiving the rest of the assistance provided.

New Zealand also told the meeting that weak global dairy demand and low prices were affecting farmers across the world.

### **New farm policies in the spotlight**

Other major trading powers were also asked questions about the impact of their agricultural policies at the WTO meeting.

The US [told](#) India that it had not yet officially determined how it would classify payments under the subsidy programmes that Washington introduced in 2014, in response to a question from India about whether these would be considered as trade-distorting "amber box" support.

Canada also [asked](#) China about new grain market reforms announced in a recent government white paper, and [questioned](#) India about the crop insurance scheme that New Delhi launched recently. (See Bridges Weekly, [4 February 2016](#) and [21 January 2016](#))



Several WTO members also [asked](#) Turkey for more information on its domestic support and export subsidies, with Canada also asking about Ankara's overdue notifications. The meeting examined new figures from the WTO secretariat showing that over a third of members' domestic support and export subsidy notifications are overdue.

At a separate meeting last week, the chair of the WTO's agriculture talks had told members that "rich information and data" would be key to shaping the process of negotiating new farm trade rules. (See Bridges Weekly, [14 March 2016](#))

ICTSD reporting.

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## EMISSIONS TRADING SCHEMES

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# France Pushes for Additional Reforms to EU Emissions Trading System, Report Says

Amid renewed concerns of falling carbon prices, a French “non-paper” has reportedly been circulated calling for changes to the “Market Stability Reserve” established under the EU’s Emissions Trading System (ETS).

The non-paper, obtained by the Carbon Pulse media outlet, is an informal proposal that is said to be under discussion among other member states and other key players.

The EU ETS allows members of the 28-nation bloc, along with Norway, Iceland, and Liechtenstein, to trade carbon emissions, then auction off extra, unused emissions through an “allowance” system. The scheme has been in place since 2005.

Last September, the European Council approved a decision to create a market stability reserve that will remove and re-introduce excess permits into the system in response to certain supply thresholds. The MSR, as it is otherwise known, is set to begin in 2019. (See BioRes, [9 July 2015](#))

According to Carbon Pulse, the non-paper calls on EU lawmakers to “face up to the reality that something further needs to be done to address low carbon prices.” Due to a years-long surplus of carbon allowances, prices have stayed low in recent years, and currently hover around €5 – down from highs of €30 in 2008 – leaving these well below levels believed to be necessary to spur low-carbon innovation.

In recent years, reform efforts have been initiated to address some of the difficulties facing the emissions trading scheme, including with the move to “backload” some 900 million permits between 2014 and 2016 and to introduce the MSR where these backloaded allowances will be placed. (See Bridges Weekly, [7 May 2015](#), [23 July 2015](#), [29 October 2015](#), and BioRes [9 July 2015](#))

However, the most recent drop in carbon prices over the last several months – which some analysts have placed at 45 percent since end-2015, and partly blame on a continued glut of allowances – has led to a growing debate over how much more reform is needed to keep the ETS functioning in the long term.

Meanwhile, the EU has set a binding goal of slashing its greenhouse gas emissions domestically by 40 percent by 2030, relative to 1990 levels – a target that was later worked into the bloc’s contribution to the Paris Agreement last December under the UN Framework Convention on Climate Change (UNFCCC). Proponents argue that ensuring the continued success of the emissions trading scheme is essential to meeting this goal.

### Soft collar for stability?

According to the [non-paper](#), France is pushing for a modification of the MSR, moving from its supply-based approach to a price-trigger mechanism through a “soft collar” system for allowance prices that could better withstand volatility in the carbon market, drawing on examples seen in other schemes, including some sub-national programmes in the US and Canada.

The “establishment of a soft price collar for the European carbon market, to channel the evolution of the market price between a minimum and a maximum, would reduce volatility due to adverse expectations of future emissions and improve predictability of the price of carbon, creating a strong incentive in favour of low-carbon investments and securing revenues for member states,” the document says.

The non-paper proposes using this soft collar concept to implement a formalised price corridor, which it argues would allow the EU to keep carbon allowance prices more competitive and provide more certainty to companies, investors, and governments.

The price corridor would contain three components: an auction reserve price that would “evolve over time based on a predetermined trajectory to give visibility to the minimum price”; a soft price ceiling at three to six times the level of the reserve price that would also follow a pre-set path to “give visibility to the maximum price”; and a mechanism that can adjust through auctions the supply of carbon allowances.

The non-paper also attempts to address potential questions over the impact this change could have on auction revenues – which it suggests would not be significant – and whether there may be detrimental implications for the competitiveness of EU industry. For the latter, France is proposing a series of steps, some of which it intends to describe further in upcoming submissions, aimed at mitigating potential problems.

ICTSD reporting; “EXCLUSIVE: We can't wait any longer': France floats EU ETS price support proposal,” CARBON PULSE, 13 March 2016; “EU has ‘failed’ to save carbon market from long-term gloom, say analysts,” THE TELEGRAPH, 12 March 2016.

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## DISPUTES

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# WTO Panel Issues Mixed Ruling in US-Korea Trade Remedy Case

A WTO panel (DS464) issued a mixed ruling last Friday in a dispute concerning anti-dumping and countervailing duties imposed by the US on Korean-made washing machines. Notably, this dispute draws attention to the issue of "targeted" dumping and the methodologies used in such cases for calculating dumping margins, including the controversial "zeroing" practice.

In December 2011, the US-based Whirlpool Corporation petitioned the US Department of Commerce, claiming that Korean-made washers were being sold at prices below their fair value – a practice known as "dumping" – and that the Asian economy's producers and exporters were receiving unfair state aid. US imports of large residential washing machines from Korea that same year were valued at about US\$569 million.

The General Agreement on Tariffs and Trade (GATT)'s Article VI and the related Anti-Dumping (AD) Agreement allow a WTO member to apply import duties on another member when "dumping" is proven to injure a domestic industry. "Countervailing" relates to those duties a WTO member may apply if another member's subsidised imports are hurting domestic producers, with such measures governed by the Agreement on Subsidies and Countervailing Measures (SCM).

The US Commerce Department conducted investigations into the claims, announcing affirmative determinations in December 2012. These were then followed in February 2013 with findings from the US International Trade Commission which deemed that those imports were materially injuring a US industry and that duties should therefore be imposed.

Korea filed the initial consultations request to the WTO in August 2013, citing concerns over the investigations, determinations, and subsequent reviews, among other issues. A panel was established in January 2014 to hear the case.

### Dumping margins

The difference between the export price and normal value is referred as a dumping margin, usually expressed as a percentage of the export price. WTO rules requires investigative authorities to make a fair comparison between the export price and normal value in determining dumping.

Article 2.4.2 of the AD Agreement provides that the importing country can use in exceptional cases an alternative method of calculating dumping margins – specifically by comparing weighted average normal value with the prices of individual export transactions – rather than the conventional "average-to-average" or "transaction-to-transaction" comparison.

To enable this calculation method, investigating authorities must find a pattern of export prices which differ significantly among different purchasers, regions, or time periods – an indication of "targeted dumping" – and must explain why such differences cannot be properly accounted for under conventional comparison methods.

### Questions on methodology

Korea challenged the methodologies used by Washington to trigger the application of "average to transaction" calculation in its anti-dumping probe, claiming these are inconsistent with the AD Agreement's Article 2.4.2.

Under the original methodology, if "targeted" dumping was deemed to exist, US investigative authorities evaluated the difference between the dumping margin calculated with the "average-average" method and the one calculated with "average-transaction" method. When there was a "meaningful difference," the Commerce Department applied the "average-transaction" method to all export sales.

For the panel, at the outset, the US measure goes against WTO rules, given that the "average-transaction" method will only involve those export transactions identified to fit the "targeted" dumping pattern, rather than all export sales.

Furthermore, that provision requires that, prior to using the "average-transaction" method, investigating authorities examine the factual circumstances to see whether something besides targeted dumping is behind those price differences. The panel argued that the US failed to do so, thus violating Article 2.4.2.

According to Korea, the US later replaced this practice with "differential pricing methodology" in March 2013. The new practice uses tests to see whether the price differences between purchasers, regions, or time periods are significant; the extent of those significant differences, and whether using only the "average-average" methodology can appropriately account for them.

Korea challenged the new methodology for its general application as a rule or norm, with the panel agreeing – among other findings – that it is attributable to the US and may therefore be challenged. The panel also deemed that aspects of this differential pricing methodology violate AD Article 2.4.2.

The panel supported Korea's claim that the methodology does not effectively identify or analyse a "pattern" of prices to any purchaser, or in any region or time period, by aggregating six different types of price variation pertaining to different parameters.

However, it rejected Korea's argument that, after finding "targeted" dumping, the investigating authority is required to "re-mask" such dumping in calculating the dumping margin by providing offsets for negative dumping for those transactions that do not fit the pattern of "targeted" dumping.

### Zeroing methodology

Under the practice of zeroing, the US ignores certain data when calculating antidumping duties. In other words, it "zeroes out," or ignores, cases where the good under scrutiny is being sold at a higher price in the US than domestically.

The practice has long been a source of controversy for Washington, with the US taking steps in the past to limit the use of zeroing in its trade remedy probes after various WTO losses on the subject, specifically relating to original investigations and reviews. (See Bridges Weekly, [19 January 2011](#) and [8 February 2012](#))

Whether this would be the case for "targeted dumping" – given that this is the first WTO dispute ruling to address specifically this type of dumping – was one area expected to draw close scrutiny from trade watchers.

In its ruling, the panel said that under Article 2.4.2, it is the entirety of the pricing behaviour which form the pattern of "targeted" dumping that must be accounted for – and that

nothing in the text entitles the investigating authority to ignore, or “zero,” individual pattern transactions that may be priced above normal value.

Therefore, the panel found US’ zeroing methodology inconsistent with Article 2.4.2.

The panel also considered that the use of zeroing would artificially inflate dumping margins, meaning that any duties collected would be excessive. Given the evidence, the panel concluded that the zeroing methodology used by the US Commerce Department in these administrative reviews violates WTO rules on the imposition and collection of anti-dumping duties.

### **Subsidy claims**

Korea’s subsidy-related claims concerned the US authorities’ determinations that two tax credit subsidy programmes are “specific” – in other words, that they have specifically been provided to an enterprise/industry or group of these, which is key to being considered countervailable as a subsidy under WTO rules.

Korea also challenged the manner in which the Commerce Department calculated the amount of the subsidy given to Samsung under those programmes.

In its countervailing duty determinations, the US Commerce Department found one programme providing tax credits for certain research and development (R&D) expenditures was subsidising Samsung in disproportionately large amounts, and was in effect “specific.”

According to the panel, WTO subsidy rules require that a finding of disproportionality be based on analysis regarding how the amount received relates to a benchmark – in quantitative or qualitative terms – that is indicative of the amount that the recipient would have been expected to receive were the distribution proportionate, which the US Commerce Department failed to do.

The panel also found the US Commerce Department failed to undertake any active and meaningful consideration of two mandatory factors required by WTO subsidy rules in determining *de facto* specificity: the duration of the subsidy programme and extent of economic diversification within Korea.

However, the panel rejected some of Korea’s other claims relating to WTO subsidy rules.

### **Next steps**

Both sides have 60 days from when the report was circulated 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.

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## 2030 SUSTAINABLE DEVELOPMENT AGENDA

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### UN Statistics Body Endorses SDG Indicators

The United Nations Statistical Commission [endorsed](#) last week a set of 230 [global indicators](#) as the basis for reviewing progress towards the UN's 17 [Sustainable Development Goals](#), called the "last missing piece" of the 2030 Agenda for Sustainable Development.

The 230 indicators will be refined over the next few months and over time, as they are used by countries and international agencies to measure progress towards the 169 targets supporting the SDGs.

The 2030 Agenda, including the SDGs, was adopted last year at the UN Sustainable Development Summit in New York following nearly five years of negotiations. The SDGs themselves replace the Millennium Development Goals, which expired at the end of 2015. (See Bridges Weekly, [1 October 2015](#))

Among indicators as diverse as levels of undernourishment, the proportion of women in managerial positions, and CO2 emissions per unit of value added, the indicator framework includes several metrics designed to measure progress towards the trade-related targets incorporated throughout the SDG framework.

Progress towards target 2.b on correcting and preventing trade restrictions and distortions in world agricultural markets, part of Goal 2 on ending hunger, will be measured using levels of producer support estimates and agricultural export subsidies. WTO members agreed in Nairobi in December 2015 to eliminate agricultural export subsidies. (See Bridges Daily Update #5, [19 December 2015](#))

Progress towards target 8.a on Aid for Trade, part of Goal 8 on inclusive economic growth, will be measured using levels of Aid for Trade commitments and disbursements, while targets related to illegal trade in protected species under Goal 15 on terrestrial ecosystems will be measured by assessing the proportion of traded wildlife that is poached or illegally trafficked.

Measuring progress against such a broad framework will be demanding, officials say, with this latest development just the first step in a longer process.

"The SDG indicators will require an unprecedented amount of data to be produced and analysed – and it is evident that this will pose a significant challenge for national statistical systems, in developing as well as developed countries," acknowledged UN Under-Secretary-General for the Department of Economic and Social Affairs Wu Hongbo [in remarks](#) delivered by UN Assistant Secretary-General for Economic Development Lenni Montiel at the session.

Wu also noted that this global framework will also need to be complemented by additional indicators that address national, regional, and thematic issues.

The indicator framework will now be sent on to the UN Economic and Social Council (ECOSOC) and the UN General Assembly for approval. The latter is due to meet in September for its [71st session](#). Another key event on the international calendar will be the beginning of implementation reviews on the 2030 Agenda's implementation, which will be conducted under a [high-level political forum](#) from July onward.

ICTSD reporting; "UN Statistical Commission endorses global indicator framework," UNITED NATIONS, 11 March 2016.

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## EVENTS & RESOURCES

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# Events

### Coming Soon

18 March, Geneva, Switzerland. FAO GENEVA BRIEFING SERIES: TRADE AND FOOD SECURITY. This event, held by the UN Food and Agriculture Organization's Geneva office, will feature a briefing on trade and food security, bringing together experts from member states, the UN Conference on Trade and Development (UNCTAD), and the International Centre for Trade and Sustainable Development (ICTSD). More information is available at the event [website](#).

18 March, Beijing, China. E15 BEIJING LAUNCH EVENT. During this event, the E15 Initiative will hold a Beijing launch of its policy option papers and Synthesis Report, which together aim to propose, interpret, and explore suggestions for improved governance of the global trade and investment system in the 21st century. The event coincides with the China Development Forum, and will be co-hosted by Caixin Insight Group and the University of International Business and Economics (UIBE)/Research Institute for Global Value Chains (RIGVC) in cooperation with the National School of Development at Peking University (a partnering institution of the E15 Initiative). For a full list of panellists and additional information, please visit the E15 [website](#).

22 March, London, UK and online. SUPPORTING ECONOMIC DEVELOPMENT: LEARNING FROM SUCCESS. The Overseas Development Institute (ODI) will be hosting this event, which will focus on how being "politically smart" in providing support to countries in need can help achieve more inclusive economic development. This event will feature various speakers, including Rt Hon Desmond Swayne TD MP, the Minister of State at the UK's Department for International Development, who will give the opening address. The event will also be webcast live. More information is available at the event [website](#).

22-23 March, Dhaka, Bangladesh. WORKSHOP: SUSTAINABLE DEVELOPMENT GOALS AND TRADE: ACHIEVING WIN-WINS. This event, hosted by the Asian Development Bank, will focus on the contribution that international trade can make in supporting the implementation of the UN's Sustainable Development Goals (SDGs). This workshop will bring together experts in the field of trade and development to discuss policy approaches that can lead to increased trade, development-oriented results, and meeting the SDGs. Further information can be found [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.

21 + 23 March: Trade Policy Review Body – Maldives

22 March: Council for Trade in Goods

23 March: Dispute Settlement Body



### Other Upcoming Events

3 April, Nanjing, China. KEY POLICY OPTIONS FOR THE G20 TO SUPPORT ROBUST INTERNATIONAL TRADE AND INVESTMENT WORKSHOP. This invitation-only event is being organised by the International Centre for Trade and Sustainable Development (ICTSD), in partnership with the Chinese Academy of Social Sciences. The event aims to foster a discussion among leading thinkers regarding trade and investment, particularly in the lead-up to this year's G20 summit, which is being held under the Chinese presidency. The workshop will address these areas: investment cooperation, the multilateral trading system, the inclusiveness of global value chains, and boosting trade growth. More information is available [here](#).

7 April, Washington, US. WITA TPP SERIES: DIGITAL TRADE. This event, being hosted by the Washington International Trade Association (WITA), will focus on the potential implications for digital trade in the Trans-Pacific Partnership (TPP). US Ambassador Robert Holleyman, Deputy United States Trade Representative, will be the event's featured speaker, and a panel discussion will then follow. The event aims to break down the TPP agreement, and is part of a series of events being organised by WITA on the accord. Further information, including how to attend, can be found on the [event website](#).

14-15 April, Geneva, Switzerland. MULTI-YEAR EXPERT MEETING ON PROMOTING ECONOMIC INTEGRATION AND COOPERATION, FOURTH SESSION. This meeting, held by the United Nations Conference on Trade and Development (UNCTAD) will be divided into three parts: building macroeconomic resilience in the short term; using industrialisation and diversification as tools for long-term macroeconomic stability; and using the lessons of the first two sessions to analyse the ways in which the international community can cooperate to achieve better economic and development policy. This meeting will focus on accomplishing goals for trade and international development through improved cooperation. More information, including how to register, can be found [here](#).

6-7 June, Copenhagen, Denmark. GLOBAL GREEN GROWTH FORUM 2016. This event, hosted by the Global Green Growth Forum (3GF), will focus on a sub-set of Sustainable Development Goals (SDGs) that are specifically focused on green growth, including those relevant to energy, sustainable production and consumption, and cities, among others. Over 250 top leaders from a range of sectors invited by the Prime Minister of Denmark will attend to discuss options for collaboration to reach these goals. The summit aims to turn 2016 into a year that transforms SDGs from promises into concrete plans for future growth. More information about the event can be found [here](#).

11 July, London, UK. GLOBAL TRADE 2016: GOVERNANCE AND THE CHANGING DYNAMICS OF INTERNATIONAL TRADE. This Chatham House event will highlight global trade trends seen in recent years, given the context on current slowdown fears. The key themes at the conference will include the ways in which global trade patterns may shift, and if trade governance is moving towards the crafting of more mega-regional agreements, such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP). To learn more about the conference and how to attend, please see the [website](#).

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## Resources

ADJUSTMENT AND INCOME DISTRIBUTION IMPACTS OF THE TRANS-PACIFIC PARTNERSHIP. By Robert Z. Lawrence and Tyler Moran, published by the Peterson Institute for International Economics (March 2016). This working paper looks at the ways in which the Trans-Pacific Partnership (TPP) may affect workers and their income. The authors suggest that the TPP will have beneficial results: during the adjustment of 2017-2030, the benefits are more than 100 times the costs. The benefits will be widely shared, the authors say, with these yielding gains that are slightly larger to households in the poor and middle class compared to households in the higher income class. The full report can be found [here](#).

GLOBAL MONITORING REPORT 2015/2016: DEVELOPMENT GOALS IN AN ERA OF DEMOGRAPHIC CHANGE. Published by the World Bank (2016). This report looks at the complex relationship between demographics and development in the context of the expiry of the Millennium Development Goals (MDGs) and the beginning of the Sustainable Development Goals (SDGs), as well as the World Bank's own goals of ending extreme poverty while ensuring shared prosperity. The report looks towards the potential impacts that demographic trends could have – in terms of both new potential and increased challenges – in achieving such goals. The report can be accessed [here](#).

MEGA-REGIONAL TRADE AGREEMENTS: A THREAT FOR DEVELOPING COUNTRIES AND THE WTO? By Kimberly Ann Elliott, Senior Fellow for the Centre for Global Development, published by the International Trade Forum (March 2016). This article analyses some of the mega-regional trade agreements that have either been completed or are under negotiation, including the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP). The main theme of this article is whether these types of mega-regional agreements could pose risks to the broader multilateral trading system, and in particular to countries not involved in such talks. The full article can be found [here](#).

SMART GREEN CITIES: TOWARDS A CARBON NEUTRAL WORLD. By Woodrow Clark II and Grant Cooke; published by Routledge (2016). This book aims to provide a comprehensive overview of how different cities around the world are attempting to be more sustainable. The authors analyse infrastructure needs to develop guidelines, processes, and best practices for reaching such a goal, using various examples from regions across the world. More information about the book can be found [here](#).

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

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please contact Andrew Crosby, Managing  
Director at +41-22-917-8335.

Contributors to this issue are Sofia Alicia Baliño,  
Yaxuan Chen, Jonathan Hepburn, Anan Hossain,  
Megan Semeraro, Eleni Theodoropoulou, and  
Alice Tipping. This edition of Bridges Weekly  
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