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TRADE AGREEMENTS

Tensions Run High on US Presidential Campaign Trail as TPP Debate Continues

Tensions in the US over the Trans-Pacific Partnership (TPP) continue running high as the presidential contest moves forward – posing renewed questions over when and whether Washington lawmakers will ratify the deal, even as the White House continues to make the case for its swift passage. Meanwhile, deliberations on the TPP are now underway in the legislature of another major member – Japan.

As the weeks count down toward the Republican and Democratic National Conventions – both slated for July – trade has taken a particularly high-profile role in the debate, as candidates spar both within – and across – party lines over the merits of past deals such as the North American Free Trade Agreement (NAFTA) and the potential benefits or costs of passing the TPP.

The remaining candidates for both parties – with the exception of Ohio Governor John Kasich, who is running for the Republican nomination – have openly criticised the TPP and said they cannot support it in its current form.

However, Obama Administration officials have countered that the political climate – though difficult – does not make TPP passage impossible in Washington. Rather, some argue, the issue is about better explaining the issues in order to counter anti-globalisation narratives.

"I think TPP is feasible politically," US Commerce Secretary Penny Pritzker said earlier this week [in a discussion](#) with Richard Haass, President of the Council on Foreign Relations. At the same time, she acknowledged "that there's a lot of work to be done to make the case for trade."

In a separate interview with the MSNBC news outlet this week, the US commerce chief stressed the value of the trade pact, particularly in response to Democratic presidential candidate Hillary Clinton's criticisms of the final TPP outcome.

Clinton was previously the US Secretary of State from 2009 to 2013, during which she supported the TPP pact as a "gold standard" for trade agreements.

"Frankly having looked at this agreement, studied this agreement, I think it is the gold standard," said Pritzker on Monday. "It is the toughest trade agreement out there in the world. Can you pick holes in the agreement? Of course. Any negotiation, there's a give and take."

During a visit to Washington last week, New Zealand Prime Minister John Key also aimed to quell criticisms of the trade deal. "It was the best we could do in a challenging set of negotiations and actually it's a very good deal," he said, according to comments reported in ONE News.

The New Zealand premier also suggested that the trade deal could still get passed in Washington in the "lame duck" period later this year – in other words, after a new US President is elected in November but before he or she takes office in January.

Both Key and Canadian Prime Minister Justin Trudeau were in the US capital last week, giving speeches to the US Chamber of Commerce, the major American business federation. While Trudeau also highlighted the value of trade, he reportedly did not confirm whether his government is ready to endorse the TPP, which was negotiated under his predecessor, given that domestic consultations are still underway.

Trade enforcement report

Meanwhile, the success of the Obama Administration in trade enforcement was also touted in this year's National Trade Estimate [report](#), which was released late last week.

The annual document, issued by the Office of the US Trade Representative, highlights various WTO dispute rulings that have found partially or fully in favour of Washington, ranging from Chinese trade remedy actions on high-tech American steel to Argentina's various import restrictions.

"In response to barriers highlighted in previous NTE reports, this Administration has brought more enforcement cases at the WTO than any other member, used pre-dispute engagement to push trading partners to live up to their obligations, and strengthened US government enforcement capacity," said US Trade Representative Michael Froman.

The US trade chief also pledged that Washington would continue its efforts to boost enforcement of international trade rules, while [highlighting](#) the importance of reducing existing trade barriers through other avenues, such as the negotiation and implementation of trade agreements.

"Opening foreign markets through smart, high-standard trade agreements – and enforcing our existing agreements to ensure that other countries live up to their commitments – is how we can level that playing field and make trade deliver for the American middle class," he said.

In this context, the [474-page report](#) features repeated mentions of the TPP, outlining the areas where Washington envisions potential trade growth or other key benefits with respect to each of its TPP partners.

"The TPP agreement, which was concluded in October 2015 and signed in February 2016, will significantly advance US economic interests in some of the fastest growing economies in the world, promoting US exports of goods and services, and benefiting American workers, farmers, businesses, and consumers," the report notes.

Japanese legislature kicks off TPP debate

Meanwhile, efforts to advance TPP ratification in Japan got underway this week, prompting vociferous debates in the Japanese legislature.

During a 5 April meeting of the Diet, the trade pact reportedly drew harsh criticism from Japan's Democratic and Communist parties, according to the Japan Times. Both parties are of the opposition in Japan, while the ruling Liberal Democratic Party is in favour of the pact and holds solid majorities in both legislative chambers.

Japan, which is one of the largest economies in the talks, was the last country to join in the negotiations while they were still ongoing. The trade pact has long been controversial in the Asian economy, with the difficult domestic politics on areas such as agriculture and automobiles largely credited with delaying its earlier entry into the talks. (See Bridges Weekly, [25 April 2013](#))

Given the threshold needed for TPP to enter into force – ratification by all 12 signatories within a two-year window, or if that fails ratification by at least six countries with 85 percent of the group's GDP – ratification by both the US and Japan is essential for the pact to move forward.

Both Obama and his Japanese counterpart, Prime Minister Shinzo Abe, have also made the TPP a signature part of their respective policy agendas. While Obama has touted the TPP's potential for setting the "rules of the road" in the Asia-Pacific region, Abe has included it as part of the structural reforms that make up the "third arrow" of his highly-scrutinised "Abenomics" economic plan.

"The importance of the Japan-US alliance will not change no matter who becomes president [of the United States]," said Abe in an interview with the Wall Street Journal, responding to questions on the American election's impact on the TPP's passage.

"Through [the agreement], the US, Japan, and the other countries participating in the TPP will achieve great profit and gain chances for growth," he said.

Interest from others

Meanwhile, some countries currently outside the TPP pact are showing increased signs of interest in joining the agreement.

Thailand, for example, is expected to announce whether it will formally pursue TPP membership later this month, depending on the results of ongoing analysis regarding the Pacific Rim's potential opportunities and challenges for the country.

South Korea, for its part, has already indicated a potential interest in the trade pact. Mexican President Enrique Peña Nieto, following a summit with South Korean President Park Geun-hye, said this week that his country would support Seoul's entry into the pact. The two countries are also set to hold meetings later this year over a possible bilateral pact between them (for more, see related story, this edition).

Global growth prospects in background

Meanwhile, the state of global economy is another factor in the broader TPP debate, given the potential effect this agreement and others could have on boosting sluggish trade growth, among other areas.

In a [joint press release](#) following a 5 April meeting in Berlin, German Federal Chancellor Angela Merkel, together with the heads of the International Monetary Fund, World Bank, the International Labour Organization (ILO), Organisation for Economic Co-operation and Development (OECD), and the WTO, noted that trade "remains an important driver of global growth, development, and employment."

Along with touting the outcomes of the WTO's Tenth Ministerial Conference in Nairobi, the officials said that they "welcome ongoing efforts to conclude new bilateral and regional free trade agreements."

"We welcome the conclusion of the Trans-Pacific Partnership and expect significant progress in the negotiations on a Transatlantic Trade and Investment Partnership in 2016. In order to complement the multilateral trading system, such arrangements should be open, transparent, and comprehensive, and should minimise discrimination between members and non-members," they added.

That same day, IMF Managing Director Christine Lagarde [issued a call](#) for "decision action to secure durable growth," including through "shoring up global trade." The Washington-based institution is slated to release the next edition of its World Economic Outlook next week, with the IMF chief warning that the global outlook has grown worse over the latest six-month period.

ICTSD reporting; "Japanese lawmakers lock horns over TPP," THE JAPAN TIMES, 5 April 2016; "John Key attempts to rally US support for TPP: 'It's not a bad deal'," ONE NEWS, 31 March 2016; "Obama's Commerce Secretary Pritzker: 'I don't understand' Hillary Clinton's TPP Reversal," THE WASHINGTON FREE BEACON, 4 April 2016; "Thailand's decision on TPP likely this month," THE NATION, 5 April 2016; "'We Are Seeing Events That Shake Economic Activity and People'," THE WALL STREET JOURNAL, 5 April 2016; "Korea, Mexico to hold talks on free trade deal," THE KOREA HERALD, 5 April 2016; "Obama's 'lame duck' period best chance for US to ratify trade deal – John Key," STUFF.CO.NZ, 1 April 2016; "Trudeau touts trade, diverse economy in U.S. visit," CTV NEWS, 31 March 2016.

CLIMATE CHANGE

US, China Pledge Swift Accession to Paris Climate Deal

US President Barack Obama and Chinese President Xi Jinping will sign the recent multilateral deal on climate change at a UN ceremony on 22 April, according to a [joint statement](#) issued last Thursday. They also pledged to take the necessary steps to ratify the pact in their respective nations as early as possible this year.

The leaders of the world's two largest economies and carbon dioxide emitters further committed to work together and with other actors to promote the Paris Agreement's full implementation in order to "win the fight" against climate change.

Struck last December at a UN Framework Convention on Climate Change (UNFCCC) gathering, the Paris Agreement is the world's first universal climate pact, envisaging mitigation contributions from all nations.

To this end, each nation will present climate action plans on a five-yearly basis, use a common accounting framework, and be involved in a regular, global stocktaking to assess collective progress toward tackling climate change.

UN Secretary General Ban Ki-moon, host of the April event in New York that will mark the first day the Paris Agreement is open for signature, commended the move in a [statement](#) released by his office.

India has also indicated that it would take part in the signing ceremony. Officials estimate that over 100 countries will attend, helping to maintain political momentum around the Paris Agreement.

Some stakeholders have, however, called on poorer nations to hold off on signing until stronger guarantees are received around finance, technology, and compensation for damage caused by climate impacts.

Obama and Xi's statement additionally signalled plans to work bilaterally and with other countries to achieve successful outcomes on related multilateral agendas this year.

This includes negotiating an amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer that would specifically target climate warming hydrofluorocarbon (HFC) emissions and setting up a global market-based mechanism on aviation emissions under the International Civil Aviation Organization (ICAO).

Talks are ongoing this week in Geneva, Switzerland, on the HFC amendment, while ICAO is conducting regional dialogues to gather inputs from states and stakeholders on the new mechanism, before a high-level discussion on a draft text scheduled for 11-13 May.

Paris Agreement timeline

The Paris Agreement will come into effect 30 days after it is ratified by at least 55 nations accounting for at least 55 percent of total greenhouse gas (GHG) emissions. Three Pacific island nations—Fiji, Palau, and the Republic of the Marshall Islands—have already completed domestic steps necessary for ratification.

News of potentially swift ratification by major players suggests that the deal could come into play sooner than some stakeholders had expected, given that its original mandate foresaw a 2020 implementation date.

Some observers have consequently pointed to potential timing discrepancies. The Paris Agreement and an accompanying decision mandate a series of further negotiations to hammer out key operational aspects of the new regime.

For example, a working group should develop recommendations for modalities, procedures, and guidelines for transparency of action and support around countries' individual climate efforts, to present for consideration by 2018.

Others are confident these schedules can be pragmatically amended if needed.

"As a matter of international law, the Paris Agreement, being a treaty-level instrument, will trump Decision 1.CP/21, as well as the Durban Mandate," wrote Michael Dobson, climate advisor to the Marshall Islands, for media outlet Climate Home.

"Countries will thus be able to take decisions to amend the work programme to ensure that all necessary rules and procedures can be negotiated and agreed by the time the Agreement enters into force, and the first meeting of its parties is held," he explained.

Financial stakeholders, investors take note

Separately, last Thursday also saw the release of an [initial report](#) from an industry-led task force on climate-related financial disclosures. Chaired by Michael Bloomberg – the US billionaire, climate advocate, and former New York City mayor – the task force was established last December in Paris by the Financial Stability Board (FSB) in light of concerns both around the shifting value of assets as the world moves to a low-carbon economy and the risks to assets presented by climate impacts.

The document outlines the scope and objectives for the group's work on recommendations for improving principles and practices around firms' climate disclosure. This should help a variety of stakeholders understand the concentration of carbon-related assets and investments in the financial system.

Seven fundamental disclosure principles are also presented. These include the transmission of relevant, specific, and complete information on a timely basis; the need to be clear, balanced, and understandable; consistency over time, comparability with other companies within the same sector; and that such disclosures be reliable, verifiable, and objective.

A second report, due out at the end of the year, will include recommendations for voluntary climate disclosures within mainstream financial reports.

"The more that [climate] risk gets priced into the market, the more attractive clean energy investments will be," Bloomberg [said](#) in New York this week as he described the task force's upcoming work.

The initiative comes amid evidence of growing concerns among shareholders around climate-related issues. According to the Financial Times, some 94 proposals linked to climate change – such as returning capital to shareholders through dividends instead of investing in fossil-fuel linked projects – have been put to US companies this year.

US-based firms can prevent shareholder proposals from coming to a vote as long as approval is secured from the nation's Securities and Exchange Commission (SEC). The regulatory body has, however, in recent years proved increasingly reluctant to grant approvals in relation to climate change.

For example, the SEC ruled in March that major oil company ExxonMobil must include in its annual shareholder meet a resolution that would oblige the company to outline how specific risks from climate change—or legislation design to curb it—would affect its ability to operate profitably.

ICTSD reporting; "UN's Paris climate deal could enter into force this year," CLIMATE HOME, 4 April 2016, "Developing nations urged to boycott Paris Agreement signing," CLIMATE HOME, 3 April 2016; "US shareholder votes on climate change hit record," THE FINANCIAL TIMES, 31 March 2016.

DISPUTES

WTO Panel Deals Mixed Ruling in Argentina-EU Biodiesel Row

A WTO panel circulated a mixed ruling last week on the dispute ([DS473](#)) between Argentina and the EU over the latter's duties on Argentine-produced biodiesel, as well as certain aspects of the 28-nation bloc's anti-dumping rules.

Following a complaint submitted by the European Biodiesel Board (EBB) – a major industry group representing 75 percent of the bloc's biodiesel output – the European Commission began investigating imports of the fuel from Argentina and Indonesia in August 2012.

The two countries are the world's largest exporters of the good, at the time making up 90 percent of the European Union's biodiesel imports and over 20 percent of market share.

Brussels imposed provisional anti-dumping duties in May 2013, followed by definitive anti-dumping duties later that year. (See Bridges Weekly, [30 May 2013](#) and [24 October 2013](#))

These measures, according to [Argentina's Foreign Trade Ministry](#), cost the South American country almost US\$ 1.6 billion in lost biodiesel sales annually.

In the trade jargon, "dumping" refers to a practice where a product is sold abroad at a price lower than its normal value. 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.

WTO history

Argentina filed a WTO challenge in December 2013, with a panel established the following April to hear the case. Indonesia, for its part, challenged the EU duties in June 2014, with a separate panel ([DS480](#)) established in that dispute last August. (See Bridges Weekly, [16 January 2014](#), [1 May 2014](#), [12 June 2014](#))

In Argentina's case, the panel deemed that the challenged provision of the EU's basic anti-dumping regulation does not violate the Anti-Dumping Agreement and the GATT 1994. However, it found certain aspects of EU's determination of dumping and of the injury caused to its domestic market to violate several provisions of both WTO agreements.

Calculation issues

Under the WTO's Anti-dumping Agreement and the GATT 1994, the determination of dumping requires a comparison between a product's price when sold abroad, or export price, versus its price when sold on its home market, which is known as its normal value.

In some cases, it may not be possible to determine normal value based on sales in the home market, such as when there are no sales domestically of a comparable product in the ordinary course of trade.

Consequently, one of alternatives for calculating normal value involves using the cost of production in the country of origin plus a reasonable amount for administration, selling, and general costs, as well as for profits.

The WTO's Anti-dumping Agreement also sets out the preferred source of the data for understanding a company's production costs, i.e. company records, and requires that these be consistent with the generally accepted accounting principles of the exporting country and reasonably reflect the costs associated with good's production and sales.

EU anti-dumping rules

In the dispute, Argentina challenged the second subparagraph of Article 2(5) of the EU basic anti-dumping regulation from 2009, which refers to calculating production costs.

Among other claims, Argentina argue that this provision requires EU authorities to make a finding that these costs not reasonably reflected in the producer's records in cases where the prices in the records are "artificially or abnormally low due to a distortion," by reference to prices prevailing elsewhere. WTO rules, meanwhile, require that production costs be determined solely from costs actually incurred by the producer and reflected in its records.

The panel deemed that this provision does not apply to the issue raised by Argentina. According to the panel, this part of EU anti-dumping rules only sets out what the authorities can do – and allows them to exercise any one of the listed options for determining the costs of production – after they have determined that the records do not reasonably reflect costs.

The panel also rejected Argentina's argument that this provision requires the authorities to replace the costs reported in the producer's records with costs from another country for determining the normal value, specifically in cases where a producer's records do not reasonably reflect production costs.

For the panel, the second subparagraph does not involve a mandatory requirement, and in any event, WTO rules do not prohibit an authority from resorting to alternative information sources in constructing the normal value.

Calculating production costs

Argentina challenged several aspects of the EU's provisional and definitive anti-dumping measures on imported biodiesel, including the application of Article 2.5 of the Basic Regulation in specific instances.

In calculating the production costs for constructing normal value, the EU investigating authority disregarded the price actually paid by Argentine producers for soybeans, arguing that the domestic prices of the main raw material used by Argentine biodiesel producers were lower than the international prices, due to the distortion created by Buenos Aires' export tax system.

The panel, considered however, this does not constitute a legally sufficient basis under WTO rules for concluding that the producers' records do not reasonably reflect the costs associated with biodiesel production and sale.

The panel explained that the Anti-Dumping Agreement calls for an assessment of whether the costs set out in a producer's records accurately correspond – within acceptable limits – to all actual product costs incurred by the particular producer or exporter.

Accordingly, the panel found the EU violated WTO rules by failing to calculate production costs on the basis of company records.

The panel also upheld Argentina's argument that by replacing the price actually paid by its own producers for soybeans with the international level price - i.e. a production cost of biodiesel selected to remove the perceived distortion in the domestic price of soybeans - the EU failed to construct the normal value on the basis of production costs in the country of origin as required by WTO rules.

Overall, the panel found that the EU duties were above the dumping margins that should have been established under WTO rules.

Injury to EU industry

The Anti-dumping Agreement requires investigating authorities of importing members to prove that dumped imports caused injury to domestic industry, should they intend to impose anti-dumping duties. This proof requires “positive evidence” and “an objective examination” of effects of price, volume of the dumped imports, and the impact on the domestic industry.

In doing so, authorities must evaluate all relevant economic factors affecting the domestic industry, including the use of capacity.

In its definitive anti-dumping measure, the EU authorities revised the production capacity figures set out earlier in the provisional measure, using revised data submitted by the EBB in September 2013. This data excluded “idle capacity” – a type of installed capacity which the EBB claimed was not in use or not available. The authorities also revised the capacity utilisation figures accordingly.

Agreeing with Argentina, the panel said that the EU violated WTO anti-dumping rules in accepting the revised data submitted by the EBB without ensuring accuracy and reliability.

WTO rules also require proof of a causal relationship between the dumped imports and the injury to the domestic industry – and that investigating authorities review any other known factors that may be to blame and attribute the injury accordingly.

Argentina claimed that the EU authorities failed to make an appropriate assessment and did not distinguish the injury caused by the allegedly dumped products from other factors.

Such factors, Argentina said, involved EU industry overcapacity; the significant volume of biodiesel imports from producers directly related to the EU; the double-counting regime of certain EU member states; and the alleged lack of vertical integration of and access to raw materials within the bloc's industry. The panel rejected all of these claims.

EU, Argentine industry chiefs respond

Luis Zubizarreta, the head of Argentina's biodiesel industry chamber – the Cámara Argentina de Biocombustibles, also known as CARBIO – welcomed the ruling, [telling](#) the Reuters news agency that “the European Union's decision regarding Argentine biodiesel was unjust.”

“Now we will be able to reopen a market that we had developed very well,” he added.

However, EBB Secretary General Raffaello Garofalo, speaking on behalf of his organisation, [insisted](#) that the trade spat is far from over.

“The European biodiesel industry will stand strong to defend its market from the harmful effects of the differential export tax mechanism, which has enabled the Argentinean biodiesel industry to export biodiesel to the EU at unfairly low prices and at times lower than the cost of biodiesel raw materials – a clear proof of dumping and unfair practice,” he said.

“The EBB considers yesterday's WTO decision only as a first episode in a long, strenuous legal battle over the legitimacy of the EU defense measures,” he added, calling upon the EU to appeal certain aspects of the results.

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; "WTO rules for some Argentina claims in EU anti-dumping biodiesel duty row," REUTERS, 29 March 2016.

TRADE AGREEMENTS

Indian, Australian Officials Eye Possible 2016 Conclusion for Trade Talks

Indian and Australian officials have said in recent weeks that they aim to speed up their ongoing trade negotiations, with some raising the possibility that a deal could be clinched in the coming months.

Talks for the trade deal kicked off in May 2011. The two sides had previously aimed to ink an accord by end-2015, with then-Prime Minister Tony Abbott and top Australian trade officials putting that date forward after Canberra finished trade talks with three other major Asian economies: China, Japan, and South Korea. (See Bridges Weekly, [22 January 2015](#))

Indian Finance Minister Arun Jaitley, who visited Australia last week, met with Australian Prime Minister Malcolm Turnbull, who succeeded Abbott in office and is of his same Liberal Party, with trade reportedly on the meeting agenda.

Like his predecessor, Turnbull has also advocated publicly in favour of an India-Australia deal. Last month, the Australian premier [told a Sydney audience](#) that given the slower growth seen in China, "India is next in line to offer new and exciting opportunities."

"India's investment needs, its voracious appetite for energy and the rapidly-expanding demands of its burgeoning middle class add up to another historic opportunity that we must seize, as we have with China and Japan. Trade with India has not looked this promising for hundreds of years," he noted.

Turnbull also said that he was placing a "high priority" on concluding the trade talks, while not referring to a specific timeframe.

Timing

Though a formal target date for completing the talks has not been confirmed, various officials have expressed hopes in recent weeks that an agreement can be reached in the coming months. The two sides have held nine formal negotiating rounds, with the last one being this past September.

Commenting in February on talks held with Minister Nirmala Sitharaman in Nairobi in December 2015, former Australian Trade Minister Andrew Robb said that "we both agreed that and officials concurred that in the first half of the year [2016] we can finish this."

Indian officials have echoed the need for swift resolution, with Jaitley suggesting that "the sooner the better."

Presently, the main topics to be resolved before the trade talks can be finalised include tariffs on a variety of agricultural and industrial products. According to the Economic Times, Australia is pushing for tariff cuts in goods such as dairy, wines, and pharmaceutical products. India is reportedly arguing for tariff elimination on automotive parts and textiles, along with services market access improvements.

"The more we cooperate, the more we coordinate, the better it is for both countries as a win-win situation," said Jaitley during a "Made in India" conference held in Australia during his visit.

Proponents have stressed the potential of the trade pact in areas such as goods and services trade, as well as increased investment, among others.

The two countries exchanged A\$15.2 billion (US\$11.5 billion, at current exchange rates) in bilateral trade in 2013, nearly three times their 2003 levels, according to Australian government [data](#).

Australian trade officials are reportedly set to visit India next week to continue discussing the terms of the planned trade pact.

ICTSD reporting; "Arun Jaitley Expects Early Conclusion of India, Australia FTA Talks," ECONOMIC TIMES, 2 April 2016; "India- Australia FTA Long Overdue: FM," BUSINESS STANDARD, 31 March 2016; "India, Australia May Conclude Trade Pact within 2 Months," INDIATODAY, 30 March 2016; "Jaitley Invites Aussie Business Investment," THE STATESMEN, 2 April 2016; "FTA talks with India may conclude early this year: Australia," THE ECONOMIC TIMES, 10 February 2016.

BILATERAL TIES

EU, India Leaders Outline Plans to Boost Bilateral Cooperation in Trade, Climate Change

The EU and India are aiming to give "new momentum" to their bilateral cooperation in areas ranging from climate and energy policy to trade and investment, said leaders from both sides following [a high-level meeting](#) in Brussels on 30 March.

The [13th EU-India Summit](#) brought together European Council President Donald Tusk, European Commission President Jean-Claude Juncker, and Indian Prime Minister Narendra Modi, and comes amid growing speculation over whether the two sides will be able to reboot their long-stalled trade talks in the near-term.

At the meeting, leaders endorsed the "[EU-India agenda for action 2020](#)," which outlines a series of objectives in areas such as foreign policy and security cooperation, human rights, trade and investment, and climate change and energy, among others, where they aim to cooperate in the coming years.

While the document includes a section on trade, investment, business, and the economy, leaders did not make any new announcements on next steps for a planned trade deal between the two sides.

However, they noted, "both sides remain engaged to discuss how to deepen their bilateral trade and investment relations in order to fully reap the benefits, including through negotiations on the Broad-based Trade and Investment Agreement."

Meanwhile, Indian Commerce and Industry Minister Nirmala Sitharaman said this week that New Delhi is interested in advancing the trade talks, telling reporters that "we want to have the EU FTA signed at earliest."

Recent meetings have raised the possibility that renewed trade talks could be on the horizon, with a January meeting in Brussels being welcomed as "extremely positive" in helping address some of the current sticking points. (See Bridges Weekly, [21 January 2016](#)).

The bilateral trade negotiations have been stalled since 2013, with the launch of the talks dating back to 2007. Talks have struggled to advance due to reported differences on topics ranging from automobile and wine tariffs, geographical indications, insurance, intellectual property rights, services market access, and various other subjects.

According to [EU statistics](#), the 28-nation bloc's exports to India amounted to €38.1 billion last year, with the total value of their bilateral trade at €77.5 billion. Services trade has also seen significant growth over the years, amounting to €24.4 billion in 2014.

Climate, energy

Together with the 2020 agenda, the two sides also released a [joint declaration](#) on climate and energy, outlining a series of non-binding pledges to boost cooperation on the subject – particularly in light of the Paris Agreement reached at the UN climate talks last December.

The declaration notes that the two sides share a "common interest to promote clean energy generation and increased energy efficiency for climate action, including through related

global support to developing countries," noting that these can lead to improvements in international energy security.

Furthermore, it says, there is a need for "international technology partnerships" to give a boost in sharing and putting into effect climate-friendly energy technologies, along with increasing the level of climate finance available for assisting developing countries in their mitigation and adaptation efforts.

In this context, the two sides plan to set up a "Clean Energy and Climate Partnership" that involves government, private sector, and civil society representatives; to exchange views on a series of areas relating to clean energy, clean coal technologies, energy efficiency, and climate change; to share their lessons learned as they implement their "nationally determined contributions" (NDCs) under the Paris Agreement; and to push for improved access, funding, and spread of climate-friendly technologies.

Such a partnership, they say, should lead to an action-oriented work programme by this spring, as well as regular stocktaking on progress.

The work programme, they note, should include cooperation to help India in its efforts to develop offshore wind energy production, as well as with its flagship National Solar Mission; assistance in helping India with its NDC implementation; and review where the two sides might cooperate regarding the Montreal Protocol on substances that deplete the ozone layer, particularly with regards to climate-warming hydrofluorocarbons, among various other actions.

ICTSD reporting; "EU-India: reincarnation of a strategic partnership," EU OBSERVER, 31 March 2016; "India keen to re-engage with EU on stalled FTA talks: Nirmala," TIMES OF INDIA, 4 April 2016.

TRADE AGREEMENTS

South Korea, Mexico Eye Possible Renewal of Trade Talks

South Korea and Mexico may soon be resuming their long-stalled efforts to negotiate a bilateral trade pact, leaders from both countries said on Monday.

Earlier efforts to negotiate such an accord stumbled in 2008, with little concrete movement since, with the impasse being partly blamed on disagreements relating to automobile trade. At a summit this week in Mexico, South Korean President Park Geun-hye and Mexican President Enrique Peña Nieto both affirmed their interest in deepening bilateral economic ties.

Speaking to reporters, Park said that she expects "both sides to produce good fruits by coming up with creative ways at the working-level talks for a win-win," according to comments [reported](#) by the Korea Times, with those meetings scheduled to take place between October and December.

Bilateral trade flows between the two sides have increased dramatically since 2000, when these were worth US\$4 billion. Last year this number reached US\$17.5 billion.

The South Korean leader stressed the mutual benefits for both sides, particularly with regards to market access. Speaking to El Universal, a Mexican news outlet, Park [said](#) that a trade pact could potentially "open a new door to the markets of northeast Asia for Mexico and provide better access to markets in Latin America and North America for Korea."

Separately, the two leaders also agreed that Mexico would lend its backing to a South Korean bid to eventually join the Trans-Pacific Partnership (TPP), a 12-country accord that was signed this February and is now in the ratification stage. (For more on the TPP, see related story, this edition)

Along with Mexico, the deal includes 11 other partners, ranging from the US to Japan. In the interim, Park [explained](#), pursuing a bilateral trade accord would still be useful in light of the time it will take to bring the TPP into force.

ICTSD reporting; "Korea, Mexico to hold talks on free trade deal," KOREA TIMES, 5 April 2016; "South Korea seeks new bilateral trade deal with Mexico," EL UNIVERSAL, 3 April 2016; "South Korea seeks new bilateral trade deal with Mexico," REUTERS, 4 April 2016; "México y Corea del Sur suscriben acuerdos económicos," EL UNIVERSAL, 4 April 2016; "Corea del Sur y México reanudan las negociaciones del TLC después de 8 años," YONHAP, 5 April 2016.

EVENTS & RESOURCES

Events

Coming Soon

10-12 April, Washington, US. GLOBAL PARLIAMENTARY CONFERENCE 2016. This event, co-hosted by the World Bank Group and the International Monetary Fund (IMF), aims to bring together 200 parliamentarians from over 100 countries to meet with leaders from civil society group and top officials from the two international institutions and regional development banks. The conference will provide a space for discussion on topics such as climate change and the implementation of Sustainable Development Goals (SDGs), among others. The goal of the conference is to better inform parliamentarians of these issues, while attempting to increase legislative and reform efforts in these areas. Keynote speakers include Christine Lagarde, Managing Director of the IMF, and Jim Yong Kim, President of the World Bank. To find out more about the event, click [here](#).

12 April, Washington, US. A NEW TRADE AGENDA FOR THE AMERICAS. This event, hosted by the Brookings Institution, will focus on the future prospects for trade in the Americas. Topics for discussion include the trend towards regional trade and investment agreements – and their potential implications for these countries. More information on the event, including how to register, can be found on the [website](#).

14 April, London, UK. TURKEY AT A CROSSROADS: WHAT PROSPECTS FOR STABILITY AND GROWTH? This Chatham House event will focus on the latest political and economic trends, and how these could change and evolve in the coming years. Key topics for discussion include regional isolation, domestic economic stagnation, and slow growth in the broader global economy, among others. More 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.

19 + 21 April: Trade Policy Review Body – Ukraine

22 April: Dispute Settlement Body

Other Upcoming Events

18-22 April, Geneva, Switzerland. UNCTAD E-COMMERCE WEEK 2016. The United Nations Conference on Trade and Development (UNCTAD) will host a week of meetings to discuss current trends in business through e-commerce. Topics for discussion are set to include as cybersecurity, sustainable e-commerce growth, and data protection. Organisers of these individual meetings will include institutions such as UNCTAD, the World Bank, and the World Trade Organization. Additionally, broader trends will be discussed as participants evaluate how e-commerce has been a driver for economic growth, and how it can continue to do so. To learn more about the event, see the [website](#), or email Olivier.sinoncelli@unctad.org.

26-27 April, Manila, Philippines. ADB-CPAN CONFERENCE ON INCORPORATING PRO-POOREST GROWTH IN THE SDGS: MOVING BEYOND THE MDGS. This event is being organised by the Asian Development Bank (ADB) and the Chronic Poverty Advisory Network (CPAN), with a view towards developing policy recommendations on understanding pro-poor growth and how to in the Sustainable Development Goals (SDGs). Participants will include senior-level government officials, international and national experts, and representatives from think tanks. To learn more about the event, click [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](#).

20-24 June, Washington, US. TRADE AND ENVIRONMENT SEMINAR. This event, hosted by the Organization of American States, is being held at the Washington College of Law at American University. The goal of the event is provide participants with tools to better understand issues related to trade and the environment, and to analyse international trade in the context of sustainable development. The organisers also aim to teach participants the necessary skills to negotiate international trade agreements that have environmental implications. To learn more about the event and to access the application, click [here](#).

20-21 October, Pisa, Italy. 2016 AGLAW COLLOQUIUM. This event is being organised by the Scuola Superiore Sant'Anna in Pisa and the Institute of Law, Politics, and Development, under the theme "Agri-Food and Environmental Regulatory Agenda in Regional Trade Agreements: Legal Implications and Trends." Proposals are currently being accepted for the conference, with submission forms due on 16 May and the paper draft deadline set for 25 September. More details are available [here](#).

Resources

INVESTMENT POLICY MONITOR NO. 15. Published by the UN Conference on Trade and Development (UNCTAD) (March 2016). This latest edition of UNCTAD's Investment Policy Monitor reviews the overall number, type, and trends seen in investment policy measures from October 2015 to this February. This includes, for example, the conclusion of ten new international investment agreements (IIAs) in that period, along with the adoption domestically of new investment laws in Myanmar, Serbia, and South Africa. The document is available [here](#).

ASSESSING THE TRANS-PACIFIC PARTNERSHIP, VOLUME 2: INNOVATIONS IN TRADING RULES. Edited by Jeffrey J. Schott and Cathleen Cimino-Isaacs for the Peterson Institute for International Economics (March 2016). This new compilation is part of a series assessing the various aspects of the Trans-Pacific Partnership Agreement, signed last February. This latest volume – which follows a previous publication analysing market access and sectoral issues – reviews the trade pact's innovations in rules and how its provisions build on previous developments in these areas. The authors argue that such innovations could have significant implications for ongoing and future regional deals, as well as the broader international framework. The briefing can be accessed [here](#).

ADJUSTMENT AND INCOME DISTRIBUTION IMPACTS OF THE TRANS-PACIFIC PARTNERSHIP by Robert Z. Lawrence and Tyler Moran for the Peterson Institute for International Economics (March 2016). This paper estimates the adjustment costs of the Trans-Pacific Partnership (TPP) on US workers, reviewing these relative to the deal's potential gains. Other issues raised in the paper include US income distribution, finding overall that the deal will not exacerbate income inequality. The authors also suggest the potential need for an "assistance programme" to assist those workers that may lose out as a result of the Pacific Rim pact, while lauding the overall benefits that the deal will yield. The paper can be accessed [here](#).

2016 GLOBAL FOOD POLICY REPORT by the International Food Policy Research Institute (IFPRI) (March 2016). This latest addition of IFPRI's annual report reviews the major policy trends and developments of the past year, along with examining what lies ahead for the coming one. In light of the adoption of the UN Sustainable Development Goals last September, the publication takes a particular focus on what role food systems can play. Topics addressed include food security and waste, water, sustainability, and energy, among others. The publication features data across various relevant indicators, along with timelines of key policy events and several figures and tables on the subjects at hand. The report can be accessed [here](#).

EUROPE'S ENERGY UNION: FOREIGN POLICY IMPLICATIONS FOR ENERGY, SECURITY CLIMATE AND COMPETITIVENESS. By Thomas Raines and Shane Thomlinson for Chatham House (March 2016). Given the ongoing efforts to develop an EU Energy Union, the authors of this paper highlight the potential benefits such a scheme could have in areas ranging from foreign policy to the development of renewable energy sources. The authors also present the Energy Union in the context of various recent policy developments, ranging from the negotiation of the Paris climate accord to the tensions between the EU and Russia. This paper can be accessed [here](#).

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