

# BRIDGES WEEKLY

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## GLOBAL ECONOMY

### Global Growth Fears Loom Over IMF-World Bank Spring Meetings

The pace of global economic growth has been "too slow for too long," warned the International Monetary Fund (IMF) on Tuesday, suggesting that a continuation of this trend could have serious long-term ramifications.

In its latest [World Economic Outlook \(WEO\)](#), the Washington-based institution revised downward its earlier projections for growth this year and next. According to the 12 April report, global growth should hit 3.2 percent this year and 3.5 percent in 2017 – down from the earlier projections of 3.4 and 3.6 percent released in January.

The sobering update comes as finance and development officials from nearly 200 countries are gathering in Washington for the Spring Meetings of the International Monetary Fund and World Bank Group, set for 12-17 April.

The Spring Meetings bring together the Fund's International Monetary and Financial Committee (IMFC) and the joint World Bank-IMF Development Committee. The IMFC serves as the Fund's policy-setting body and represents the institution's 188 member countries, while the latter ministerial-level group regularly advises both organisations regarding key development-related issues.

With these prospects in mind, the IMF has recommended that countries undertake a 'three-pronged approach' that incorporates a mix of structural reforms, fiscal support and stimulus, and monetary policy measures. Details of how this policy mix should work will likely be under debate during the upcoming weekend's discussions.

Furthermore, the report says, "policymakers also need to make contingency plans and design collective measures for a possible future in case downside risks materialise."

#### Oil price impacts, refugee crisis effects

The WEO noted various reasons for the new figures, including the oil price slump and slowing growth in countries that are its key exporters; China's slowdown; Brazilian and Russian recessions; and lower growth prospects for many African countries.

Indeed, the ramifications of low oil prices have yet to give the “shot in the arm” that had previously been expected, IMF officials said in a March preview of the April World Economic Outlook.

“We argue that, paradoxically, global benefits from low prices will likely appear only after prices have recovered somewhat, and advanced economies have made more progress surmounting the current low interest rate environment,” said Maurice Obstfeld, Gian Maria Milesi-Ferretti, and Rabah Arezki in [a blog post](#) previewing last week’s report.

Obstfeld is the IMF’s Economic Counsellor and Director of Research; Milesi-Ferretti is Deputy Director in the organization’s Research Department; and Arezki is Chief of the Commodities Unit.

One bright spot, the IMF report noted, could be a potential increase in demand from countries that are major buyers of oil.

The Fund, along with warning overall regarding the long-term ramifications of continued low oil prices, also noted that there are other significant risks for the overall global economy.

These include, for example, terrorism, refugee flows, and global health crises such as the 2015 Ebola outbreak that cost thousands of lives and had severe economic implications.

### **Concerns over trade growth**

The particular risks to trade were also highlighted in the IMF report, with Obstfeld noting in a 12 April [blog post](#) that the economic pressures facing Europe – particularly as it grapples with the ongoing refugee crisis – have sparked a “rising tide of inward-looking nationalism.”

“One manifestation is the real possibility that the United Kingdom exits the European Union, damaging a wide range of trade and investment relationships,” he said.

The United Kingdom is due to hold a domestic referendum on 23 June to decide whether the country will continue to be a member of the 28-nation EU bloc. UK Prime Minister David Cameron, who negotiated a series of reforms to his country’s relationship with the EU, has openly advocated against a so-called Brexit, including in [a recent op-ed](#) published in The Telegraph.

“The longer this referendum campaign goes on, the clearer it becomes: those campaigning to leave Europe are inviting the British people to make an extraordinary choice – to be the first major economy in history to deliberately choose a second-rate, more restrictive trading relationship for its biggest market,” he warned in the 4 April article.

The IMF research director also noted that other advanced economies are facing their own risks to trade. “In other advanced countries as in Europe, including in the United States, a backlash against cross-border economic integration threatens to halt or even reverse the postwar trend of ever more open trade,” Obstfeld noted.

Separately, the WTO released last week [its own update](#) to its projections for this year’s trade growth, finding that this number – 2.8 percent – is set to match the “sluggish” growth seen last year. In 2017, trade growth should reach 3.6 percent.

“This will be the fifth consecutive year of trade growth below three percent,” said WTO Director-General Roberto Azevêdo. “Moreover, while the volume of global trade is growing, its value has fallen because of shifting exchange rates and falls in commodity prices.”

The global trade chief further warned about the risks that falling trade value – and volume – could have for the growth prospects of vulnerable developing countries, along with repeating previous concerns over the growing stock of trade protectionist measures.

### World Bank chief: Addressing global threats key

Given the current global context, there is a need for institutions such as the World Bank Group to continue changing their "vision" in order to achieve their missions, said the organisation's president, Jim Yong Kim, in [a Berlin speech](#) last week.

In the speech, which included warnings against trade protectionism, Kim outlined what the World Bank views as the main reasons for the current economic slowdown, namely "slower growth in trade, increasing difficulty in gaining access to capital, and lack of progress in job creation," along with noting various areas where countries must work together with even more urgency.

"It is now exceedingly clear that we will never end extreme poverty and boost shared prosperity if we don't tackle global threats like pandemics, climate change, and forced displacement in partnership with our member countries – one region, one country, and one person at a time," he said.

Regarding climate change, for example, the World Bank chief noted that there is a continued lack of agreement over how to use the financial resources that were pledged during the UN climate talks last December.

Indeed, the Spring Meetings could see some key announcements on climate change, including on carbon pricing and financing. For example, one event on the agenda involves a meeting of the high-level assembly of the [Carbon Pricing Leadership Coalition](#), a group which brings together participants from governments, businesses, and civil society who share as their goal the use of carbon pricing internationally.

The group was launched last December during the Paris climate talks, with the upcoming meeting marking their first official gathering. The 15 April event will be co-chaired by Ségolène Royal, France's Minister of Ecology, Sustainable Development, and Energy, and Feike Sijbesma, who is the CEO of the Dutch multinational Royal DSM.

Those talks will come quick on the heels of the World Bank group's announcement that it would be ramping up its own efforts to address the global challenge of climate change. Under this new "Climate Action Plan," [adopted](#) on 7 April, the organisation sets out a series of targets between now and the end of the decade.

These targets will be geared toward helping countries meet their commitments under their "nationally determined contributions" – the building blocks of the Paris Agreement adopted last year at the UN Framework Convention on Climate Change's (UNFCCC) annual meet.

Among the actions outlined in the World Bank plan, the organisation intends to mobilise US\$25 billion in clean energy financing from the private sector by 2020, along with leveraging US\$13 billion in such financing; adding 30 gigawatts of capacity; increasing four-fold climate-resilient transport funding; ensuring climate concerns are incorporated into urban planning; and increasing support to sustainable forest and fisheries management.

Other features of the plan include increasing the World Bank's International Finance Corporation's annual climate investments from US\$2.2 billion to US\$3.5 billion; developing climate-smart agriculture investment plans for at least 40 countries; and ensuring that 100 million people in 15 countries have access to early warning systems for natural disasters, among various others.

ICTSD reporting; "Britain's choice: economic security with the EU, or a leap into the dark," THE TELEGRAPH, 4 April 2016.

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## CLIMATE CHANGE

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# HFC Amendment to Montreal Protocol Edges Closer

Talks for a deal geared towards phasing down climate-warming hydrofluorocarbon (HFC) emissions held last week in Geneva, Switzerland, reportedly made good progress on addressing thorny issues, such as how to deal with different capacity levels and access to alternative technologies. Participants also discussed the role of intellectual property rights and financial support.

"This week's progress demonstrates that an HFC deal can be reached this year. While the strength of that deal hangs in the balance, the opportunity is there for another big win for climate protection in 2016," said David Doniger, director of the Natural Resources Defense Council's (NRDC) climate and clean air programme, in a [blog post](#).

The meeting did not, however, have the opportunity to consider four draft amendment proposals that have been put forward over the last year or consider other issues such as the imposition and timing of a trade ban on HFCs.

"Overall, in this conference, progress has been made...But it was a disappointment that parties could not find solutions to all challenges," [wrote](#) Rakesh Kamal, programme officer at the Centre for Science and Environment, at the close of last week's talks. Kamal added that much was anticipated from meetings scheduled this year.

After over five years of deliberations, parties to the Montreal Protocol on Substances that Deplete the Ozone Layer agreed last November in Dubai to negotiate an HFC amendment in 2016, including by identifying solutions to challenges associated with this transition. (See BioRes, [11 November 2015](#))

HFCs – used primarily as coolants in refrigerators and air conditioners – were previously identified as a suitable alternative for hydrochlorofluorocarbons (HCFCs) that are targeted for elimination by the Montreal Protocol.

However, while HCFCs are ozone-depleting substances (ODS) responsible for thinning the earth's protective ozone layer, HFCs are greenhouse gases with atmospheric warming potential over 10,000 times more powerful than carbon dioxide.

In order to tackle HFCs, countries will need to identify new coolants or alternative technologies, and ensure rapid scale-up by the time a ban comes into effect.

### Exemptions, funding

Parties reached tentative agreement last week on a four-year grace period from the HFC phase-out for the world's hottest countries.

This will apply to developing nations, referred to as Article 5 countries, where average temperatures hit 35 degrees Celsius for at least two months a year over a decade. The exemption, which can be renewed if needed, would cover 34 countries.

Supporters of the exemption argue that it is necessary to allow for the development of alternatives able to cope with high ambient temperatures and that these are not yet widely available.

While several campaign groups had cautioned against providing too much leniency if the deal is to be effective, reports from last week's meeting suggest that consensus on the exemption will prove key to securing agreement on the overall amendment.

According to Steve Seidel from the Center for Climate and Energy Solutions (C2ES), the HFC emissions covered by the exemption will only add up to a relatively small portion of the global total.

Parties also agreed by Friday to revise, within one year after adoption of the amendment, rules governing the Montreal Protocol's funding platform in order to help poorer countries cope with the HFC phase-out.

Activities supported by the multilateral fund will include capacity-building and training for handling HFC alternatives, institutional support, licensing, reporting, demonstration projects, and national strategy development.

Further discussion on other financial issues will continue later this year, with some hurdles arising during the week around estimating funding levels before having agreement on the start date. A technical body has been charged with estimating costs based on schedules proposed in the four proposed draft amendments.

Sources have said that securing the financial support package will be another essential part of ensuring a successful deal.

### **Intellectual property rights, trade**

Many delegates reportedly said last week that the role of intellectual property rights (IPRs) was an important and potentially sensitive issue in the process.

According to media reports, some countries expressed concern about limited access to patented technology for HFC alternatives, adversely affecting efforts to make the switch. Associated incremental costs linked to patented technology could also have a negative impact on national economies.

According to a [paper](#) prepared by the UN Environment Programme's Ozone secretariat, patent and royalty costs are included in the list of categories of costs eligible for compensation from the multilateral fund.

Reviewing past experiences linked with other phase-outs, the paper also suggests that such costs were directly included in project funding in certain cases and indirectly paid for as part of the overall technology cost in several other instances.

The paper adds, however, that given the number of patents and timing of their expiration on some HFC alternatives, parties may need to consider how existing policies and approaches under the Montreal Protocol could work in this context.

Parties will also have to decide in due course the provisions for [trade measures](#) associated with the HFC phase-out. Article 4 of the Montreal Protocol prohibits or restricts parties from trading controlled substances with non-parties. The inclusion of trade provisions in the treaty was designed to provide an incentive for states to become parties to the protocol and subsequent amendments.

However, with successive amendments over the years, parties have applied a degree of flexibility to the start date or implementation of non-party trade measures, taking into account particular circumstances and technologies.

All four current draft HFC amendments address non-trade provisions, but with different timelines and conditions such as the number of ratifications.

### **Next steps**

Montreal Protocol parties will gather from 22-23 July in Vienna, Austria, for an extraordinary ministerial meeting geared towards moving the HFC amendment process forward. An informal preparatory meeting will be held prior to that occasion in order to continue discussions on financing and other matters.

Many parties and stakeholders alike are hoping to secure a text in time for agreement at the 28<sup>th</sup> Meeting of the Parties (MOP) to the Montreal Protocol to be held in Kigali, Rwanda, in October.

ICTSD reporting; "Summary of the Thirty-Seventh Meeting of the Open-Ended Working Group of the Parties to the Montreal Protocol on Substances That Deplete the Ozone Layer," EARTH NEGOTIATIONS BULLETIN, 11 April 2016; "Gulf states win concessions in HFC phase-out talks," CLIMATE HOME, 11 April 2016.

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## BIODIVERSITY

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# UN Committee Begins Work on High Seas Biodiversity Pact

The first session of a preparatory committee tasked with elaborating draft elements for an international, legally binding instrument on marine biodiversity in areas beyond national jurisdiction started unpacking several key topics with an eye on practical advancement, according to reports from the 28 March – 8 April meeting.

During the session, held at UN headquarters in New York, many delegations moved past debates on the usefulness of a new instrument that have stalled previous efforts, according to Earth Negotiations Bulletin (ENB). They instead began detailed exchanges on “how” to put such an instrument in place, given the pressures facing today’s complex marine and environmental governance landscape.

Discussion included consideration of the new instrument’s relationship with existing tools and bodies, guiding principles and approaches, marine genetic resources, environmental impact assessments, capacity building, and technology transfer, among other things.

“The constructive discussion and active participation in the room on all elements of the package bode well for the next PrepCom session,” [said](#) Jessica Battle, Marine Manager, WWF International, at the close of the talks last week.

Following nearly nine years of deliberations, UN members agreed last June to launch a process to develop the instrument under a dedicated working group. The new multilateral pact would sit under the UN Convention on the Law of the Sea (UNCLOS) and should at its core better address the conservation and sustainable use of marine resources found on the high seas and on the international seabed.

The preparatory committee should make a recommendation on elements for the instrument to the UN General Assembly, which will decide in 2018 whether to convene an international conference to elaborate the text of the agreement. (See BioRes, [23 June 2015](#) and [29 January 2015](#))

Under UNCLOS, coastal states enjoy sovereign rights over the natural resources found in areas extending up to 200 nautical miles from the coast, with around 64 percent of the oceans consequently lying beyond the jurisdiction of any one country.

These “high seas” and the international seabed are home to a diverse array of marine wildlife and deliver essential ecosystem services such as carbon storage. Campaign groups have long argued that specific international governance gaps exist around these areas, leading to concerns around overfishing, unsustainable use, marine pollution, and biodiversity loss.

### Relationship with existing forums

According to media reports, the meeting served to emphasise the universe of tools partially relevant to the new instrument. Emerging questions to be tackled in future sessions include how the instrument will interact with other relevant forums.

For example, the 1992 Convention on Biological Diversity (CBD) regulates biodiversity issues and includes a definition of “ecologically or significant marine areas” (EBSAs). Furthermore, the UN Food and Agriculture Organization (FAO) has developed international

guidelines for the management of deep-sea fisheries in the high seas, and the International Maritime Organization (IMO) includes in its work a focus on preventing marine pollution.

A UN Fish Stocks Agreement assists the conservation and management of straddling and highly migratory fish stocks. An additional 30 existing fisheries management and advisory organisations are also responsible for a range of stocks found in the high seas.

In some cases, therefore, the new instrument could engage with international and regional efforts to manage highly traded and commercially significant marine resources. For example, tuna species – all of which are high migratory between national jurisdictions and across the high seas – account for nearly 20 percent of the landed value of the global total marine fish catch, according to the [FAO](#).

### **Marine genetic resources approach**

The preparatory committee talks did feature familiar divergences between member states over the treatment of marine genetic resources (MGRs) and appropriate definitions.

The G77 and China negotiating group, for its part, argued that these resources should be treated as common heritage, while others favoured the freedom of exploitation approach.

While the seabed beyond 200 nautical miles has traditionally been considered the “common heritage of mankind,” implying that these should not be unilaterally exploited – with a separate UNCLOS instrument governing seabed mineral mining – a regime of freedom of exploitation has been applied to living resources in the high seas.

Some states also support explicitly including fish in the definition of MGRs, while others oppose this, along with the inclusion of commodities. Costa Rica and other Pacific island nations, meanwhile, proposed differentiating between fisheries as a commodity and as a source of genetic information.

MGRs already form the basis for over 18,000 natural products in the pharmaceutical and cosmetic industries. Although many of the marine species involved are sources located in exclusive economic zones (EEZs), and bio-prospecting in the high seas is currently limited to a few actors, the approach adopted by the new instrument will define commercial terms of access in these areas moving forward.

On intellectual property rights in relation to MGRs, the EU, US, Japan, and Canada cautioned against taking up the topic and duplicating mandates given to the WTO and the World Intellectual Property Organization (WIPO), while others favoured discussion and supported the need for patent disclosure to ensure transparency in eventual access and benefit sharing (ABS) regimes.

### **ABS models**

Countries also started to discuss potential arrangements for access and benefit-sharing around marine genetic resources in areas beyond national jurisdiction, often referring to existing schemes for other types of genetic material.

This includes the Nagoya Protocol under the CBD, which seeks to ensure genetic resources are appropriately valued and benefit sharing provided for as monetary and non-monetary compensation.

Some interventions referred to the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGR) as a useful general model. The treaty establishes a multilateral system under which selected crops are exchanged without individual regulation, subject to a standard contract.



Other interventions, however, supported defining a new or "*sui generis*" approach able to address the practical challenges faced by MGR definitions and ABS. Questions around the viability of voluntary non-monetary benefit-sharing were also debated.

The G77 and China, meanwhile, reportedly suggested that ABS systems take into account developments in the digital economy. This would imply that access to digital genetic information – a trend in bio-based research – should be treated on par with physical access to the resource.

### **Next steps**

The next preparatory session will be held from 26 August to 9 September in New York and will address MGRs, area-based management tools, environmental impact assessments, capacity building, and marine technology transfer. Two additional meetings are planned for next year.

According to a procedural roadmap presented by the chair of the talks, Eden Charles, Deputy Permanent Representative of Trinidad and Tobago, the August session will feature informal working groups on key topics with plenary sessions geared towards "parking" issues that have drawn consensus and discussing next steps.

Several other upcoming meetings on the international agenda could see developments relevant to the marine biodiversity talks. A review of the UN Fish Stocks Agreement is scheduled to take place in New York on 23-27 May. The exercise should assess the adequacy of the pact and, if necessary, propose ways to strengthen its implementation.

A workshop on bottom fishing on 1-2 August will discuss the implementation of UN General Assembly resolutions on sustainable fisheries, specifically regarding the impacts of bottom fishing on vulnerable marine ecosystems and the long-term sustainability of deep-sea fish stocks.

Officials will likely also be tracking the status of the FAO's Port State Measures Agreement (PSMA), geared towards preventing catch from illegal, unreported, or unregulated (IUU) fishing from being brought into ports. Two more ratifications are required to bring the deal into force, which could help clamp down on illegal fishing activity in the high seas by cutting off access to national and global markets.

ICTSD reporting; "Summary of the First Session of the Preparatory Committee on Marine Biodiversity of Areas Beyond National Jurisdiction: 28 March - 8 April 2016," EARTH NEGOTIATIONS BULLETIN, 11 April 2016.

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## DISPUTES

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# Disputes Roundup: US Requests Compliance Panel in Mexico Tuna Spat, New Cases Filed by Canada, Brazil

The past week has seen considerable activity in the area of WTO dispute settlement, particularly amid news of a US request for a compliance panel review of its revised "dolphin-safe" tuna labelling policy, which has been the subject of a prolonged dispute with Mexico.

Separately, three new consultations requests – the first stage in WTO dispute settlement – have been filed in recent days. Canada has challenged US countervailing duties on imported glossy paper, while Brazil has filed two separate complaints. The former is against certain Indonesian import measures on bovine meat and the latter involves Thai sugar subsidies.

### **Mexico-US tuna dispute advances**

On 11 April, the US notified the WTO that it was requesting a compliance panel under Article 21.5 of the Dispute Settlement Understanding (DSU) to determine whether the recent changes to its "dolphin-safe" tuna labelling rules are enough to bring them in line with its WTO obligations.

The long-running case ([DS381](#)) dates back to 2008. In the original case, the WTO's Appellate Body confirmed in 2012 that the US' dolphin-safe label discriminated against imported Mexican tuna products. (See Bridges Weekly, [16 May 2012](#))

The US revised the policy in 2013, but a compliance panel ruled that these changes were insufficient to bring Washington in line with international trade rules – a finding confirmed by the Appellate Body in late 2015. (See Bridges Weekly, [16 April 2015](#))

Earlier this year, Mexico asked the WTO's Dispute Settlement Body (DSB) for authorisation to suspend tariff concessions and other related obligations on a list of goods worth US\$472.3 million annually. The US objected to the level of suspension and the matter was referred to arbitration. (See Bridges Weekly, [24 March 2016](#))

Concurrently, the US introduced certain changes to its policy, saying that these were meant to resolve the compliance issue. The new final interim rule was issued in March without advance notice or the opportunity for public comment and made effective immediately. It includes, among other changes, revisions to the certification standards for dolphin-safe labelling. (See Bridges Weekly, [24 March 2016](#))

This new policy is what the US is requesting be reviewed by a compliance panel – marking an unusual move for a respondent, given that such panels are traditionally requested by complainants. Given that the dispute has already moved to arbitration following the previous compliance proceedings, the next steps for the case were unclear at press time.

### **Canada challenges US paper duties**

Separately, Canada challenged the US ([DS505](#)) on 30 March over the countervailing measures that the latter imposed on imported supercalendered paper. This "glossy paper" is used in newspaper inserts and flyers.

The complaint also raises procedural concerns relating to the underlying countervailing duty investigation, specifically to the US' allegedly improper application of adverse facts to "discovered" information.

In February 2015, the Coalition of Fair Paper Imports – a US industry group – filed a countervailing duty petition claiming that certain Canadian producers benefited from subsidies from both the Canadian federal and certain provincial governments.

On the basis of the petition, the US Department of Commerce [initiated](#) a countervailing duty investigation in March 2015 for the full year 2014. Commerce released its final affirmative duty [determination](#) in October 2015, in which the countervailable subsidy rate was found to be between 17.87 and 20.18 percent. An injury determination was later confirmed by the US International Trade Commission, after which a countervailing duty [order](#) was issued in December 2015.

The countervailing duties affect almost C\$1 billion in annual exports of supercalendered paper from Canada, according to statistics cited [by CBC News](#), or US\$781 million at current exchange rates.

In its complaint, Canada claims that the US countervailing measures are inconsistent with several provisions of the WTO's Subsidies and Countervailing Measures (SCM) Agreement and the General Agreement on Tariffs and Trade (GATT) 1994.

In particular, Ottawa cites certain aspects of the investigation, including, among others, the determination of the existence of a subsidy, of the conferred benefit and of certain benefit recipients, provision of information to all interested parties, and the "improper attribution" of certain alleged subsidies to glossy paper instead of other products.

Canada also raises the US' ongoing conduct of "general and prospective application" of applying "adverse facts available" to "countervail" information discovered in a probe.

Among other concerns, Ottawa claims that US authorities fail to properly assess whether the "discovered" information provides sufficient evidence of the existence of a subsidy. Furthermore, as the "discovered" information is not related to the alleged subsidies, Canada says that a lack of disclosure in those cases should not be deemed as a failure to provide "necessary information" under WTO subsidy rules.

The two sides must now hold consultations for at least 60 days in an effort to resolve their differences. Should a mutually agreed solution not be reached during that time, Canada may then request that a WTO panel be established to hear the case.

### **Brazil challenges Thailand sugar subsidies**

Brazil, meanwhile, has challenged Thailand ([DS507](#)) over the Asian nation's quota and price control system for sugar, as well as its domestic support for cane and sugar, which Brazil claims violate the SCM Agreement and the Agreement on Agriculture.

According to Brazil, this quota scheme guarantees a high price for sugar meant for domestic consumption, limiting the amount sold for that purpose and imposing price controls. Any additional sugar production must be sold overseas. The country claims that this system, along with Thailand's supplementary payments to cane growers, are export subsidies violating Bangkok's obligations under the Agreement on Agriculture, given that Thailand has not specified any export subsidy commitments in its Schedule of Concessions.

The Asian country also allegedly provides subsidies for changing the use agricultural land – specifically from rice production to cane – and to create greater capacity for turning cane into sugar. Brazil claims that these measures are above Thailand's "de minimis" level, which is the type of support seen as most trade-distorting under WTO rules.

Brasilia also argues that the country's overall domestic support in the sector falls above the total Aggregate Measurement of Support (AMS) commitment that Thailand has agreed to in its schedule.

Brazil claims that Thailand's measures violate the SCM Agreement in that they constitute prohibited export subsidies and "actionable" subsidies, which are challengeable if they cause adverse effects to the interests of another member. Brazil argues that these adverse effects take the form of "serious prejudice" to its interests, as described in the SCM Agreement.

"Brazil understands that the Thai measures have artificially affected the conditions of competitiveness of the sugar sector to the detriment of Brazilian exports, whose share in the overall product market fell more than five percent between 2012 and 2014, with annual losses of around US\$1 billion," the Brazilian Ministry of Foreign Affairs said in a [press release](#).

The two countries, which are the world's largest sugar exporters, must now hold consultations in an attempt to bridge their differences. If a mutually agreed solution is not reached in that period, Brazil may request that a WTO panel be established to hear its case.

### **Brazil questions Indonesian import measures on bovine meat**

Brazil has also requested consultations with Indonesia ([DS506](#)) over the latter's measures concerning the importation of bovine meat, referring to both general and specific measures that it claims result in trade-restrictive and distortive effects on such imports.

The Latin American country cites several provisions of the GATT 1994, the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), the Agreement on Technical Barriers to Trade (TBT Agreement), the Agreement on Agriculture, and the Import Licensing Agreement.

In its complaint, Brazil claims that its access to the Indonesian bovine meat market is prohibited or limited, given Jakarta's various restrictive rules and procedures. It refers to a general measure made of various legal instruments and administrative acts and omissions which effectively prohibit imports of secondary cuts, offal and carcass, as well as a quantitative restriction on prime cuts. The result is "an evident discrimination between Brazil and other suppliers of these products," Brazil claims.

The specific measures challenged include positive lists maintained by Indonesia that do not include several Harmonised System codes – the international goods classification codes – for bovine meat. They also include the use of quarterly import quotas, which Brasilia claims are randomly defined and discriminatorily assigned among importers.

Brazil also complains about certain sanitary measures that only allow imports of bovine meat from countries that have declared their entire territory as free of Foot and Mouth Disease. According to Brasilia, these measures lack scientific justification and grounding in international standards, guidelines, or recommendations and are more restrictive than necessary to achieve the appropriate level of protection.

Finally, Brazil takes issue with certain technical regulations relating to the *halal* condition of bovine meat, which are allegedly applied in a discriminatory manner, as well as with non-transparent and restrictive import licensing requirements.

In a press release, the South American country [says](#) that "the resolution of these problems will enable Brazil to export over twenty thousand tonnes of bovine meat to Indonesia."

ICTSD reporting; "Ottawa seeks WTO ruling on U.S. duties on Canadian paper," CBC NEWS, March 30, 2016; "Brazil to challenge Thailand sugar subsidies at WTO," REUTERS, March 2, 2016.

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## TRADE AGREEMENTS

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# Trade Officials Push for Canada-EU Deal's Ratification, Despite Hurdles

Trade officials are pressing for the ratification of a bilateral EU-Canada trade pact to occur this year, amid continued public scepticism and a separate row over visa-free travel that some officials say could be damaging to the FTA approval process.

Negotiations for the trade deal, known formally as the Comprehensive Economic and Trade Agreement (CETA), were completed in 2014, following over six years of negotiations. Earlier this year, the EU and Canada announced that they had revised the investment protection terms of the trade deal during a "legal scrub" process, incorporating an "investment court system" that the 28-nation bloc is advocating should become a standard feature of its future trade agreements. (See Bridges Weekly, [3 March 2016](#))

Officials at the time touted the changes as a sign that negotiators were taking into account public concerns, given the heated controversy over the earlier investor-state dispute settlement (ISDS) mechanism that was previously part of the trade pact. However, some critics have said that the changes are insufficient to resolve their concerns.

EU and Canadian trade officials also confirmed that they would be aiming to sign the CETA this year, in order for the pact to enter into force the year following. Speaking to The Parliament Magazine last week, Canadian Trade Minister Chrystia Freeland affirmed that her country's government is still aiming to see the deal move forward in the near-term.

"The agreement is a key priority for me and I am committed to seeing it enter into force in 2017," she told the EU-focused publication. The Canadian official is visiting Germany this week as part of a trip aimed at promoting the trade pact, according to a [media advisory](#) issued by her office.

She will also be [meeting](#) with the European Parliament's International Trade Committee (INTA) for an "exchange of views" on 20 April.

The Canadian trade official added that she is "confident that Canadians and Europeans will recognise that CETA is a truly gold-standard agreement, reflecting our desire to strengthen our trade and commercial ties, while building upon our shared values."

However, ratifying the trade deal is an intricate process, varying depending on a country or bloc's domestic laws on treaty-making.

For example, on the EU side, approval is needed by the European Parliament after signature from the Council. Whether CETA needs approval by national parliaments as well, however, [depends](#) on whether the agreement is dubbed a "[mixed agreement](#)" falling both under the Union's exclusive competences and those which are shared by member states. This currently remains an open question.

Whether the public controversies over CETA will scupper the deal's ultimate ratification remains to be seen. In a potential sign of future difficulty, the Wallonian Parliament – the legislature for the self-governing Wallonia region in Belgium – voted on a resolution this Wednesday against giving the country's federal government the power to sign CETA without receiving additional guarantees on issues such as dispute settlement, according to Belgian newspaper [La Libre](#).

### Visa reciprocity issue

Separately, a disagreement between the EU and various countries – the US, Canada, and Brunei – over visa reciprocity is heating up, after the European Commission delayed a decision on whether to suspend visa-free travel from those countries to the 28-nation bloc.

At issue is the fact that some EU member states – such as Bulgaria and Romania – are required to seek a visa to enter those countries. Specifically, while Canada requires a visa from citizens of those two countries, the US also requires it from Croatian, Cypriot, and Polish nationals, while Brunei only requires a visa from citizens of Croatia.

The Commission had a 12 April deadline to decide whether to enact a temporary suspension of the current visa waiver. However, the EU's executive arm moved to delay this decision, citing the need to hold further talks with the other EU institutions, namely the Parliament and the Council.

"Visa reciprocity is a fundamental element of the EU's common visa policy," [said](#) EU Home Affairs, Migration and Citizenship Commissioner Dimitris Avramopoulos on Tuesday. "Today, the Commission has assessed the legal, political, and economic consequences of a possible temporary suspension of the visa waiver with the US, Canada, and Brunei and has asked for positions on the way forward from the European Parliament and the Council."

The Commission official added that full visa reciprocity "will stay high on the agenda of our bilateral relations with these countries, and we will continue pursuing a balanced and fair outcome."

The potential fall-out of the visa issue on other policy areas, including trade, has been raised by some officials in the aftermath of the deadline being missed.

Marie-Anne Coninx, the EU's Ambassador to Canada, told media outlets on Tuesday that while there is no official connection between the visa issue and the FTA approval, those EU member states who currently do not benefit from visa reciprocity – such as Bulgaria and Romania – would likely vote against the pact when the time comes for ratification.

"If we don't have this issue on the table, I guarantee [that the trade deal] will be adopted without any major issue," she told The Canadian Press.

ICTSD reporting; "Chrystia Freeland: CETA 'a truly gold standard agreement'," THE PARLIAMENT MAGAZINE, 5 April 2016; "Canada-EU trade barbs in visa dispute, linking spat to trade deal and tourism," THE CANADIAN PRESS, 12 April 2016; "Le Parlement wallon veut empêcher le fédéral de signer l'accord commercial Canada-UE," LA LIBRE, 12 April 2016; "Démission de Milquet: Magnette espère qu'il n'y aura pas 'des départs' dans son équipe," LA LIBRE, 13 April 2016.

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## EUROPEAN UNION

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# In Referendum, Dutch Voters Reject EU-Ukraine Association Agreement

Dutch citizens voted last week against a political and economic Association Agreement between the EU and Ukraine in a result that has been billed by some analysts as a potential sign of growing difficulties in the 28-nation European Union.

To date, the [Association Agreement](#) has already been ratified by 27 of the 28 EU member states. The trade pact within it, known as the Deep and Comprehensive Free Trade Area (DCFTA), was already ratified by both the Ukrainian and European Parliaments in 2014, and has been in application since 1 January of this year. (See Bridges Weekly, [14 January 2016](#))

The other parts of the [Association Agreement](#) have been provisionally applied since late 2014.

The pact itself has long been controversial, given that divisions within Ukraine over whether to back the trade deal had sparked the 2013 protests that ultimately led to the country's geopolitical crisis. The trade agreement has repeatedly drawn the ire of Russia, which has cited concerns over its compatibility with Moscow's own trade accords with Kiev.

### Internal EU friction?

In last week's referendum, around 61 percent of Dutch voters opted to reject the pact, though analysts disagree over the motives behind the choice. However, many have also remarked on the low levels of voter turnout – 32 percent, just above the necessary 30 percent threshold for the result to be deemed valid.

Even so, some analysts argue that the result could be a worrisome indicator of broader "Euroscepticism" across the 28-nation bloc, especially with the "Brexit" referendum in the UK scheduled for 23 June. The Netherlands currently holds the six-month [rotating presidency](#) of the Council of the EU, due to end in June.

"The referendum wasn't about Ukraine...In their [Dutch referendum organisers] view, the EU is an undemocratic institution, run by technocrats, that does not respect the will of the people," said Tim Boersma of the Brookings Institution in [a blog post](#).

Earlier this year, European Commission President Jean-Claude Juncker had warned that a "no" vote could lead to a "continental crisis," in comments to Dutch news outlet NRC Handelsbad. "Russia would pluck the fruits of an easy victory," he said.

Following the vote, a spokesperson for the Commission head said that Juncker was "triste" – or sad – as a result, while stressing the continued commitment of the EU's executive arm to deepening ties with Kiev.

Meanwhile, on the Ukrainian side, President Petro Poroshenko said that the result of the referendum "will not be a strategic obstacle for Ukraine on the path to Europe." Some supporters of the Association Agreement have suggested that the accord could potentially pave the way for Kiev to join the European Union in the long term.

### Next steps

The implications of the referendum for the Dutch government and the future of the EU-Ukraine accord itself remain to be seen, given that last week's vote was non-binding.

[In a statement](#), Dutch Prime Minister Mark Rutte said that a "step by step approach" will be needed going forward, first to achieve greater "clarity" on the result, followed by cabinet-level discussions with the Dutch parliament, EU partners, and Kiev.

"If this is the outcome, we will have to consider this advice carefully. It implies a political fact that the ratification cannot just proceed," he said. "This process will take time, not just days, probably weeks."

ICTSD reporting; "Netherlands Reject EU-Ukraine Partnership Deal," BBC NEWS, 7 April 2016; "The Dutch Rejection of an EU-Ukraine Deal isn't About Ukraine," BROOKINGS INSTITUTION, 8 April 2016; "This Dutch Referendum Spells Trouble for Europe," THE GUARDIAN, 8 April 2016; "Juncker: Dutch Ukraine vote could spark 'continental crisis'," REUTERS, 9 January 2016; "Juncker sad about the Dutch referendum, Cameron says it won't affect Brexit," EURACTIV, 7 April 2016; "Dutch Referendum Rejects Trade Deal Between E.U. and Ukraine," THE NEW YORK TIMES, 6 April 2016.



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## EVENTS & RESOURCES

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# Events

### Coming Soon

15 April, Geneva, Switzerland. CLEAN ENERGY SUBSIDIES AND THE GLOBAL TRADING SYSTEM. This policy briefing co-organised by the Green Growth Knowledge Platform (GGKP) and the Graduate Institute, will analyse recent analyses regarding the relationship between clean energy subsidies and the international trading system under the WTO. The meeting will include lectures by officials from the Economic Commission and the Organisation for Economic Co-operation and Development. Additional details are available [here](#).

15 April, Geneva, Switzerland. UNCTAD BRIEFING: REALIZING TRADE POTENTIAL TO CONTRIBUTE TO SUSTAINABLE DEVELOPMENT. This event, organised by the UN Conference on Trade and Development (UNCTAD) aims to address the relationship between trade and the factors behind inclusive economic growth and sustainable development, as well as the role of government policymakers in ensuring that trade can contribute positively to both objectives. Event details are available at the UNCTAD [website](#).

18 April, Washington, US. HOW CAN FISCAL POLICY BE GROWTH-PROMOTING AND AN ANCHOR FOR MACROECONOMIC STABILITY? This event, hosted by the Global Economy and Development Program at the Brookings Institution in partnership with the Initiative for Policy Dialogue (IPD) and the Foundation for European Progressive Studies (FEPS), will feature a public discussion on the potential of fiscal policy in relation to macroeconomic growth, as well as the risks, tying it into global and regional economic trends. To learn more or to register, visit the event [website](#).

20 April, Washington, US. FAULT LINES IN A RISING ASIA. This event, hosted by the Carnegie Endowment for International Peace, will feature International Relations Professor Chung Min Lee discussing his new book, *Fault Lines in a Rising Asia*. The book brings up the relationship between the continent's economic successes and global leadership, and warns of potential challenges, including at the political and security levels. Details for the event, including on how to register, can be accessed [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.

14 April: Committee on Budget, Finance and Administration

15 April: Council for Trade in Goods

18 April: Committee on Participants on the Expansion of Trade in Information Technology Products

19 April: Committee on Market Access

19 + 21 April: Trade Policy Review Body – Ukraine

21 April: Information Session on Rules of Origin

21 April: Committee on Import Licensing

### **Other Upcoming Events**

22 April, London, United Kingdom. TRANSFORMATIVE INDUSTRIAL POLICY FOR AFRICA. This event, organised by Chatham House, will feature Dr. Carlos Lopes, Executive Secretary of the UN Economic Commission for Africa (UNECA), as its guest speaker. Lopes will outline the policy recommendations included in a recent UNECA report on transformative industrial policy for the African continent, particularly in the context of the rise of global value chains and current market downturns. To learn more, click [here](#).

4-5 May, Johannesburg, South Africa. LEVERAGING SERVICES POTENTIAL FOR INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH. This event, organised by the International Centre for Trade and Sustainable Development (ICTSD), aims to bring together regional policymakers and private sector representatives to discuss the role of the services sector in ensuring both structural transformation and inclusive, sustainable growth in least developed and low income countries. More information about the event is available at the ICTSD [website](#).

10-12 May, Geneva, Switzerland. OCEANS ECONOMY AND TRADE: SUSTAINABLE FISHERIES, TRANSPORT AND TOURISM. Co-organised by the UN Conference on Trade and Development (UNCTAD) with the Commonwealth Secretariat (COMSEC) and the International Ocean Institute, this seminar is designed to help improve the understanding of the oceans economy and its relationship with trade. The meeting will review the linkages between different ocean sectors, and the role of trade in supporting the implementation of the Sustainable Development Goals (SDGs). Details for the event, including registration details, can be found [here](#).

23-24 May, Geneva, Switzerland. EXPERT MEETING ON TRADE AS A TOOL FOR ECONOMIC EMPOWERMENT OF WOMEN. This meeting, hosted by the UN Conference on Trade and Development (UNCTAD), aims to allow for an examination of the relationship between gender and trade across various sectors, while tying this discussion to the implementation process of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda on financing for development. More information is available [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](#).

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## Resources

PRIVATE STANDARDS AND THE WTO: RECLUSIVE NO MORE. By Petros C. Mavroidis and Robert Wolfe (March 2016). This research paper examines the increasing number of private standards, noting their implications for trade and what these mean in relationship with the WTO, raising issues such as transparency and non-discrimination. The authors review "how reclusive" the global trade body should allow such standards to be and put forward related recommendations. The paper is available in PDF form [here](#).

STRUCTURAL REFORM AND GROWTH: WHAT REALLY MATTERS? EVIDENCE FROM THE CARIBBEAN. By Kevin Greenidge, Meredith A. McIntyre, and Hanlei Yun for the International Monetary Fund (IMF) (April 2016). This working paper analyses the ways that structural reform packages in areas such as trade and financial liberalisation, as well as tax policy, have impacted growth. The authors conclude that structural growth benefits can be seen more often in the long term than the short term, and provide related recommendations. The full paper can be found [here](#).

SUSTAINABLE HYDROPOWER AND CARBON FINANCE. Marek Soanes, Jamie Skinner, and Lawrence Haas for the International Institute for Environmental Development (March 2016). This article focuses on the financing of new hydropower projects, particularly with the support of the Clean Development Mechanism (CDM), among other sources. The authors research how the Hydropower Sustainability Assessment Protocol (HSAP) can help in developing environment and sustainability regulations that are in line with the guidelines of the World Commission on Dams, examining specifically the cost of the HSAP and how this can be addressed under a "healthy carbon price." The full article can be accessed [here](#).

THE TPP AND GOOD REGULATORY PRACTICES: AN OPPORTUNITY FOR REGULATORY COHERENCE TO PROMOTE REGULATORY AUTONOMY? Elizabeth Sheargold and Andrew D. Mitchell for the World Trade Review, Cambridge University Press (February 2016). This article focuses on the ways in which the Trans-Pacific Partnership (TPP) Agreement could affect the development of new domestic regulatory practices. The authors note the relationship between such regulations, particularly those geared toward environment and public health, and international trade and investment law. The full article can be found [here](#).

WILL THE WEST CHOOSE TO LEAD ON TRADE? By Xenia Wickett for Chatham House, originally published by Real Clear World (February 2016). This article discusses the ratification prospects in the United States for the Trans-Pacific Partnership (TPP) Agreement, particularly given the current political climate ahead of the November presidential election. The author reviews the recent literature estimating the deal's benefits and costs, and discusses the various models of new, major trade agreements that have either been recently concluded or are currently under elaboration. The full article can be accessed [here](#).

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