

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 20, ISSUE 18, 19 MAY 2016

TRADE AGREEMENTS

EU Trade Ministers Review
Next Steps for US, Canada
Pacts1

TRADE AGREEMENTS

EU, Mercosur Exchange Offers,
Amid Brazil Political Turmoil4

EUROPEAN UNION

EU Lawmakers Debate China
"Market Economy" Status.....6

CLIMATE CHANGE

UN Negotiators Spar Over
Draft Global Aviation Emissions
Reduction Scheme.....9

TRADE AGREEMENTS

Australia, Singapore Set to
Upgrade Trade Deal.....12

TRADE AGREEMENTS

New Zealand Lawmakers Hold
First "Reading" of TPP
Legislation14

EVENTS & RESOURCES

Events15
Resources17

TRADE AGREEMENTS

EU Trade Ministers Review Next Steps for US, Canada Pacts

The European Commission has confirmed plans to submit a proposal to the European Council in June for signing the 28-nation bloc's trade deal with Canada, amid continued questions over the pact's potential fate in the ratification stages.

The news came as part of a meeting of trade ministers from the EU's 28 member states. The Brussels gathering also saw ministers – meeting under the European Council – discuss next steps for the bloc's trade deals with the US, including a new sustainability impact assessment.

Canada "mixed deal"?

The EU and Canada completed negotiations for a bilateral trade deal – known as the Comprehensive Economic and Trade Agreement, or CETA – in 2014, following six years of talks.

While the negotiations themselves were already difficult to complete, getting the deal to the signature and ratification stages has also proven challenging, with public debate in both the EU and Canada focused heavily on topics such as the potential investor protection and dispute settlement provisions of the pact.

Earlier this year, a legal scrub of the agreement saw the two sides change the deal in order to incorporate an investment court system which the EU has said should become the norm for all of its future trade and investment agreements. At the time, officials explained that the move was also in response to the feedback from their respective citizens. (See Bridges Weekly, [3 March 2016](#))

Whether the CETA is a "mixed agreement" – one which has provisions that also fall under member state responsibility, rather than just under the Union's exclusive competences – has also been a key question for the deal going forward, and was raised during the 13 May meeting in Brussels.

"Mixed agreements" require ratification by both the European Parliament and national parliaments, while deals not under this category do not need national parliament approval.

"The Council emphasised a view shared amongst ministers that CETA is of mixed EU and member state competence and should be signed and concluded as such," ministers said last Friday.

Getting approval from national parliaments is set to be difficult, given both the ramifications of a separate dispute between the EU and Canada on visa-free travel, as well as concerns by individual member states on certain areas of the pact.

Canada requires a visa for citizens from Bulgaria and Romania, both member states of the EU, to enter the country. Citizens from other member states are not subject to this requirement. The discrepancy and lack of visa reciprocity for those two countries has proven controversial, given that the European Union supports a common visa policy across the bloc, with talks still ongoing among the EU institutions on how to proceed.

Meanwhile, the situation has led to statements from both countries affirming that they will find it difficult to approve CETA while the issue remains outstanding.

For separate reasons, the Wallonian Parliament in Belgium approved a resolution last month against giving the country's federal government the power to sign the accord without more guarantees on certain issues. Wallonia is a self-governing region within the country of Belgium. (See Bridges Weekly, [14 April 2016](#))

After the Commission submits its proposal in June, the pact will likely be signed in October at a bilateral EU-Canada summit, according to the Council conclusions.

Trade officials have, however, said that overall the response to CETA has been positive, and hope to see it ratified in the coming year in order to see it in force in 2017.

"Member states are very supportive of this agreement," said Lilianne Ploumen, the Dutch minister for foreign trade and cooperation who is serving as the current Council president.

TTIP: public support needed

The meeting last week also saw a discussion with the Commission on the ongoing negotiations with the US for a Transatlantic Trade and Investment Partnership (TTIP).

According to the Council conclusions, ministers reiterated their push for a deal to be reached before US President Barack Obama leaves office in January 2017 – "provided that the substance is right" – terming the upcoming months as "crucial for success."

"Time is short if we are to finalise the talks before the end of the year, but we are striving for an ambitious outcome in all key areas of the agreement. EU interests must be reflected. There will be no 'TTIP-light'," said Ploumen.

The need for boosting public support in the 28-nation EU for the trade deal was also raised during the 13 May discussions. The TTIP talks have long struggled to win public backing from some quarters, amid concerns that the deal's provisions could affect the bloc's ability to keep or develop strong social and environmental protections – concerns that trade officials have repeatedly attempted to assuage, pledging that nothing in the final agreement will lower such protections or hinder the right to regulate in the public interest.

Last month, the "leak" by Greenpeace's Netherland branch of several purported TTIP documents fuelled this debate even further, dominating news headlines and sparking heated debate over what is currently on the table and what is the endgame for those talks. (See Bridges Weekly, [4 May 2016](#))

At the Brussels meet, EU Trade Commissioner Cecilia Malmström presented a new draft study on the deal's potential impact, conducted by Ecorys, an independent consultant. The [report](#) is now open for public consultation, with a final version due by year's end.

"In essence, this is a snapshot based on assumptions about a future TTIP deal," she said in a related [blog post](#). "Needless to say, being a draft version to now be scrutinised by stakeholders and others, this assessment should be taken with a pinch of salt."

Among various other findings, the Ecorys draft report suggests that the EU's GDP could see a 0.5 percent additional boost annually from TTIP, with a 0.4 percent increase for the US. Gains are also projected for national income; high-skilled and low-skilled worker wages; and exports and imports for both sides.

Breaking these results down by sector, Ecorys predicts that the EU will see gains through improved market access in leather, textiles, and clothing; drinks and tobacco; motor vehicles; water transport; and insurance. Losses will be seen in areas such as electrical machinery, non-ferrous and fabricated metals, and iron and steel goods, which the report credits to the likely boost in competition following cuts in tariff and non-tariff measures.

ICTSD reporting; "EU-Canada summit hangs in doubt, CETA fate uncertain," EURACTIV, 13 May 2016; "Romania will veto the EU-Canada trade deal," EURACTIV, 14 April 2016; "CETA runs into trouble with Dutch, Walloon Parliaments," EURACTIV, 2 May 2016.

TRADE AGREEMENTS

EU, Mercosur Exchange Offers, Amid Brazil Political Turmoil

The EU and Mercosur exchanged offers on goods and services in their trade talks last week, in an effort to give new momentum to the long-running negotiations. The move comes amid a turbulent political situation in Brazil, which has raised concerns over the potential broader implications for the region and beyond.

"Both sides remain fully committed to this negotiation, in view of the important economic and political gains expected for both sides from a comprehensive, ambitious, and balanced EU-Mercosur Association Agreement," the two blocs said in a brief [communiqué](#) released on 11 May.

They also pledged to hold a meeting at chief negotiators' level before the summer break, during which time they will attempt to chart a path forward for the second half of 2016.

The 11 May offers swap was the first such exchange between the two sides since 2004, when the talks stalled. (See Bridges Weekly, [6 October 2004](#)) The EU-Mercosur talks originally began in 1999, as part of a larger effort to launch a region-to-region Association Agreement between the two sides.

While re-booted in 2010, progress in recent years has been limited, with no negotiating rounds held since late 2012. (See Bridges Weekly, [19 May 2010](#) and [31 October 2012](#))

Agriculture controversy

In the weeks leading up to the exchange, farmers from various EU member states have openly pushed back against the resumption of talks, warning the 28-nation bloc's trade officials against including certain sensitive agricultural goods – such as beef and ethanol – in their exchange with the South American customs union.

Agriculture has long been a sticking point in the bilateral negotiations, and was faulted for earlier negotiating breakdowns. Despite multiple reports that these goods were set to be omitted from the EU offer, Uruguay foreign affairs minister Rodolfo Nin Novoa told reporters that beef and ethanol ultimately were included in the offers exchanged last week, noting that the volumes of both will be subject to negotiation further down the road.

Those EU member states warning against the inclusion of those goods have argued, among other concerns, that a better understanding is needed on the ramifications of keeping these products in a final deal, given that the South American countries involved are major exporters of both.

Industry groups from both sides have also publicly weighed in on the subject in recent weeks, each urging revisions to the content of the 11 May offers.

"We congratulate the negotiating teams from both parts of the Atlantic for this great achievement, but we would like to express our profound disappointment with the exclusion of sugar and ethanol from the EU offer," said UNICA, the Brazilian Sugarcane Industry Association, in a 12 May [position paper](#).

The group argued that excluding ethanol would go against the EU's own climate goals, particularly in moving the transport sector away from using carbon-intensive fuels, and suggested that the European bloc incorporate duty-free quotas for Mercosur-produced sugar and ethanol in the next offer.

Meanwhile, EU farm group Copa & Cogeca also opposed the EU's agriculture offer, but for different reasons.

"Despite warnings from 20 EU ministers against making an offer on agriculture which includes sensitive agriculture products in the free trade talks, the Commission has gone ahead with the move," said Copa & Cogeca Secretary-General Pekka Pesonen in a [statement](#).

The EU farm organisation also suggested that the Mercosur bloc already exports significant quantities of beef and poultry meat to the European Union, and therefore do not need additional tariff-rate quotas. Other questions raised by the group included the level of environmental and quality standards for those goods.

Brazil upheaval

Meanwhile, the continued political turmoil in Brazil, the largest economy in the Mercosur bloc, has sparked questions over what this will mean for both the region as well as for the group's foreign trade policies.

A majority in the country's Senate backed the impeachment of President Dilma Rousseff late last week, prompting her immediate removal from office for the next six months so she can stand trial. In the interim, Vice President Michel Temer has taken her place.

What implications the impeachment of Rousseff could have for the EU-Mercosur talks has been raised by some officials, including Uruguayan foreign minister Rodolfo Nin Novoa, who told the EFE news agency last week that it could "effect some change" in the ongoing negotiations.

If so, it would not be the first time in recent years that political upheaval in the Southern Cone has affected the pace of the talks. In 2012, the impeachment of then-president Fernando Lugo led to Paraguay being suspended temporarily from the Southern Cone grouping, while paving the way for Venezuela's entry. (See Bridges Weekly, [31 October 2012](#))

Nin Novoa stressed, however, that "the structure of the offer does not change, and to the contrary, I think that all of our countries will try to improve it and attempt to gain benefits so as to defend our regional interests," noting also that there are political problems underway in some EU member states, such as the problems forming a government in Spain.

ICTSD reporting; "Majority in Brazil Senate Backs Rousseff Impeachment," BLOOMBERG, 12 May 2016; "Nin Novoa: situación en Brasil puede afectar negociación Mercosur-UE," EL PAÍS, 12 May 2016; "France leads EU revolt against Mercosur trade talks," FINANCIAL TIMES, 5 May 2016; "A beef with Mercosur," POLITICO, 6 May 2016.

EUROPEAN UNION

EU Lawmakers Debate China "Market Economy" Status

EU parliamentarians approved a non-legislative resolution last week calling for treating China's exports to the 28-nation bloc in a "non-standard" way until the Asian economic giant meets EU requirements for being deemed a market economy.

The 12 May vote had 546 lawmakers in favour, 28 against, and 77 abstentions.

The [text of the resolution](#) highlights the importance of the bilateral EU-China trade and investment relationship, while "stress[ing] that China is not a market economy and that the five criteria established by the EU to define market economies have not yet been fulfilled."

These [five criteria](#) specifically involve the level of government intervention in company decision-making and resource allocation; lack of government distortions in "the operation of enterprises linked to privatisation;" the use of non-discriminatory, transparent company laws; an effective, transparent legal system protecting property rights; and a "genuine financial sector which operates independently from the state."

It also calls for a discussion on the market economy issue in the next bilateral summit between the two sides. The EU and China hold [annual bilateral meetings](#) at the leaders' level, along with bringing together key ministers.

Furthermore, the resolution says that the European Parliament "is convinced that, until China meets all five EU criteria required to qualify as a market economy, the EU should use a non-standard methodology in anti-dumping and anti-subsidy investigations into Chinese imports in determining price comparability."

This provision cites Section 15 of China's WTO accession protocol, which the resolution says allows for applying this "non-standard methodology," and asks that the European Commission prepare a proposal in this context.

The Parliament resolution also calls for the EU to coordinate with its main trading partners at the upcoming G-7 and G-20 summits – the latter of which is being hosted by China – in order to counter "any unilateral granting" of market economy status to the Asian country, among other recommendations.

Another section of the resolution refers to efforts aimed at reforming the EU's trade defence instruments (TDIs). While a "modernisation package" was [tabled by the Commission](#) over three years ago on the subject, this has not advanced past the level of the Council.

The Parliament "stresses the imminent need for a general reform of the EU's trade defence instruments in order to guarantee a level playing field for the EU industry with China and other trading partners in full compliance with WTO rules; [and] calls on the Council to rapidly seek agreement with Parliament" on the subject, the resolution says.

While the current resolution is not a legislative one, the Parliament will have to vote on the Commission's future proposal, as part of the co-decision process that also includes the Council.

Timing

The EU's executive arm is expected to announce its proposal on the subject later this year, possibly before the summer break, with the Commission putting off an earlier February announcement for the sake of conducting further study and consultation. (See Bridges Weekly, [24 March 2016](#) and [18 February 2016](#))

The European Commission completed last month a [public consultation](#) on how and whether to revise its anti-dumping legislation in relation to China. (See Bridges Weekly, [18 February 2016](#))

Behind the ongoing discussions is an upcoming deadline including in the terms that Beijing agreed to when joining the WTO in December 2001.

At the time, it agreed to terms regarding how to address price comparability when determining subsidies and dumping, among others. Outlined in Section 15 of the document, these terms allow for China's fellow WTO members to treat the country as a non-market economy in anti-dumping probes, specifically as it relates to determining price comparability under Article VI of the General Agreement on Tariffs and Trade (GATT) 1994 and the WTO's Anti-Dumping Agreement.

While WTO members are to use Chinese prices or costs if the producers being investigated can demonstrate that market economy conditions "prevail" in their industry, according to subparagraph (a)(i) of that section, the following subparagraph provides for an alternative methodology if this is not the case, allowing for an importing member to deviate from using a "strict comparison" with Chinese domestic prices or costs.

This must occur if those producers are unable to prove the existence of market economy conditions in their industry. However, a later subparagraph notes that these terms "shall be terminated" once Beijing has established under an importing member's domestic laws "that it is a market economy."

It then notes that, "In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry or sector, the non market economy provisions of subparagraph (a) shall no longer apply to that industry or sector."

Whether such a change would be automatic, however, has fuelled debate in trade circles, particularly in light of the global steel crisis and China's role as a major trader.

EU Parliament stance not "constructive," says Chinese official

The result of last week's vote drew criticism from Chinese Foreign Minister Wang Yi, who told reporters in Beijing that the move was not "constructive at all."

"The decision about whether or not to give China its market economy status or MES cannot be based on the implementation of Article 15 in China's Protocol of Accession to the WTO. These are two different things," he said, in comments reported by CRI English.

Wang then added that the same article "clearly stipulates that WTO members stop the 'surrogate country' practice in anti-dumping investigations."

Council-level discussions

During a meeting last Friday of EU trade ministers under the European Council, France and Germany reportedly pushed for changes to current trade remedy investigations, for instance in terms of timeframes or retrospective application of duties, especially given the ongoing

steel crisis affecting the bloc's sector. The two countries also referred to the ongoing market economy discussions, according to Reuters.

The international steel market has struggled to deal with heavy overcapacity, with prices dropping dramatically and trade flows significantly affected. As the world's top supplier of steel, China has faced growing questions over what it can – or should – do as a result, and what responsibility falls on other countries. (See Bridges Weekly, [21 April 2016](#))

The EU's steel industry has been among those advocating against granting China market economy status, cautioning that doing so could be hugely damaging to an already struggling job market. Axel Eggert, Director-General of industry group EUROFER, [welcomed](#) the Parliament's vote, calling the message “abundantly clear.”

“A significant majority of [EU parliamentarians] do not believe it is the right time to grant China market economy status. China is not a market economy, and thus cannot be treated as such for the purpose of anti-dumping investigations,” said Eggert.

ICTSD reporting; “China Slams EU Legislature's Refusal to Grant Due Market Economy Status,” CRI ENGLISH, 17 May 2016; “France, Germany urge tighter trade defence in face of China steel,” REUTERS, 13 May 2016; “MEPs: China is not a market economy,” EU OBSERVER, 11 May 2016.

CLIMATE CHANGE

UN Negotiators Spar Over Draft Global Aviation Emissions Reduction Scheme

The 191 members of the UN International Civil Aviation Organization (ICAO) tussled last week over a draft resolution to establish a global market-based measure (GMBM) to help meet the sector's goal of carbon neutral growth from 2020 during a meeting held in Montreal, Canada, from 11-13 May.

According to media reports, divisions emerged over how to share responsibilities between nations, a tension that has long plagued separate UN climate talks.

"We express concern that the draft proposal on GMBM may impose an inappropriate economic burden on developing countries, where the international aviation market is still maturing," [read](#) a joint statement issued ahead of the meeting on behalf of Argentina, Brazil, China, India, Panama, Russia, and Saudi Arabia.

However, despite these apparent hurdles some sources said that the meeting remained constructive, with members tabling various proposals in the hope of breaching the impasse.

"Experienced negotiators are saying they've never seen a more positive attitude here before. There are still a lot of points to be discussed, but generally I'm quite optimistic," Gerben-Jan Gerbrandy, a Dutch member of the European Parliament attending the Montreal gathering, told climate media outlet Carbon Pulse.

ICAO members agreed in 2013 to outline an international aviation emissions reduction platform as part of a package of mitigation measures in time for the body's triennial gathering due to take place this coming September. Further talks in June will be convened in a bid to make progress ahead of that event. (See Bridges Weekly, [10 October 2013](#))

The global MBM is planned as a carbon offsetting scheme for international aviation. According to the current draft resolution, the mechanism will act as a complement to rather than replace other mitigation measures, such as fuel efficiency and technological innovation.

International industry

Aviation emissions account for between two and five percent of global greenhouse gas (GHG) emissions. While some countries and regions are taking steps to tackle domestic airline emissions – South Korea has included aviation in its national carbon market and China also has plans to do so – those from international aviation currently make up around 60 percent of the sector's total.

International aviation emissions were omitted in the final negotiating stretch for a new multilateral deal on climate change secured last December in Paris, France, with many observers consequently eyeing ICAO as the key platform for collaboration around the issue. (See Bridges Weekly, [11 February 2016](#))

Industry voices last week expressed some concern that a lack of progress on a global emissions reduction scheme could lead to a patchwork of regional or national measures. A [paper](#) by the International Air Transport Association (IATA) acknowledged that though the

global offsetting measure could cost up to US\$24 billion by 2035, this would be preferable to measures taken at a national or regional level.

"The airline industry has been able to manage similar global increases in operating costs in the past, with minimal impact on traffic growth. In contrast, increases in costs on a national or regional level are more difficult for the industry to adapt to because of the potential market distortions that they create," the paper reads.

Furthermore, efforts by players such as the EU to include international aviation emissions in its flagship Emissions Trading System (ETS) in 2012 prompted strong pushback by over two dozen countries, voicing concerns that this would alter competitiveness and breach international trade rules.

While the EU eventually agreed to require the submission of carbon permits only for intra-European flights, Brussels has warned that it will consider restoring its original aviation ETS rule that covered the entire portion of a flight landing or taking off from the 28-nation bloc, depending on the outcome of this year's ICAO meet. (See Bridges Weekly, [10 April 2014](#))

Some sources reported that Egypt tabled a proposal last week to prevent any unilateral measures on international aviation emissions once the global MBM comes into play.

Responsibilities and differentiation

The aviation talks face a delicate task of balancing ICAO's principle of treating all airlines uniformly to ensure a level playing field with the ability to distinguish between states with different levels of aviation capacity or activity.

Proposals from nations such as China last week also [pushed](#) for the inclusion of the UN climate convention principle of "common but differentiated responsibility and respective capabilities," while others including the US said that it was important to secure a wide coverage, and avoid permanently excluding some states from the final accord.

A [revised draft resolution](#) dated from 12 May recognises that the GMBM should take into account special circumstances and respective capabilities between nations. The document also proposes a phased-in implementation for the offsetting scheme to accommodate this.

The first implementation phase would start in 2021 and apply to states that have an individual share of international aviation activities in revenues tonnes kilometres (RTKs) in year 2018 above 1.0 percent of total RTKs. A proposal for this phase to also apply to all high income countries was more or less panned last week.

RTKs are [defined](#) as one tonne of passengers or cargo, transported across a one-kilometre distance.

A second implementation phase would apply from 2026 to states with international aviation activities in RTKs in year 2018 above 0.5 percent of the total. States not included in the first phase would have the option to participate on a voluntary basis.

Washington would [prefer](#) to see a system where an individual airline's growth rate is eventually incorporated to help determine offsetting responsibility, replacing the national sectoral approach. According to observers, this approach was dismissed by some countries with carriers that are fast-growing, but relatively young.

New entrants would be exempted from the scheme for three years or until the year in which its annual emissions exceed 0.1 percent of total emissions in 2020. Small carriers, along with humanitarian, medical, and firefighting operations, would also be omitted.

ICAO member states would put in place the necessary monitoring, reporting, and verification schemes, with a three-year compliance cycle, and provide capacity building support and other assistance for implementation.

The offsetting scheme could also favour emissions units generated from programmes that benefit developing countries, including those coming from the UN's Clean Development Mechanism (CDM) and other new market mechanisms or programmes borne out of the UN climate talks.

UN climate talks underway

Meanwhile, the latest round of UNFCCC talks kicked off in Bonn, Germany, on Monday with a view to operationalising the new Paris Agreement on climate change. Key areas up for discussion include further guidance for national climate plans, a transparency framework to monitor these, a global stocktake, and implementation and compliance. (See Bridges Weekly, [12 May 2016](#))

"Your Paris Agreement has been hailed as a historic achievement, and so it was," outgoing UN Framework Convention on Climate Change (UNFCCC) Executive Secretary Christiana Figueres told delegates on Monday.

"All the components of the equation are now aligned. Now we must design the details of the path to the safe, prosperous climate-neutral future to which we all aspire," she added.

The opening of the talks was accompanied by the sobering news from the US National Aeronautics and Space Administration (NASA) that April was the warmest on record for the globe, the seventh consecutive month where earth's temperatures have surpassed previous highs.

A [joint communiqué](#) following the meeting of G-7 environment ministers in Toyama, Japan, on Sunday and Monday welcomed the adoption of the Paris pact and called on parties to actively engage in the Bonn process. The seven major economies also commit to developing long-term low greenhouse gas emission development strategies as soon as possible.

Additionally, the document emphasises the importance of reaching an agreement on the global MBM under ICAO this year, recognising the significance of projected emissions growth from the sector.

ICTSD reporting; "ICAO aviation offset market talks yield little progress, seen backtracking on previous agreement," CARBON PULSE, 14 May 2016; "ANALYSIS: ICAO climate talks reach crunch time, but deal poised to exempt most aviation emissions," CARBON PULSE, 11 May 2016.

TRADE AGREEMENTS

Australia, Singapore Set to Upgrade Trade Deal

Australia and Singapore have agreed on a series of steps to build on their 2003 trade deal, officials announced earlier this month. The measures are in the context of the [Comprehensive Strategic Partnership](#) (CSP) work underway between the two sides, which also involves steps to boost defence cooperation.

The announcement follows up on an earlier [joint declaration](#) from 2015 on the CSP between the two countries, which committed both governments to take a series of steps to build on their economic, trade, and defence ties.

"The foundations of the Australia-Singapore partnership are our shared strategic perspective and complementary economies," said the joint announcement confirming the news. "We share interests in the political stability and economic prosperity of our region, and have worked together as like-minded partners to foster those interests."

Bilateral goods trade between Australia and Singapore [was worth](#) A\$28.5 billion (€18.4 billion at current exchange rates) in 2014-2015, and Singapore is Australia's fifth largest trading partner.

"[The agreement] is a win-win deal that will cement relations and benefit Australians and Singaporeans for years to come. The Comprehensive Strategic Partnership is an ambitious package covering many aspects of our relationship," said Singaporean Prime Minister Lee Hsien Loong, [via a statement](#) released by the country's foreign affairs ministry.

The Singaporean premier also noted that while both sides will "move quickly" to bring the planned changes into effect, some may take longer than others.

"This is a very important deepening of the relationship with Singapore...and this would be seen around the region, I believe, as a natural development," said Australian Prime Minister Malcolm Turnbull.

Trade deal review

Part of the CSP process between the two Pacific economies included a "Third Review" of the Singapore-Australia Free Trade Agreement, otherwise known as SAFTA. The existing agreement has been in force for 13 years.

Among the changes agreed this month were updated goods, services, and investment rules; changes in government procurement market access; a commitment to start talks for mutual recognition of professional qualification; and updated rules of origin.

Given that both countries are among the 12 signatories to the Trans-Pacific Partnership (TPP) Agreement, they have also pledged to bring in the annexes to that deal's chapter on technical barriers to trade, specifically relating to medical devices and medicines; cosmetics; and wine and distilled spirits.

"Through this agreement we've put a focus on collaboration, on defence, on trade, on innovation," said Australian Trade Minister Steve Ciobo [in an interview](#) with Australia's ABC News. "It's consistent with this Government's focus on making sure that we have a national economic plan that drives the economy, that drives jobs, and that also helps to effectively manage the transition in our economy away from resources and energy."

These changes will still require some technical work going forward, after which they will undergo a legal scrub and be subject to each country's domestic approval procedures.

Additional Australian deals on the horizon?

Australia is also in the process of pursuing a series of trade deals with other economies. These include, for example, negotiations with India to advance the Comprehensive Economic Cooperation Agreement (CECA). (See Bridges Weekly, [7 April 2016](#))

The upcoming 2 July election in Australia has been credited by some officials – including former trade minister Andrew Robb – as complicating the timing for finalising the bilateral talks with New Delhi. The talks have been underway since 2011, with former Prime Minister Tony Abbott suggesting the deal could be done in 2015. (See Bridges Weekly, [20 November 2014](#))

"If we both put the focus to it now we are literally two months away from a deal," said Robb in comments to the Australian Financial Review.

In the lead-up to the polls, however, officials from the current government have also touted the Liberal Party's track record on trade, given the conclusion and entry into force in recent years of deals with Japan, China, and South Korea.

"The Turnbull Government continues to pursue an ambitious trade agenda to create jobs and drive economic growth," said the country's trade ministry in a [media release](#), noting in particular the advances made since Turnbull took over from Abbott, also of the Liberal Party. (See Bridges Weekly, [17 September 2015](#))

Preparations have also been underway for starting trade talks between Australia and the EU. (See Bridges Weekly, [7 April 2016](#)) The EU is currently Australia's third largest trade partner, with bilateral goods trade [topping](#) €41 billion annually.

Agriculture is expected to be a tricky area to navigate in those negotiations as well. Australian farmers have expressed interest in better market access to the European market. EU negotiators, however, have called for a deal that takes "agricultural sensitivities" into account, given the needs of their own farm sector. (See Bridges Weekly, [15 October 2015](#))

ICTSD reporting; "Australia-India trade deal: 'the opportunity is still there, says Robb,'" FINANCIAL REVIEW, 16 May 2016; "Australia seals trade expansion and \$2.25b defence deal with Singapore," THE SYDNEY MORNING HERALD, 6 May 2016; "Farmers, luxury cars sticking points in EU trade deal," FINANCIAL REVIEW, 25 April 2016; "Major Australian-Singapore trade deal announced," SBS AUSTRALIA, 6 May 2016; "Singapore, Australia deepen comprehensive strategic partnership with new deal," THE DIPLOMAT, 10 May 2016.

TRADE AGREEMENTS

New Zealand Lawmakers Hold First “Reading” of TPP Legislation

New Zealand lawmakers held their first “reading” last week of an omnibus bill that would enact the necessary changes to domestic law for bringing the Trans-Pacific Partnership (TPP) Agreement in force, passing it by a slim margin.

The 12 May reading of the Trans-Pacific Partnership Agreement Amendment Bill is one step in the set of domestic procedures necessary for Wellington to eventually ratify the TPP. (See Bridges Weekly [12 May, 2016](#))

“TPP is our largest free trade agreement to date and places us centrally in a region encompassing nearly 40 percent of global GDP – TPP will deliver benefits to New Zealand and ultimately to all New Zealanders,” said New Zealand Trade Minister Todd McClay in [response](#) to the news.

McClay also praised the government’s pursuit of free trade agreements, stating that the TPP is the latest step in a long-running effort designed to build New Zealand’s growing “connectedness” with the rest of the world, increasing its economic and trade opportunities.

However, the bill has already sparked controversy in New Zealand, and passed only marginally during its first reading, with 62 votes in favour and 59 against. The Labour Party had openly expressed its concerns over the trade pact in recent weeks, while also questioning the pace of the legislative process as overly fast, given the findings from recent analysis. “Treasury says further work is needed with stakeholders to ensure the proposals are workable and that unintended consequences don’t result. That is a pretty serious concern,” [said](#) party spokesperson David Clark in comments to Radio New Zealand.

US agency report on TPP

In related news, a report by the US International Trade Commission (US ITC) was set for release on Wednesday 18 May, with predictions ahead of the report suggesting that it would find the deal to be yielding benefits to the American economy. The document was not yet publicly available at the time of this writing.

The report is required under current US law as part of the broader process for enacting new trade deals, specifically under the Trade Promotion Authority (TPA) legislation that was updated and renewed last year. (See Bridges Weekly, [2 July 2015](#))

What implications the US ITC report will have for the deal’s passage in the US Congress are still unclear, however, given that election politics have made a vote before the November presidential polls highly unlikely, and has even worsened the prospects for a “lame duck” vote afterward, before the next president takes office. (See Bridges Weekly, [12 May 2016](#))

Various competing reports have been released in recent months giving differing interpretations of what the TPP’s effects will be, fuelling the debate on its merits and risks.

ICTSD reporting; “TPP passes first Parliament Reading,” RADIO NZ, 12 May, 2016; “TPP Bill has its first reading in Parliament,” SCOOP INDEPENDENT NEWS, 12 May, 2016; “TPP bill introduced to Parliament,” RADIO NZ, 10 May, 2016; “TPP signed off by select committee,” RADIO NZ, 5 May, 2016; “ITC report won’t unstick TPP just yet,” POLITICO, 16 May 2016.

EVENTS & RESOURCES

Events

Coming Soon

20 May, London, UK. DEALING WITH ECONOMIC REALITIES 2016: THE US PERSPECTIVE. This Chatham House event will feature guest speaker Dr. Austan Goolsbee from the University of Chicago's Booth School of Business for a discussion on the various economic challenges that both the United States and the 28-nation EU face. Aside from his academic career, the speaker was also the Chairman of the Council of Economic Advisors from 2010-2011. Please note that attendance to this event is by invitation only. More information is available at the event [website](#).

24 May, London, UK. INTERNATIONAL AFFAIRS: FOREIGN POLICY AND DEFENCE IMPLICATIONS OF BREXIT. This Chatham House event will involve a panel discussion on the potential ramifications of a "Brexit" – in other words, a UK exit from the European Union – both in terms of foreign policy and national defence. This will include, among other topics, a discussion on what this could mean for both the UK's relationship with the US, as well as that of the EU. More information can be found [here](#).

24-25 May, Manila, Philippines. FINANCIAL INCLUSION IN THE DIGITAL ECONOMY. This event, organised by the Asian Development Bank Institute in partnership with the Asian Development Bank's Finance Sector Group and the Consultative Group to Assist the Poor (CGAP) aims to provide policymakers, financial institution representatives and financial sector supervisors, businesses in this field, and academics, to review the current landscape in digital finance and discuss ways to work more with multilateral development banks. To learn more, visit the event [website](#).

25 May, Geneva, Switzerland. TALKING DISPUTES: THE ARGENTINA-FINANCIAL SERVICES DISPUTE. This event, organised by the International Centre for Trade and Sustainable Development (ICTSD) and WTI Advisors, will feature a discussion of the WTO Appellate Body report on a dispute between Argentina and Panama, specifically regarding various financial services measures imposed by Buenos Aires. Please note that the event will be webcast live, with viewers invited to submit questions via Twitter or on the ICTSD website. More information is available [here](#).

WTO Events

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

20 May: Informal Trade Policy Review Body

23 May: Dispute Settlement Body

25 May: Committee on Trade and Development – Session on Aid for Trade

25 May: Informal Open-ended Negotiating Group on Rules

Other Upcoming Events

31 May – 1 June, Paris, France. OECD FORUM 2016. This event, organised by the Organisation for Economic Co-operation and Development (OECD), will feature leaders from government, business, and civil society to debate today's top economic and social issues. The forum will feature various types of interactive sessions, as well as a "Civil Society Day" and the OECD Ministerial Meeting. More information is available [here](#).

8 June, Geneva, Switzerland. 2016 T20 TRADE AND INVESTMENT CONFERENCE. This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD), IDEAS Centre, the Institute of World Economics and Politics at Chinese Academy of Social Sciences (IWEPP, CASS), Shanghai Institute for International Studies (SIIS), Chongyang Institute for Financial Studies at Renmin University of China (RDCY), and the WTO. The conference, held under the theme "Global Trade and Investment Cooperation – Openness, Inclusiveness and Growth," will address topics such as global trade governance and growth, regional trade agreements, and inclusive global value chains, among others. More information is available [here](#).

17 June, Washington, US. OECD SECRETARY-GENERAL ADDRESSES THE WASHINGTON TRADE COMMUNITY. This event, hosted by the Washington International Trade Association (WITA), will feature as its guest speaker Angel Gurría, Secretary-General of the Organisation for Economic Co-operation and Development (OECD). To learn more, or to register, please visit the WITA [website](#).

27-29 September, Geneva, Switzerland. WTO PUBLIC FORUM: INCLUSIVE TRADE. This latest edition of this annual WTO event will focus on the theme "inclusive trade," examining ways to integrate better both small- and medium-sized businesses and individuals in the current trading system; take advantage of the opportunities afforded through digital trade; and increase the level and scope of women's participation in trade. A call for proposals is currently underway, with interested participants asked to submit these proposals by 3 June. More information is available at the WTO [website](#).

Resources

UNDERSTANDING THE TRANS-PACIFIC PARTNERSHIP: AN OVERVIEW. By Jeffrey Schott for the Peterson Institute for International Economics (May 2016). This new publication is the overview paper for an upcoming Peterson Institute publication on the Trans-Pacific Partnership (TPP). The author aims to contribute to the growing body of literature on the 12-country trade deal, with a view to better informing the public on the subject. The publication aims to discuss both the deal's contents, along with its implications in terms of trade and investment policy changes for the signatory countries. To access the paper, click [here](#).

SERVICES IN COMESA – AN INDUSTRY PERSPECTIVE. Published by the International Trade Centre (ITC) and the COMESA Business Council (April 2016). This publication aims to provide insights into the services sector in the Common Market for Eastern and Southern Africa (COMESA), suggesting that trade in this area could see a boost as the result of setting up a regional services industries group. Along with providing a "roadmap" for advancing services trade, the publication also provides various types of data for COMESA countries on the subject. The publication can be accessed [here](#).

TECHNICAL AND SOCIO-ECONOMIC CHARACTERISTICS OF SMALL-SCALE COASTAL FISHING COMMUNITIES, AND OPPORTUNITIES FOR POVERTY ALLEVIATION AND EMPOWERMENT. Published by the UN Food and Agriculture Organization (IFAO) (2016). This publication reviews the current landscape for small-scale coastal fishing communities, including climate variability and climate change, poverty eradication, and a range of other related topics. The authors also examine the role of women and gender equality in this context. The document is available [here](#).

PROTECTIONISM IN THE 21ST CENTURY. Published by the Swedish National Board of Trade (2016). This report aims to review the various efforts underway to track protectionist measures in the current trade landscape. The authors both view overall trends as well as specific characteristics of the measures being taken. Protectionism in this context involves both goods and services trade, as well as investment, movement of persons, and other select topics. To access the report, click [here](#).

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PUBLISHED BY



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and Sustainable Development**

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

**DFID - UK Department for
International Development**

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Development Agency**

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of publications is most welcome; if interested,
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Director at +41-22-917-8335.

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Kimberley Botwright, Anan Hossain, and Megan
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News Digest is edited by Sofia Alicia Baliño.

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

Price: €10.00

ISSN 1563-0

