

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 20, ISSUE 28, 28 JULY 2016

UNITED STATES

US Presidential Contest Enters Next Stage, With Policy Fights Brewing.....1

GLOBAL ECONOMY

G-20 Finance Ministers: Economic Recovery "Weaker" Than Hoped.....5

CLIMATE CHANGE

Countries Push for HFC Amendment to Montreal Protocol by October.....8

CLIMATE CHANGE

EU Commission Proposes Emissions Cuts for Member States.....11

WORLD TRADE ORGANIZATION

Azevêdo: Time for WTO Members to Shift to Action-Oriented Mode.....13

UNCTAD

UNCTAD Meet Adopts Work Programme, Signs Off on Fisheries Roadmap.....15

AGRICULTURE

WTO Farm Safeguard: Proponents, Exporting Countries Spar Over Next Steps.18

SUSTAINABLE DEVELOPMENT

UN Meet Targets Sustainable Development Goal Implementation.....20

DISPUTES

WTO Disputes Roundup: US-India Poultry Case Advances to Arbitration.....23

EVENTS & RESOURCES

Events26
Resources28

UNITED STATES

US Presidential Contest Enters Next Stage, With Policy Fights Brewing

The US Democratic National Convention (DNC) endorsed Hillary Rodham Clinton as its nominee for president on Tuesday, one week after Republicans confirmed their own nominee. With the convention season due to end on Thursday, American voters will now have to choose between two starkly different visions for the country going forward, given the clear divergences between the major political parties over the direction of US economic, environmental, and social policy.

Along with approving Clinton as their standard-bearer, Democrats have also tabled their finalised, non-binding policy "[platform](#)" for the coming election cycle, including setting out a series of requirements that future trade deals should meet in order to garner the party's support and pledging their backing toward outgoing US President Barack Obama's efforts to craft a climate change-oriented legacy.

Clinton's confirmation as nominee on Tuesday marked the first time in the country's history that a woman has headlined the presidential ticket for a major political party. The former Secretary of State, New York senator, and First Lady is set to face off against business magnate and former reality television star Donald Trump, who will be representing the Republican Party in what is expected to be a brutally contested election this autumn.

Competing economic narratives

The final version of the Democratic platform was published late last week, days before the party's convention kicked off in Philadelphia, Pennsylvania. The text itself was finalised in early July following a meeting of the platform committee in Orlando, Florida, having also received inputs from various regional forums.

Compared to the previous draft version released on 1 July, this final document shows some notable changes, including its wording on some of the more controversial issues facing the party – specifically, how to navigate the tensions over the proposed Trans-Pacific Partnership (TPP) Agreement, which has been signed but not yet ratified. (See Bridges Weekly, [7 July 2016](#))

Just over a week ago, the Republican Party signed off on their own platform document which claims that the American economy is over-regulated and "unnecessarily weak," faulting the Obama Administration for allegedly leading the country in the "wrong direction" on a host of issues at both the domestic and international levels. (See Bridges Weekly, [14 July 2016](#))

The Democratic Party platform takes a starkly different tone, crediting the outgoing president with helping lead the economy out of the "Great Recession" and pledging to continue Obama's work on several fronts, while also tackling the growing levels of inequality in areas such as income and wealth. While both parties refer to problems such as "stagnant" wages and the struggles facing many working people, their policy prescriptions differ greatly.

"Democrats believe that cooperation is better than conflict, unity is better than division, empowerment is better than resentment, and bridges are better than walls," says the document's preamble.

TPP, trade enforcement

One of the notable changes in the final Democratic platform document is the removal of earlier language regarding divides among the party on certain trade deals, which is contained under a subheading entitled "Promoting Trade That is Fair and Benefits American Workers."

Compared to its earlier draft version, the final text no longer mentions a "diversity of views" within the party on the TPP. Instead, the text says that the TPP should live up to a series of standards, ranging from "strong and enforceable" provisions on labour and environmental issues, to language that advocates for "innovation" that can support improved access to medicines.

The platform does keep the language about global trade "fail[ing] to live up to its promise" for many Americans, crediting this fault to both corporate outsourcing and alleged trade abuses by other countries.

Over the last several months, the thorny question over how to address the TPP has repeatedly arisen in political circles. Both Clinton and her former Democratic opponent, Vermont Senator Bernie Sanders, have chosen to oppose the pact in its final form. Republican nominee Donald Trump has similarly lambasted the accord, putting him at odds with many in his own party, who have had to find ways to align their visions on trade with the notably different approach of their nominee.

Furthermore, Clinton's new running mate had previously backed Trade Promotion Authority (TPA), the legislation that renewed and updated the US president's ability to negotiate international trade deals. (See Bridges Weekly, [2 July 2015](#))

Tim Kaine, the Virginia senator that Clinton announced as her vice-presidential pick last week, has now said the final version of the TPP does not currently meet the necessary standards to ensure his support. Earlier, he had indicated that some of the deal's elements were promising, while raising questions over areas such as the investor-state dispute settlement provisions.

Some of the Democratic platform's language on trade is similar to that in the Republican Party version, specifically the focus on trade enforcement and addressing alleged currency manipulation by China and others – issues that often draw renewed focus in the heat of a US election campaign.

The Democratic Party document does not make any specific reference to the World Trade Organization, nor does it cite by name other planned trade deals involving the US, such as the Transatlantic Trade and Investment Partnership (TTIP) being negotiated by the EU or the Trade in Services Agreement (TISA).

However, it says that any trade deal should help “support good American jobs, raise wages, and improve our national security,” threatening to block any agreement that does not meet that benchmark. Such deals should also feature the types of labour, environment, digital, and enforcement provisions referred to above.

The Republican Party platform also did not mention the Geneva-based WTO. Earlier this week, however, Trump warned that he could move to pull the US out of the global trade body should its rules not allow him to impose hefty taxes on American companies outsourcing some of their work abroad.

Climate infrastructure, energy

While on trade the platforms may be relatively similar, the inter-party differences are unmistakably apparent across a host of other sections in their respective party platforms, ranging from how to reform immigration policy to the role of the federal government in education, and well beyond.

Among these areas of disagreement are their respective stances on how to address climate, energy, and the environment, which has been an essential component of Obama's policy and advocacy work, particularly during his second term. The Democratic Party text endorses the current president's efforts and demonstrates a significant opposition to the Republican Party's approach to these topics.

Among various other statements, the Republican Party platform has rejected the latest international climate accords, promoted coal as a “clean” energy source, and threatened to end funding to UN agencies working on climate. It has also promised to undo Obama's Clean Power Plan, which is currently halted due to legal challenges, and approve the construction of a controversial oil pipeline across the US-Canada border. (See Bridges Weekly, [21 July 2016](#))

The Democratic Party platform, by comparison, argues that climate change is indeed a looming economic and national security risk that poses the “defining challenge of our time,” and requires improved collaboration between federal and local actors.

Their document devotes a whole section to climate change, clean energy, and environmental justice, putting forward policy prescriptions ranging from defending the Clean Power Plan to advocating in favour of transitioning the country to using only clean power by the end of the century. For the latter goal, the document also sets a short-term benchmark, in which half of the country's power would be derived from clean energy sources within the next ten years.

The Democratic platform also backs Obama's decision to block a presidential permit for TransCanada's Keystone XL oil pipeline. The proposed pipeline would have transported oil from Alberta, Canada, to the US state of Nebraska. The Republican Party blasted the president's move on the pipeline, promising instead to approve its construction should they succeed in the November elections.

The overall Democratic document has flagged infrastructure developments as a major source of jobs and growth. Within this context, the party has argued that investments in this area should be oriented toward supporting clean energy goals.

Other objectives include making it easier for lower-earning families to afford energy from renewable sources; helping build new transmission lines to support the spread of this energy; and otherwise supporting its development relative to natural gas.

On methane emissions, the Democratic Party document also supports the Obama Administration's plans to slash methane emissions from oil and gas plants by 40-45 percent

by 2025 – though this would be relative to 2005 levels, rather than the 2012 levels announced by the US president last year. (See Bridges Weekly, [22 January 2015](#))

Regarding greenhouse gas emissions more generally, the platform advocates for pricing these “to reflect their negative externalities, and to accelerate the transition to a clean energy economy and help meet our climate goals.” The text does not elaborate on how this would be done in practice, however, with no explicit mention of a carbon tax. Meanwhile, the Republican Party has made clear that it would not support a carbon tax in any form.

Other Democratic Party pledges include improved fuel efficiency in transport, as well as investing in public transportation and developing further standards geared toward improving energy efficiency and reducing pollution.

Throughout the document, the Democratic Party establishes a clear link between climate change and improving the economy, much in the vein of the Obama Administration. Among other efforts, under Obama’s tenure the US has been part of a 17-member initiative to negotiate a tariff-cutting deal on environmental goods, which participants aim to reach this year. [Studies](#) have suggested that making it easier to trade in such products can help support low-emission development, cut costs of environmental goods, and support growth and jobs.

The Democratic Party does not mention this deal – known as the Environmental Goods Agreement (EGA) – directly, but does make clear that access to a clean energy economy is an essential component of their vision for the next election cycle.

Climate summit, international leadership

In a separate section devoted to tackling “global threats,” the Democratic party document also argues that the US must be setting the standard in “combating the global climate emergency,” promising that a Democratic White House will put together a high-level gathering of the top policymakers, scientists, and engineers in an effort to establish a path for addressing the issue.

Such a meeting would be convened during the first 100 days of a new administration, the document says, and will also feature members of indigenous communities among its attendees.

The Republican Party platform rejected the Paris Agreement concluded at the UN climate talks last December as only representing the “personal commitments” of its signatories. By contrast, the Democratic Party has promised to surpass the climate goals agreed to in the French capital city, along with exerting its diplomatic clout to foster greater cooperation with other international players, while helping developing countries in their own climate mitigation, adaptation, and renewable energy work.

ICTSD reporting; “Kaine comes out against Trans-Pacific Partnership trade deal,” POLITICO, 23 July 2016; “Tim Kaine changes course on TPP after VP nod,” CBS NEWS, 23 July 2016; “Donald Trump threatens to pull US out of WTO,” FINANCIAL TIMES, 24 July 2016.

GLOBAL ECONOMY

G-20 Finance Ministers: Economic Recovery "Weaker" Than Hoped

The global economic recovery remains "weaker than desirable," [said](#) finance ministers and central bank governors from the G-20 coalition of major advanced and emerging economies, following a 23-24 July meeting in Chengdu, China.

The weekend gathering comes just two months before leaders from the group are due to meet in the Chinese city of Hangzhou for their annual summit, which is being held [under the theme](#) "Towards an Innovative, Invigorated, Interconnected, and Inclusive World Economy." The dates for the leaders' summit are 4-5 September.

Topics on the docket during the Chengdu meeting included areas ranging from the implementation of national growth plans to the problems of the global steel sector, along with progress in supporting infrastructure-focused investment.

Updates to growth plans

Finance officials confirmed this weekend that they will be issuing updates to the growth plans agreed by leaders in Brisbane, Australia, nearly two years ago. Those national plans included over 1000 measures, the bulk of them new, aimed at raising the group's collective GDP by approximately two percent above current trajectories by 2018. (See Bridges Weekly, [20 November 2014](#))

The promised updates will include "new and adjusted macroeconomic and structural policy measures that can provide mutually-supportive benefits to growth," said finance ministers and central bank chiefs last weekend. These will be prepared in time for the September leaders' summit.

Furthermore, these changes will also be released alongside an "accountability report" tracking how the implementation of these growth plans have worked in practice. When the plans were released in 2014, they were published online in a bid to ensure that their implementation could be monitored, with leaders [agreeing](#) to "hold each other to account" on the subject.

Just weeks ago, trade ministers from the group argued that more work and political backing was needed in order to meet this goal, particularly in light of the sluggish growth seen in both trade and investment. (See Bridges Weekly, [14 July 2016](#))

Indeed, the pace of global economic, trade, and investment growth has increasingly drawn scrutiny, with experts and officials alike warning that should this continue, it could exacerbate inequalities in income and wealth, complicate efforts to end extreme poverty, and put the global economy at risk of remaining stuck in a "low-growth trap." (See Bridges Weekly, [9 June 2016](#) and [21 July 2016](#))

"Our discussions were taking place in a spirit of cooperation and willingness to tackle difficult issues," [said](#) Christine Lagarde, Managing Director of the International Monetary Fund (IMF), after the meeting. "There was a consensus around the table that more needs to be done to share the benefits of growth and economic openness broadly within and among countries."

UK exit vote: G-20 set for "proactive" response

Officials also discussed the vote last month by UK citizens to leave the EU, acknowledging that while the outcome has increased the global economy's level of "uncertainty," there is actually a space for the G-20 forum to "proactively address" the future consequences of this vote in both economic and financial terms.

"In the future, we hope to see the UK as a close partner of the EU," they said. While the so-called "Brexit" vote sent shockwaves through financial markets when the results were confirmed on 24 June, signs have since emerged that those same markets are now beginning to recover. (See Bridges Weekly, [21 July 2016](#))

The government of newly-minted UK Prime Minister Theresa May has suggested that they would not aim to start formal negotiations to leave the EU before year's end, and that the process could then continue through late 2018. Meanwhile, the referendum result is already facing domestic legal challenges, whose outcomes are currently pending.

Industrial overcapacity

The continued struggles of the global steel sector resurfaced during the Chengdu meeting, along with the overcapacity being seen in other major industrial sectors.

The G-20 membership includes China, the US, and the EU, among others, with those players being among the most vocal on the subject. China is the world's largest steel producer, and has increasingly come under scrutiny in this context regarding how much of a role it should take in tackling the overcapacity problem – along with what factors are the root causes.

"We recognise that the structural problems, including excess capacity in some industries, exacerbated by a weak global economic recovery and depressed market demand have caused a negative impact on trade and workers," says the finance officials communiqué, adding that the capacity issue is one that will need a "collective" response going forward.

The statement also faults market-distorting subsidies as contributing to the problem, along with featuring calls for improved cooperation.

The communiqué also gave further political signals toward the creation of a possible "Global Forum" on steel, which if established would include those economies that are leading producers of the metal. The idea has increasingly been raised in policy circles over the last several months.

Such a forum, they said, would work as "a cooperative platform for dialogue and information sharing on global capacity developments and on policies and support measures taken by governments."

"1+6" roundtable

Just prior to the G-20 finance officials' meeting, Chinese Premier Li Keqiang convened the heads of several international agencies for a so-called "1+6" roundtable, which aimed to address both the global economic context as well as the ongoing transitions being seen in China, this year's G-20 host.

The 22 July meeting in Beijing brought together IMF Managing Director Christine Lagarde; World Bank Group President Jim Yong Kim; WTO Director-General Roberto Azevêdo; International Labor Organization (ILO) Director-General Guy Ryder; Organisation for Economic Co-operation and Development (OECD) Secretary-General Angel Gurría; and Financial Stability Board (FSB) Chairman Mark Carney.

Given the current state of the global economy – which they said has implications for trade; employment and social gaps; and productivity trends, among others – “it is critical to enhance economic policy coordination.”

The group then divided [their press statement](#) into comments and recommendations on the macro economy; structural reforms; innovation; trade and investment; labour and employment; China's economic path; financial regulatory reform; and sustainable development.

Specifically regarding trade and investment, the group recommended that participants in regional trade agreements (RTAs) ensure their transparency and inclusiveness; implementing the outcomes from the WTO's Bali and Nairobi Ministerial Conferences in 2013 and 2015, respectively; and advancing future WTO negotiations.

Furthermore, the group noted the role that the G-20 coalition has to play in this area, while warning against protectionist trends.

“We welcome continuous progress made by G-20 in trade and investment areas, including stronger functions of G-20 in coordinating trade and investment policy,” they said. Earlier this month, G-20 trade ministers adopted both a “strategy for global trade growth” as well as non-binding “principles for global investment policymaking.” (See Bridges Weekly, [14 July 2016](#))

ICTSD reporting.

CLIMATE CHANGE

Countries Push for HFC Amendment to Montreal Protocol by October

Talks towards securing a phase down of global climate-warming hydrofluorocarbon (HFC) emissions have edged forward, as parties to the Montreal Protocol meeting in Vienna, Austria, from 15-23 July discussed baselines, freeze-dates, and phase-down schedules for the consumption and production of products using the gas.

"At the [conference] in Vienna the basis was reached today, in the early hours of Sunday, for a political agreement on the sustainable reduction of climate-damaging gases," Austria's environment minister Andr  Rupprechter told journalists.

However, while the event garnered high-level engagement and made progress on some technical issues, it did not produce a clear draft negotiating text for an HFC amendment to the Montreal Protocol that some stakeholders had hoped for.

A number of delegates and commentators leaving the Austrian capital nonetheless expressed optimism that an HFC amendment could be secured by the close of an annual Montreal Protocol meet due to be held in mid-October in Kigali, Rwanda, with enough political will and effort.

"Countries are now closer than ever to a historic breakthrough that can dramatically reduce the risks of global climate change," [said](#) Steve Seidel, Senior Advisor at the Washington-based Center for Climate and Energy Solutions (C2ES).

On the Dubai pathway

Montreal Protocol parties had agreed last November in Dubai, United Arab Emirates, to a [pathway](#) for negotiations on an HFC amendment, including a series of additional meetings throughout 2016 geared towards identifying solutions to the economic challenges associated with this move.

These include agreeing on additional financial resources, intellectual property rights management, and non-party trade provisions, along with recognising the need to allow for additional time for developing countries to participate in a phase down, among others.

Countries did successfully move forward on each of the challenges by the close of the Vienna gathering, which sources said bodes well for finding textual landing zones on the amendment later this year.

A table capturing various options for the baseline level of HFCs on which phase downs would be scheduled, along with the consumption freeze dates discussed during the second half of the meeting, will be forwarded to Kigali. Different proposals have been put forward to cover developed and developing economies.

Some 100 developing and developed countries reportedly supported an ambitious early freeze on HFC growth in developing countries starting from 2021, while others suggested fixing this freeze at 2025, 2028, 2029, or 2031. A proposal for developed countries would see initial reductions of 10 percent by 2019 from a 2011-2013 baseline.

Building on Paris

The Dubai pathway represented a significant breakthrough after years of debate on the appropriate forum through which to take action.

HFCs – used as a coolants in refrigerators and air conditioners – were previously identified as a suitable alternative for ozone-depleting substances such as hydrochlorofluorocarbons (HCFCs). However, most HFCs are potent greenhouse gases, estimated to be some 1400 times more damaging to the climate system than carbon dioxide.

While the Montreal Protocol has successfully limited substances that deplete the earth's protective ozone layer, the rapid escalation of climate-warming HFC emissions in recent decades has largely been attributed to its action on HCFCs.

Some countries favoured addressing HFCs directly under the Montreal Protocol as a consequence of its actions, while others had argued that the issue should be dealt with by the climate talks under the UN Framework Convention on Climate Change (UNFCCC). Some had also expressed concern about the costs of finding alternatives for HFCs after having just invested in transitioning away from HCFCs.

Several speakers during a ministerial roundtable discussion last Friday commented on the importance of securing an HFC amendment now as a contribution to achieving goals set by the new Paris Agreement on Climate Change, which was agreed under the UNFCCC last December. This includes a firm pledge to keep average global temperatures below a two degree Celsius rise from pre-industrial levels and a softer aim to stay within a 1.5 degree Celsius threshold.

Some scientists, however, have suggested that the lower temperature target may no longer be in reach or may be very difficult to attain, and that the sum of national emissions-reduction pledges made as part of the Paris deal would lead to a 2.7 degree Celsius rise.

"The Paris Agreement is not a silver bullet. It doesn't guarantee we're going to get where we need to go. It opens up the opportunity and it's an invitation and it's an instigation," US Secretary of State John Kerry [told](#) the meeting last Saturday. "Everyone in this room knows what global cooperation can accomplish."

Phasing down HFCs instead could avoid the equivalent of 100 billion tonnes of carbon dioxide, translating into savings of about 0.5 degrees Celsius of warming by 2050, [according](#) to the Lawrence Berkeley National Laboratory.

Towards Kigali

While progress was evident in Vienna in terms of substantive work on the practical details of an HFC amendment, some commentators noted that many issues will still need to be clarified in Kigali.

As well as the specific baselines and timing for the HFC amendment, the Montreal Protocol includes provisions prohibiting or restricting parties from trading controlled substances with non-parties. The goal is to ensure that the protocol and its subsequent amendments are fully implemented.

With successive amendments over the years, however, parties have [designed](#) trade provisions accordingly to take into account particular circumstances or technologies.

The result is that trade restrictions have not necessarily always started at the same time as consumption and production freeze dates for controlled substances. For example, trade restrictions with non-parties on methyl bromide – a once extensively used pesticide

ingredient – have applied from 2000, six years after the consumption and production freeze for developed countries, and one year prior to the freeze for developing economies.

Parties would need to determine how and when to implement trade provisions for an HFC phase down, either when reaching agreement in Kigali or at a later date.

ICTSD reporting; “Deal on cutting greenhouse gases in sight for this year: Vienna delegates,” REUTERS, 24 July 2016; “Countries edge towards HFC-busing climate deal at UN climate talks,” CLIMATE HOME, 25 July 2016.

CLIMATE CHANGE

EU Commission Proposes Emissions Cuts for Member States

The European Commission proposed country-specific emissions targets last week, clarifying the roles individual members could play in helping the bloc reach a 40 percent reduction in greenhouse gas emissions by 2030 compared to 1990.

The [proposal](#), known as the Effort Sharing Regulation, targets the sectors not included in the EU Emissions Trading System (EU ETS), namely transport, buildings, agriculture, and waste. Emissions from these sectors account for about 55 percent of the EU's greenhouse gas output.

In the run-up to the UN climate conference held last December in Paris, the EU committed to the 40 percent emissions cut through its intended nationally determined contribution (INDC), submitted on behalf of all 28 EU members. Unclear at that stage, however, was how those cuts might be allocated from 2021 to 2030 among the individual member states, which vary significantly in population, economic output, and carbon reliance.

The European Commission has now proposed reductions based on relative GDP per capita, with higher-earning countries making deeper cuts. Using 2005-level emissions as a baseline, the proposed emission reductions for the period 2021 to 2030 vary from 40 percent for Luxembourg and Sweden to 0 percent for Bulgaria, with most countries seeing double-digit proposed reductions.

The proposal includes the UK, given that the country remains a full EU member for the time being, despite the vote last month by citizens to leave the bloc. Formal negotiations for this exit have not yet been launched.

The proposals also include requirements for member states to report on their progress toward meeting these goals, along with setting annual interim targets within the broader 2021-2030 period.

Building from 2020

The Effort Sharing Regulation builds upon a previous plan, the [Effort Sharing Decision](#), which is the emissions roadmap guiding countries' cuts from 2013 through 2020.

Together with the EU Emissions Trading System, the Effort Sharing Decision serves as a key component of the EU's [greenhouse gas strategy](#). The EU ETS, the world's first major carbon market, began in 2005 and covers carbon dioxide from power and heat generation, energy-intensive industry, and commercial aviation, as well as nitrous oxide and perfluorocarbons. Emissions covered by the ETS account for about 45 percent of the EU's greenhouse gas emissions.

The Effort Sharing Decision, on the other hand, covers transport outside of aviation and international maritime shipping, along with buildings, agriculture and waste. The plan [committed](#) the EU to reducing emissions in those sectors [20 percent by 2020](#), compared to 2005 levels. Better carbon efficiency throughout the EU economy, renewable energy sources, and the 2008 financial crisis will help the EU surpass that initial goal.

In 2014, the European Council specified that the EU would accomplish its overall emission goals for the year 2030 through a 43 percent cut in ETS sectors and a 30 percent cut in non-ETS sectors by 2030 compared to 2005. Despite reaching the preliminary 2020 goal, the EU's longer-term goals appear more daunting. (See Bridges Weekly, [3 November 2014](#))

Currently, the EU is not on track to reach either the targeted 40 percent reductions from 1990 by 2030, nor the 30 percent greenhouse gas reduction in non-ETS sectors compared to 2005. Even taking into account all the binding targets and policies focused on energy efficiency, transport, and renewables, non-ETS emissions are only projected to decrease by around 24 percent below 2005 levels in 2030, as the European Commission reports. Given this context, the European Commission proposed the new, country-specific targets to spur emissions-cutting national policies.

The proposed Effort Sharing Regulation also has two [flexibilities](#) built in to help countries achieve emissions reductions in a more cost-efficient manner. Nine countries are eligible to cancel out some of their ETS allowances and have those cancellations count toward emission reductions. In addition, each member is eligible to bank a limited amount of carbon credits from forests and cropland.

EU Commissioner for Climate Action and Energy Miguel Arias Cañete praised the proposal, saying that the "ambitious" plan is "one I am convinced we can achieve through the collective efforts of all member states."

"The national binding targets we are proposing are fair, flexible, and realistic," he added. "With these proposals, we are showing that we have done our homework and that we keep our promises."

Some climate watchers have suggested that more work can be done, however. Climate Action Network (CAN) Europe [cautioned](#) that, since countries' emissions baselines will be established by averaging their emissions from 2016 to 2018, the proposal "rewards" countries that are falling behind on their 2020 emissions reductions pledges. This policy feature may also disincentivise countries from cutting more emissions before 2020.

Policymakers are expected to scrutinise and debate the proposals for at least a year, Carbon-Pulse reports, and any changes to the final bill must receive approval from a majority of the EU Parliament and member states in the EU Council, as well as the European Commission.

In the meantime, Norway and Iceland have [expressed interest](#) in participating in the Effort Sharing Regulation, with both already members of the ETS. The current proposal is "without prejudice" to either of their positions.

The European Commission anticipates more legislative proposals later in 2016 focused on renewable energy and energy efficiency that will complement the Effort Sharing Regulation and speed up the EU's transition to a cleaner economy.

ICTSD reporting; "EU Commission unveils post-2020 plan to cut emissions outside ETS," CARBON PULSE, 20 July 2016; "ANALYSIS: EU's 2030 climate plan hits southern states while shielding the east," CARBON PULSE, 22 July 2016.

WORLD TRADE ORGANIZATION

Azevêdo: Time for WTO Members to Shift to Action-Oriented Mode

WTO Director-General Roberto Azevêdo has encouraged members to shift from "reflection to action" mode, as delegations prepare to consider what outcomes they might strive for at the organisation's 2017 ministerial conference.

The WTO chief met twice with the full membership this week, informally on Monday at the level of "heads of delegation," along with the scheduled 27 July meeting of the organisation's General Council.

Remarking on the meetings held in various formats among the membership since last year's Nairobi ministerial conference, Azevêdo welcomed the ideas put forward and the initial circulation of proposals and other documents. However, he reportedly suggested that members prepare to begin a process of text-based negotiations this fall when they return from the annual summer hiatus.

"If we want to deliver new outcomes in the near future, then we need to accelerate our work significantly in the autumn," he said.

Along with remarks from Azevêdo, updates were provided by chairs of individual negotiating groups that have met during the first half of this year.

One of the major areas where delegations have begun testing the waters on possible outcomes is agriculture, as many WTO members have indicated interest on this traditionally thorny topic in time for the global trade body's eleventh ministerial conference (MC11).

While domestic support has been referred to as a "clear priority" by many delegations, other areas also being raised include market access and export competition, though sources say the latter has attracted the least interest to date, particularly given that an outcome in that area was already reached at the Nairobi ministerial. (See Bridges Weekly, [21 July 2016](#))

Meanwhile, talks on industrial market access have seen comparatively few advances in recent months, with no specific consultations on the subject since May and no indications of convergence. However, some members have reportedly indicated an interest of examining issues such as tariff peaks and discrepancies in tariff lists, as well as the topic of non-tariff barriers. With services, while there has been some interest in renewing talks on domestic regulation and e-commerce, areas that have also been floated in the past.

Whether to pursue a global deal on disciplining fisheries subsidies is also an area that WTO members have begun debating in recent months, though delegations have not yet agreed on how to proceed in this area.

For example, questions have been raised over whether this issue needs to be balanced with other areas within the so-called "rules" negotiations, where this topic is usually addressed, along with how to address the special needs of developing countries in this area.

The chair has asked members to bring forward their proposals should they wish to see a fisheries outcome by MC11, indicating that progress in this area must be member-driven.

E-commerce

WTO members also discussed on Wednesday the issue of e-commerce, and where they might seek to move ahead in this area, including in potentially creating new rules further down the road.

While the organisation has had a work programme on e-commerce since 1998, advances in this context have been relatively limited in the years since. However, the past several months have seen a significant renewal of interest in the subject, with various groups of members tabling a flurry of submissions ahead of this week's General Council meeting.

One group of countries – Mexico, Indonesia, Korea, Turkey, and Australia – also held a [dedicated workshop on e-commerce](#) in early July. (See Bridges Weekly, [7 July 2016](#))

Among the issues that members have raised is what to do with the current moratorium on duties involving e-commerce transactions, which is currently renewed biennial during the organisation's ministerial conferences.

Some members have renewed calls to make this moratorium permanent, or at least extend the renewal period for longer than the traditional two years, sources say.

Argentina, Uruguay table bids for MC11

Meanwhile, the process to determine which country will be the next ministerial conference host is now underway, with two South American nations tabling their respective candidacies this month.

Argentina circulated its bid on 11 July, with Buenos Aires suggesting in the document that its candidacy means to reaffirm "its commitment to the multilateral trading system."

Uruguay then announced its own candidacy earlier this week, suggesting that the city of Punta del Este would be an appropriate location should the South American country win the bid, while noting the country's own role in trade history as the host to the eponymous round that created the WTO.

Ambassador Harald Neple of Norway, who chairs the General Council, has asked that any other members interested in hosting the next ministerial should apply before the end of August, in order for the global trade body to have consensus on the venue by October.

Coming up

With Azevêdo now finishing his third year of his first four-year term, Geneva sources say that the process to confirm either a second term for the WTO chief – or to approve another director-general – is set to begin later this year and continue into 2017.

WTO heads can serve for a maximum of two four-year terms, and Azevêdo has reportedly indicated that he will be available for another term should members wish.

While previous WTO Director-General Pascal Lamy ran unopposed for his second term, there is no rule preventing other candidates from putting themselves forward. Should this occur, new candidacies would need to be announced during the month of December, which would then kick off a process of consultations and presentations in early 2017 before members determine who will be at the organisation's helm for the next four-year cycle.

ICTSD reporting.

UNCTAD

UNCTAD Meet Adopts Work Programme, Signs Off on Fisheries Roadmap

The UN Conference on Trade and Development (UNCTAD) concluded its quadrennial conference on Friday 22 July, signing off on a work programme for its next four-year cycle. During the conference, UNCTAD released a "roadmap" backed by 90 countries and two fellow UN agencies for tackling harmful fisheries subsidies.

The 17-22 July UNCTAD XIV meeting was held in the Kenyan capital city of Nairobi, under the theme "From Decisions to Actions." The gathering comes less than a year after the UN adopted its 2030 Agenda for Sustainable Development and the related Sustainable Development Goals (SDGs), along with the approval of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. (See Bridges Weekly, [1 October 2015](#) and [23 July 2015](#))

Despite the various achievements in global economic governance last year, particularly in relation to sustainable development, high-level officials at the event also stressed that the sluggish nature of the global recovery is continuing to take its toll.

"There are worrying signs that people around the world are increasingly unhappy with the state of the global economy," [said](#) outgoing UN Secretary-General Ban Ki-moon at the start of the conference.

The UN chief [further warned](#) that the problems facing both trade and investment have only exacerbated the public scepticism over the potential merits of globalisation – leading to some political figures at the national level promoting a return to inward-looking policies.

"The vision set out in the SDGs – for people, planet, prosperity and peace – will not succeed if shocks and stresses in our global economic and financial system are not properly addressed," he added. Furthermore, he said, those same goals could be essential for restoring public trust in that same global economy.

Along with the main event, UNCTAD XIV also saw a series of related gatherings held in tandem, such as the World Investment Forum, Civil Society Forum, Youth Forum, and Global Commodities Forum.

Four-year work programme

The UNCTAD Conferences are the highest level of meeting for the UN body, and among other tasks delineate the priorities and overall vision for the agency for the next four years.

The weeklong talks in Nairobi ultimately led to a consensus document dubbed the "Maafikiano." A related political declaration known as the "[Azimio](#)" was prepared by the government of Kenya.

"I'm delighted that our 194 member states have been able to reach this consensus, giving a central role to UNCTAD in delivering the Sustainable Development Goals," [said](#) Mukhisa Kituyi, the organisation's secretary-general.

The political declaration outlines the current global economic and geopolitical context, such as income and wealth inequality; a sluggish recovery from the financial crisis; and the

challenges posed by climate change, volatile commodity prices, and food security concerns, among others.

However, the Azimio also flags the potential for change, particularly in the wake of the UN Sustainable Development Summit last year and the possible benefits that this new international development framework could create depending on how governments and other stakeholders proceed.

"If implemented effectively, these agreements will contribute towards the realisation of common aspirations to achieve prosperity, dignity and a better planet for all," the document says. It further highlights the potential of trade as an engine for growth, as well as the value of investment, particularly in improved infrastructure.

Regarding the UN agency itself, the Azimio pledges that its role "will be strengthened as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development as dispensed through its three pillars of consensus-building, research and analysis, and technical assistance, with the overall objective of achieving prosperity for all."

The related [Maafikiano](#) stretches to nearly 30 pages, and was reportedly reached following round-the-clock negotiations in the Kenyan capital.

Along with outlining various ways in which UNCTAD should structure its work in light of the 2030 Agenda and Addis Ababa Action Agenda, as well as the Paris Agreement on climate change, the text includes several points on how the agency should cater its efforts toward supporting the development-related needs of different country groups, depending on their specific circumstances.

The final text is later divided into a series of sub-themes, with each one including policy analysis on the chosen subject, as well as a series of bullet points outlining what the UN agency's specific role should be in these areas.

The sub-themes address areas such as navigating the current and expected trade and development landscape; fostering inclusive, sustainable long-term growth via trade, investment, finance, and technology; supporting structural transformation; and assisting in the implementation and follow-up of both the 2030 Agenda and other related global outcomes.

Fisheries roadmap

The fisheries roadmap announced last week is set out in a [joint statement](#) by UNCTAD, the UN Environment Programme (UNEP) and the UN Food and Agriculture Organization (FAO).

"Getting 90 countries to sign up to a new initiative in such a short period of time shows both the need for this initiative and the power of UNCTAD in building consensus for meaningful change," said Kituyi.

Member states expressing support for the roadmap include the African, Caribbean, and Pacific Group (ACP), Argentina, Chile, Costa Rica, Ecuador, Iceland, New Zealand, Norway, Pakistan, Panama, Peru, and Uruguay. Other supporters listed in the roadmap include the Commonwealth Secretariat, the Pacific Island Forum Secretariat, and the Common Market for Eastern and Southern Africa (COMESA), as well as several civil society groups.

"This roadmap is a strong and unequivocal plea by all those supporting the joint UNCTAD-FAO-UNEP statement that elimination of harmful fisheries subsidies must be achieved by the next WTO Ministerial Conference in 2017," said UNCTAD Deputy Secretary-General Joakim Reiter.

The roadmap highlights the importance of the specific SDG (14) focused on sustainable fisheries and marine management, noting its value in also supporting food security efforts at both the national and global scale.

Along with outlining the past difficulties in agreeing on how to tackle fisheries subsidies – particularly given that some estimates place these at up to US\$35 billion – the roadmap notes that there are significant gaps in data regarding this particular type of state aid. The document also makes a distinction between those subsidies that can support development objectives, versus those which cause overfishing and subsequently put at risk the livelihoods of people whose income relies on the fish sector.

The document therefore sets out four “minimum outcomes” that could help address harmful fisheries subsidies.

These include significantly improved provisions on fisheries subsidy notifications; a clear ban on those subsidies that contribute to overfishing, overcapacity, and illegal, unreported, and unregulated (IUU) fishing; “adequate and appropriate” ways to prevent new subsidies of this nature from being introduced; and special treatment of developing countries, in particular Small Island Developing States.

The joint statement also urges more countries to ratify the Port State Measures Agreement, which is the first binding accord aimed at tackling IUU fishing. The deal entered into force earlier this year. (See Bridges Weekly, [25 May 2016](#))

Meanwhile, trade sources say that WTO members are still mulling the idea of a global accord on disciplining fisheries subsidies, after earlier efforts to agree on a timeframe for negotiating such disciplines – along with approving commitments on additional notifications for subsidy programmes – hit a snag during the organisation's Nairobi ministerial conference last December. (See Bridges Weekly, [19 December 2015](#))

However, delegations in Geneva are reportedly divided as to how to proceed in this area, even as many remarked on the target within the SDGs on prohibiting those fisheries subsidies which exacerbate overfishing and overcapacity, along with those that support IUU fishing. That SDG target, [numbered 14.6](#), sets the year 2020 for achieving this goal.

ICTSD reporting; “UNCTAD's Work On IP To Continue In Strengthened Four-Year Mandate,” IP-WATCH, 25 July 2016.

AGRICULTURE

WTO Farm Safeguard: Proponents, Exporting Countries Spar Over Next Steps

Talks last week on negotiating a possible new agricultural safeguard mechanism for developing countries sparked intense debate among WTO members, sources say, with those in favour of the instrument at odds with farm exporting countries which argue it could harm trade.

Sources say that last Thursday's talks, which were convened by the chair of the agriculture negotiations and were open to all members, saw members of the G-33 developing country coalition spar with agricultural exporting nations from the Cairns Group of developed and developing countries.

Vangelis Vitalis, the New Zealand ambassador who chairs the farm trade talks, brought trade officials together in a dedicated session, following up on instructions from ministers at the WTO's tenth ministerial conference last December in Nairobi, Kenya.

G-33 members at the meeting argued that countries need to push on with the negotiations on the new "special safeguard mechanism," or SSM, which is intended to help developing countries defend producers from sudden import surges or price depressions.

However, agricultural exporting countries said that the SSM should be part of a broader package on improving access to agricultural markets.

"Nobody has changed their position," one source told Bridges.

G-33 paper: 1,464 safeguard measures were imposed

At the meeting, the G-33 coalition presented a paper which surveyed the use of the existing special safeguard, or SSG – a measure agreed as part of the Uruguay Round of trade negotiations that were concluded in 1994, but which developing countries say they have found hard to use in practice as many tariff lines are ineligible for the measure.

The SSG essentially allows WTO members to raise tariffs in cases of import increases or falling prices, without having to show that their domestic industry has suffered harm – but only for those goods where border measures have already been changed into tariffs. A country must also have previously reserved the right to use this safeguard measure on these goods in its "schedule" agreed to at the global trade body, among other requirements.

According to a note in the submission, Peru and Guatemala were reportedly still evaluating the document and so did not join the rest of the G-33 coalition as co-sponsors.

Building on [analysis](#) by the WTO secretariat, the paper found that the SSG was imposed on 1,454 occasions in the first decade after the Uruguay Round – with the EU, Japan, and the US accounting for three-quarters of these instances.

The G-33 also found that developing countries that were eligible to use the SSG had only imposed the safeguard on a few dozen occasions.

"Developing countries such as Barbados, Costa Rica, Nicaragua, and the Philippines imposed 52 price-based and one volume-based measure during 1995-2004," the group said.

Many developing countries may have been unable to monitor total imports at all border posts in a timely fashion, the G-33 noted, observing that this was an important requirement for countries wishing to impose volume-based safeguard measures.

The co-sponsors also found that price-based safeguard measures represented almost two-thirds of the 1,464 SSG measures imposed during the period analysed.

Some countries had also repeatedly imposed on safeguards on particular products, the G-33 said – with the EU and US applying the SSG on 46 products in five or more successive years in the period from 1995 to 2006.

SSG disciplines?

Agricultural exporting countries have traditionally pushed for the SSG to be eliminated as part of talks to improve market access at the WTO.

A 2008 draft text, prepared as part of the Doha Round of trade talks, would have required developed countries to reduce to one percent the number of tariff lines that were eligible for the SSG, with the safeguard being phased out entirely over a seven-year period.

One Cairns country told Bridges that stronger disciplines on the SSG would still be useful.

The WTO secretariat is reportedly preparing an updated analysis on use of the SSG so that members can get a better sense of how countries have made use of the mechanism to date.

However, trade sources said that new rules on the SSG were most likely to be discussed in the WTO's agriculture negotiations on market access – despite the fact that the G-33 had introduced their paper on the topic under the dedicated track on the new SSM.

With officials now preparing to leave Geneva for the month of August, sources said that Vitalis would next convene agricultural trade negotiators in mid-October.

ICTSD reporting.

SUSTAINABLE DEVELOPMENT

UN Meet Targets Sustainable Development Goal Implementation

UN member states meeting in New York from 11-20 July for the fourth annual meeting of the High-Level Political Forum on Sustainable Development (HLPF) participated in national voluntary reviews on the implementation of the new 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs), with these reviews covering 22 countries.

The gathering also adopted a [ministerial declaration](#) providing recommendations on the theme that “no one is left behind” as work on the SDGs moves ahead. The document commits, among other things, to focusing development efforts where challenges are the greatest. This includes empowering and protecting the most vulnerable parts of the population, such as youth, indigenous peoples, refugees, migrants, and peoples living in areas affected by complex humanitarian emergencies.

The declaration emphasises commitments toward ensuring that all countries enjoy strong, inclusive, and sustainable economic growth and decent work for all, with corresponding sustainable consumption and production patterns. UN member states will significantly increase investments to close the “gender gap,” and improve infrastructure in order to reduce inequalities within and among countries, amid a range of other pledges.

Trade, while raised by some officials, did not feature extensively during this year's HLPF, despite being incorporated throughout the SDGs as a means of implementation, both in a cross-cutting manner aimed at driving growth, along with helping address specific challenges such as clean energy access. Prior to the meet, the WTO submitted a [document](#) outlining recent developments at the global trade body and how these may relate to the SDGs.

Roadmap pending on follow-up, review

Countries have assigned the HLPF a central role in overseeing a network of follow-up and review processes to the 2030 Agenda and its SDG to-do list. The new global sustainable development vision was hammered out over a nearly three-year period and ceremoniously endorsed by world leaders last September.

However, UN member states have yet to agree on the formal roadmap for global follow-up and review activities, with consultations by UN General Assembly President Mogens Lykketoft ongoing as of press time. Talks to outline this process have been underway since the start of the year but hit a snag when a “final draft resolution” struggled to gain consensus.

Draft versions of the resolution would have outlined HLPF themes for the next three years in relation to overseeing the 2030 Agenda. They also would have allocated different SDGs to be reviewed in depth during these sessions. Goal 17, which focuses on systemic means to achieve the goals as a whole and includes several references to the role of trade and investment, would be discussed annually.

Many stakeholders have commented on the importance of getting oversight settings right for the 2030 Agenda in order to make sure its ambitious pledges are being fulfilled. The use of voluntary national reviews last week was welcomed by some as an important collective

learning exercise, while others reportedly remained sceptical on their effectiveness and representation of grassroots perspectives.

Given that this is the first year of the review process, many VNRs focused on presenting plans for future implementation.

Executing a follow-up and review process that simultaneously captures global direction and local priorities will likely remain a challenge for the HLPF, according to several experts. Policymakers also met last week against the recent backdrop of high-profile security incidents and threats, alongside a growing public backlash around global integration and distrust in political elites. These events and others have signalled that significant challenges lie ahead for international governance efforts.

For some, the 2030 Agenda represents a middle ground between assigning responsibility to individual nations to pursue sustainable development efforts, while harnessing benefits from common global frameworks and collective action.

"We live in a turbulent world with growing uncertainties about the road ahead. There are polarising, inward looking trends. At the same time, the world is a world of promises and opportunity with many, many working to fulfil the dreams and aspirations of our peoples," UN Deputy Secretary-General Jan Eliasson [told](#) HLPF delegates last week.

Other analysts have warned that a slow global growth outlook combined with a climate of economic and geopolitical uncertainty could curb foreign investment appetite, limiting a key potential resource for implementing the SDGs.

Measuring progress

The latest HLPF session also launched the first [progress report](#) on the SDGs, including the latest data on urgent challenges such as extreme poverty, environmental degradation, and health. Due to be released each year, the report should serve as a benchmark throughout the 15-year implementation period of the 2030 Agenda.

"It provides an accurate evaluation of where the world stands on the 17 Goals, using data currently available to highlight the most significant gaps and challenges," [said](#) UN Secretary General Ban Ki-moon at the report's launch last week.

According to the report, nearly 800 million people continue to live in extreme poverty around the world, 5.9 million children die each year before reaching the age of five, and almost half of the global urban population is exposed to air pollution levels at least 2.5 times the maximum recommended level.

Data from the SDG progress report is provided by analysis of select indicators from a set of 2030 global indicators for the SDGs endorsed by the UN Statistical Commission in March. UN member states are due to approve the set later this year, with the indicators subject to refinements as methods and data availability improve. (See BioRes, [18 March 2016](#))

A Global Sustainable Development Report (GSDR) was also released last week with a specific goal of tracking the science-policy interfaces around the SDGs. The HLPF ministerial declaration provides instructions on the scope and modalities for future GSDRs – which will be issued on a quadrennial basis – along with explaining their complementary nature with the SDG progress report.

Climate ratification

Ban also confirmed last week that he will convene an event on 21 September for all countries to deposit their instruments of ratification on the Paris Agreement on climate change, a new multilateral accord adopted last December in the French capital.

As of last month, 178 states have signed the Paris Agreement, with 19 of these having also deposited their instruments of ratification representing approximately 0.18 percent of total greenhouse gas emissions. The deal will come into effect 30 days after 55 member states representing 55 percent of global emissions have signed and ratified. (See BioRes, [26 April 2016](#))

Expectations are building for this to occur by the end of the year, a record pace in international policy circles, following strong statements of intent by key players such as China, the US, India, and others.

ICTSD reporting; "Summary of the 2016 Meeting of the High-Level Political Forum on Sustainable Development: 11-20 July 2016," EARTH NEGOTIATIONS BULLETIN, 23 July 2016.

DISPUTES

WTO Disputes Roundup: US-India Poultry Case Advances to Arbitration

The past fortnight has seen various developments in the area of WTO dispute settlement, including the establishment of "compliance panels" in cases involving the US and China, as well as the Philippines and Thailand. Separately, a US-India dispute on poultry products has now advanced to arbitration.

US-India poultry spat continues

At a special meeting of the WTO's Dispute Settlement Body (DSB) last Tuesday, the US requested the right to suspend concessions against India, alleging that the latter failed to comply with the WTO adjudicators' findings in last June in a case ([DS430](#)) involving a ban on imported poultry.

For its part, India reportedly argued that it has brought its measures into compliance, along with questioning both the legal basis of the US' request and the level of retaliation requested. The issue has now been referred to arbitration.

Last year, the WTO's Appellate Body ruled that the import ban was in violation of global trade rules, finding it discriminatory and overly trade-restrictive. The prohibition had been enacted due to alleged concerns over the spread of avian influenza (AI), an infectious virus known commonly as bird/avian flu. (See Bridges Weekly, [11 June 2015](#))

This past June, India [announced](#) that it has circulated a draft notification for comments by WTO members, taking into account the World Organization for Animal Health (OIE) guidelines on Avian Influenza. A final notification was circulated this month.

According to India, the new notification brings the country into compliance with WTO rules, allowing other countries to export poultry and poultry products from countries, zones, or compartments free from bird flu. It claims this is consistent with OIE standards, and provides related procedures and guidelines for the imports.

Disagreeing with the compliance claims, the US has requested the right to suspend concessions worth US\$450 million for this year, an amount which would be updated annually.

Under WTO dispute settlement rules, the arbitration task will fall to the original dispute panel, unless those members are not available, in which case the WTO Director-General will appoint someone to serve in the role.

Compliance panel to review Thailand-Philippines cigarettes dispute

At the regular DSB meeting last Thursday, a panel was established to hear if Thailand has done enough to comply with the DSB rulings and recommendations in the dispute over its fiscal and customs measures affecting cigarettes from the Philippines ([DS371](#)).

This request, dated 29 June, follows consultations held earlier that month, which failed to reach a mutually agreed outcome. (See Bridges Weekly, [12 May 2016](#))

During the original proceedings, a dispute panel and the WTO's Appellate Body faulted Thai Customs for its valuation decisions with respect to tobacco transactions on both substantive and procedural grounds, along with certain valuation methods, saying those violated provisions of the global trade body's Customs Valuation Agreement (CVA).

These matters relate especially to tobacco giant Philip Morris, which is a [major player](#) in the Philippines cigarette market, as well as in the Thai market.

WTO adjudicators found that Thailand's Value Added Tax (VAT) regime violated the national treatment requirements under the General Agreement on Tariffs and Trade 1994 (GATT), and deemed that Thailand violated various due process obligations under the GATT in relation to the customs and fiscal measures.

In its compliance panel request, Manila takes issue with a subsequent 2012 ruling issued by a Thai administrative tribunal within the Ministry of Finance, and related revised notices of assessment. In the original case, the tribunal was found to have caused delays in resolving appeals of customs valuation decisions taken by Thai Customs, violating the "due process" requirements under the WTO rules.

The Philippines is also taking issue with criminal charges that the Thai Department for Special Investigations filed this past January against Philip Morris' Thai branch along with some employees, which charged that the tobacco company used allegedly "false" prices in declaring the transaction values for cigarette imports.

Manila is calling these charges "a measure taken to comply" that actually violates CVA rules governing customs valuation, as well as GATT provisions on national treatment and due process.

The compliance panel request also cites issues with two Thai regulations for determining the VAT tax base for cigarette sales. Under Thai competition law, its domestic monopoly tobacco manufacturer is allowed to fix the retail price, which is part of the formula for calculating the VAT base, while importers cannot have up-to-date market price information as they are not allowed to fix the retail price. According to Manila, this constituted discriminatory treatment.

Manila also said these two instruments had imposed "an unreasonable notification requirement on importers with which they cannot comply."

In addition, according to the Philippines, Thailand has failed to repay Philip Morris' Thai branch the excess excise and health taxes in cases where the administrative panel did accept the declared transaction values, or lowered the assessed customs values in those appeal cases. Manila also cited Thailand's failure to publish related procedural rules for conducting the refund, contrary to GATT provisions.

According to a June 2012 agreement by the two countries, Thailand shall not object to the establishment of a compliance panel upon a first request from the Philippines, with parties now due to cooperate with this panel to circulate a report within 90 days.

Compliance panel request in US-China CVD dispute

The DSB also agreed last Thursday to establish a panel to review the US' compliance with an earlier ruling in the dispute concerning US countervailing duty (CVD) measures – sometimes known as anti-subsidy measures – on certain products from China ([DS437](#)).

The initial proceedings in this case date back to 2012, when China challenged 17 countervailing duty (CVD) investigations carried out by the US Department of Commerce (USDOC), which involved products such as wind turbines, solar panels, and steel sinks that had a combined export value of US\$7.2 billion.

The original panel in its July 2014 report faulted among other issues, the US Commerce Department's determination and its method of treating China's state-owned enterprises as "public bodies," as well as its findings on the specificity of the alleged subsidies and the existence of a financial contribution. The panel however did not support some other claims raised by China. (See Bridges Weekly, [17 July 2014](#))

The Appellate Body in December 2014 reversed various panel findings that were not initially in China's favour, but was not able to complete the analysis on several issues raised in the appeal. The US was later given until April 2016 to comply with the DSB's rulings and recommendations.

In April 2016, the US reported its administrative actions with respect to 15 separate CVD investigations, including issuing new final determinations on some investigations, cancelling one CVD order, and withdrawing one investigation approach that the DSB deemed illegal.

China filed its consultations request one month later to initiate a compliance review process. In early June, Washington said it had finished taking the necessary steps to implement the DSB's recommendations.

In the panel establishment [request](#) heard by the DSB last Thursday, China cited the US' delay in completing the implementation process, and complained about measures in the original proceedings along with certain steps taken toward compliance.

China said those measures concern "the continued and ongoing application by the [US Department of Commerce] of unlawful standards and methodologies for determining financial contribution, specificity, and benefit in respect of the alleged provision of inputs and land-use rights for less than adequate remuneration."

At the DSB meeting, the US maintained that its compliance has been sufficient and that the measures cited in China's request are in line with WTO rules, but did not object to the establishment of a panel.

WTO member group endorses new mechanism

Meanwhile, Canada has put forward a mechanism aimed at strengthening the WTO's dispute settlement processes, which has now been endorsed by 17 members, some of whom have already circulated documents through this new initiative.

By endorsing the statement, members commit to a series of information-sharing measures throughout the dispute settlement process, along with signing onto steps that will help streamline and make more transparent such proceedings. They will also support steps that encourage *amicus curiae* briefs and third party participation.

The statement specifies that the mechanism operates without prejudice to members' views relating to the ongoing efforts to improve or clarify the WTO's current dispute settlement rules, and to the interpretation of any provision of any other WTO agreement.

Separately, the process to fill the two vacant seats in the Appellate Body is now set to continue, with recommendations potentially expected by November. Earlier this year, the US has blocked the re-appointment of one Appellate Body member, Seung Wha Chang, in a move that was heavily criticised by several other WTO members as potentially affecting the impartiality of that body. (See Bridges Weekly, [25 May 2016](#))

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

29 July, New Delhi, India. REGIONAL DIALOGUE ON SUSTAINABLE DEVELOPMENT IN SOUTH ASIA: STAKEHOLDERS' PERCEPTIONS ON FOOD, WATER, AND ENERGY SECURITY. Organised by the Consumer Unity and Trust Society (CUTS International), this event aims to give participants a forum to evaluate the opportunities and challenges for cooperating both between and within regions for more sustainable agricultural practices, agricultural value chains, and water resource management. Additionally, the meeting will also examine possible energy-related opportunities in trade and investment for the region. A copy of the agenda and more details about the event can be found [here](#).

1 August, Beijing, China. ICTSD WORKSHOP ON G-20 TRADE AND INVESTMENT OUTCOMES. This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD), with discussions addressing the outcomes from the G-20 Trade and Investment Working Group and Trade Ministers' Meeting. The objective is to then provide feedback that can be transmitted to G-20 leaders for when they meet in Hangzhou, China, in September. The meeting also aims to support continued efforts at G-20 cooperation on both trade and investment in the longer-term future. Additional details are available [here](#).

4 August, Washington, US. ADVANCING FINANCIAL AND DIGITAL INCLUSION. Held by the Brookings Institution's Centre for Technology Innovation, this forum will mark the launch of the Brookings Financial and Digital Inclusion Project's second annual report. This report analyses significant changes in the global financial inclusion landscape across 2015 and provides policy recommendations for advancing financial and digital inclusion amongst marginalised groups, such as women and refugees. The launch will be followed by a panel discussion featuring experts from the countries highlighted in the report. Registration details and a list of speakers are 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.

31 August: Dispute Settlement Body

Other Upcoming Events

28 August – 2 September, Stockholm, Sweden. WORLD WATER WEEK 2016. Organised by the Stockholm International Water Institute, this year's World Water Week will feature the theme of "Water for Sustainable Growth." The gathering aims to facilitate dialogue around water-related issues between experts, practitioners and innovators from various backgrounds, with the goal of developing new and innovative solutions to the challenges they identify. The World Bank Group is expected to convene and participate in several sessions. For a list of presenters and sessions, please visit the World Bank's [website](#).

1-10 September, Honolulu, US. 2016 IUCN WORLD CONSERVATION CONGRESS. This quadrennial event is being hosted by the International Union for Conservation of Nature (IUCN), with this edition's theme being "Planet at the crossroads." The event aims to examine the opportunities from partnerships across a range of sectors, in order to ensure the success of the 2030 Agenda for Sustainable Development and related Sustainable Development Goals (SDGs). More information about the event, including an official programme and speakers' list, is available [here](#).

5-9 September, Jeju Island, South Korea. GLOBAL GREEN GROWTH WEEK 2016. This event is being hosted by the Global Green Growth Institute (GGGI), bringing together leaders from the public and private sector from over 30 countries for discussions on green growth trends, finance, technology, and more. The gathering will feature over 60 discussion sessions. To learn more, visit the event [website](#).

27-29 September, Geneva, Switzerland. WTO PUBLIC FORUM 2016: INCLUSIVE TRADE. This year's edition of the WTO's annual outreach event will focus on better integrating a broader range of actors into the global trading system, particularly for women and small and medium-sized enterprises. Registration is now open, with additional details to be provided as the event draws nearer. More information can be found [here](#).

28-30 September, Geneva, Switzerland. TRADE FOR SUSTAINABLE DEVELOPMENT FORUM 2016. This annual gathering is organised by the International Trade Centre (ITC), with this year's edition having as its theme "Sustainable Value Chains: Open Data Makes a Difference." The discussions will aim to support the ongoing efforts for implementing the 2030 Agenda for Sustainable Development and the related Sustainable Development Goals (SDGs). More details, including a provisional programme, can be found [here](#).

29 September, Brussels, Belgium. EUROPE LEADING ON SOLAR ENERGY: CELEBRATING 100 GW OF SOLARPOWER. SolarPower Europe is holding this event to mark Europe's recent solar milestone: the installation of 100 gigawatts of grid-connected photovoltaic power. The event aims to show the advances made in the solar sector across the 28-nation bloc in recent years. To learn more, visit SolarPower Europe's [website](#).

Resources

WHAT'S AHEAD FOR THE WTO: LOOKING AROUND THE CORNER AND BEYOND. By Ricardo Meléndez-Ortiz for VoxEU (July 2016). This column by the chief executive of the International Centre for Trade and Sustainable Development (ICTSD) takes stock of current discussions in the WTO and eyes potential outcomes for its eleventh ministerial conference (MC11) in 2017. The article also scopes how such immediate steps and purposeful effort over the coming months and years could help boost the WTO's essential and valuable place in the global governance system. In sum, the article outlines short and long-term policy options that, if put into action, could help the WTO play a critical role in addressing urgent priorities for the public good, from growth to poverty eradication, which are essential concerns for the broader public, the private sector, and policymakers. The piece can be accessed [here](#).

NON-TARIFF MEASURES IN WORLD TRADE. Published by the UN Conference on Trade and Development (UNCTAD) (July 2016). This database was launched during its UNCTAD XIV Conference in Nairobi, Kenya, earlier this month. The global system is known as TRAINS, and includes among its data various types of trade policy instruments, along with regulatory and technical measures. To learn more or to use the database, click [here](#).

ESTIMATING TRADE POLICY EFFECTS WITH STRUCTURAL GRAVITY. By Roberta Piermartini and Yoto V. Yotov for the World Trade Organization (July 2016). This working paper is intended to serve as a practical guide for calculating estimates with the structural gravity model. The authors begin by outlining the theory behind the model, and end with recommendations on how to address the main challenges that arise when this method is used to project the effects of trade policies. The working paper can be accessed [here](#).

DOES CONDITIONALITY MITIGATE THE POTENTIAL NEGATIVE EFFECT OF AID ON REVENUES? By Ernesto Crivelli and Sanjeev Gupta for the International Monetary Fund (July 2016). This paper assesses whether conditionality in IMF-supported programs has helped offset the potential negative ramifications that foreign aid may have had on tax revenues, reviewing over 100 low and middle-income countries. The authors analyse data from 1993-2012, highlighting the importance of strong institutions for achieving the intended impact of conditionality in countries where aid dependence is high. In doing so, they also underline that strong institutions are a necessary precondition for mitigating the negative effect of aid on revenues using conditionality. The working paper can be viewed [here](#).

REALISING TTIP'S STRATEGIC POTENTIAL. By Gregor Irwin for Chatham House (July 2016). This research paper weighs the strategic costs and benefits of the Transatlantic Trade and Investment Partnership (TTIP) deal currently under negotiation between the US and EU. The author highlights the various potential risks involved in brokering the deal, but ultimately concludes that a breakdown in talks, or lack of follow-through on initial goals, could have a far more disastrous outcome for both parties. The author thus recommends that both parties aim high during negotiations, despite the temptation to do otherwise given the current political climates on both sides of the Atlantic. The research paper can be downloaded in full [here](#).

ECONOMIC DEVELOPMENT IN AFRICA REPORT 2016. Published by the United Nations Conference on Trade and Development (July 2016). This year's edition of UNCTAD's annual Economic Development in Africa report primarily examines debt dynamics and development finance in Africa. It covers some of the key policy issues involving the continent's domestic and external debt, and provides recommendations going forward. It

also analyses the growing role of domestic debt as a development finance option. The full report can be viewed [here](#).

REDUCING TRADE COSTS IN LDCs: THE ROLE OF AID FOR TRADE. By Rainer Lanz, Michael Roberts, and Sainabou Taa for the World Trade Organization (July 2016). This working paper analyses questionnaires, case studies, and various other inputs in order to illustrate the importance of Aid for Trade interventions for lowering trade costs and boosting trade flows for least developed countries (LDCs). The authors argue that while trade costs may be high in LDCs, Aid for Trade initiatives can lower them considerably by contributing to improvements in infrastructure and reducing costs associated with compliance and border procedures, among other things. The working paper is available [here](#).

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

BIORES

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

BRIDGES AFRICA

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

PUENTES

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

МОСТЫ

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

PONTES

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

桥

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

PASSERELLES

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

PUBLISHED BY



**International Centre for Trade
and Sustainable Development**

Chemin de Ballexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

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

**DFID - UK Department for
International Development**

**SIDA - Swedish International
Development Agency**

**DGIS - Ministry of Foreign Affairs
Netherlands**

Ministry of Foreign Affairs, Denmark

Ministry of Foreign Affairs, Finland

Ministry of Foreign Affairs, Norway

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

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



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

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

Contributors to this issue are Anam Ahmed, Sofía
Alicia Baliño, Kimberley Botwright, Jonathan
Hepburn, Will Niver, and Ariane Vincent. This
edition of Bridges Weekly Trade News Digest is
edited by Sofía 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

