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GLOBAL ECONOMY

G-20 Leaders Pledge to Revitalise Growth Agenda at Hangzhou Summit

Leaders from the G-20 coalition of advanced and emerging economies concluded two days of high-level meetings in China on Monday with a pledge to implement a new "Hangzhou Consensus" – a set of policies aimed at shoring up global economic and trade growth, boosting confidence, and responding to anti-globalisation sentiments that have been on the rise in some countries.

The 4-5 September gathering in Hangzhou marked the first time that China had held the G-20 presidency, and comes amid growing worries over the state of the global economy, and the slow nature of the recovery. (See Bridges Weekly, [14 April 2016](#))

"We met at a time when the global economic recovery is progressing, resilience is improved in some economies, and new sources for growth are emerging. But growth is still weaker than desirable," said leaders in the final communiqué.

They also noted the "continued shifts and profound transformations" underway throughout the international economy, highlighting both their potential as well as the possible risks such uncertainty may entail.

Given this context, one of the key items on the docket was the expected update on the implementation regarding existing growth plans for each participant. These "national growth plans" were endorsed two years ago, during a summit in Brisbane, Australia. At the time, these plans were heralded as a way to boost the group's collective growth by US\$2 trillion above current trajectories by 2018. (See Bridges Weekly, [20 November 2014](#))

This past July in Chengdu, however, finance officials affirmed that more work remains to ensure growth and shared prosperity, and that leaders would be issuing updates to the 2014 national growth strategies in Hangzhou. (See Bridges Weekly, [28 July 2016](#))

"Swift and full implementation of the growth strategies remains key to supporting economic growth and the collective growth ambition set by the Brisbane Summit, and we are prioritising our implementation efforts," said leaders on Monday.

Doing so, they confirmed, will involve implementing both a new “Hangzhou Action Plan,” as well as additional or revised “macroeconomic and structural policy measures that can provide mutually-supportive benefits to growth” – while also working to address public concerns about inequality and related issues.

Revamping trade, investment growth

Over the past several months, an increasing source of frustration for G-20 member economies has been the persistently slow growth in trade, together with reports from the WTO of the heightened pace of trade restrictions within their group.

Earlier in the summer, the WTO warned that the introduction of new trade restrictions from mid-October 2015 to mid-May 2016 had hit their highest monthly average since the organisation first began this monitoring exercise seven years ago. (See Bridges Weekly, [23 June 2016](#))

Trade ministers meeting in Shanghai this past July already called for scaling up their collective work on global economic growth, endorsing a strategy aimed specifically at boosting trade, together with a set of non-binding principles relating to investment policymaking. (See Bridges Weekly, [14 July 2016](#))

To that end, leaders in Hangzhou both issued their backing to the trade ministers' statement, while making a series of pledges aimed at helping fuel “inclusive, robust, and sustainable trade and investment growth.”

This included a reaffirmation of their commitment to avoid introducing new trade and investment restrictions, referred to otherwise as a “standstill,” as well as rolling back those that have been introduced. Both commitments have been made through the end of 2018.

Leaders also cited the importance of advancing multilateral talks both in the WTO and in other settings, such as bilateral and regional trade deals. Regarding the WTO, the communiqué also included familiar language on the “central role” of the Geneva-based organisation in ensuring the strong, transparent functioning of the multilateral trading system.

The statement further calls for all G-20 members who have not yet done so to ratify the WTO's Trade Facilitation Agreement by year's end, along with pledging to collaborate with the organisation's other members on charting a path toward a successful ministerial conference in late 2017.

“We reiterate our commitment to shape the post-Nairobi work with development at its centre and commit to advancing negotiations on the remaining [Doha Round] issues as a matter of priority, including all three pillars of agriculture (i.e. market access, domestic support, and export competition), non-agricultural market access, services, development, Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and rules,” says the communiqué.

Leaders also noted the potential for having fruitful discussions on so-called new issues, such as those that are already being raised in other trade negotiations forums.

EGA “landing zone” confirmed

Trade watchers had also been eyeing the Hangzhou meeting for political signals on the negotiations for a tariff-cutting deal on environmental goods. That process includes 17 WTO members, counting the EU as one, many of which are part of the G-20.

The G-20 trade ministers' meeting in Shanghai earlier this year had already flagged the leaders' summit as the ideal date to announce that EGA participants had reached a “landing

zone" in the talks, which would set the stage for finishing them in 2016. The final communiqué affirms this, with language that sources say will likely provide positive momentum to the negotiations ahead.

"G-20 Environmental Goods Agreement participants welcome the landing zone achieved in the WTO EGA negotiations, and reaffirm their aim to redouble efforts to bridge remaining gaps and conclude an ambitious, future-oriented EGA that seeks to eliminate tariffs on a broad range of environmental goods by the end of 2016, after finding effective ways to address the core concerns of participants," says the communiqué.

The latest EGA round in July had seen the circulation of a revised list of around 300 tariff lines and related "ex-outs" on which to base the negotiations, prepared by the chair of the talks following meetings with various participants. Participants had also agreed a roadmap for the way forward between now and December. (See BioRes, [4 August 2016](#))

An ambassadors' level meeting was then held in late August, which sources say served to confirm the results from that latest round as grounds for a "landing zone" announcement at the G-20 level.

At the time, participants also confirmed an overall schedule for the next rounds, given the objective of concluding the talks this year. Sources say that EGA participants are now planning to hold three negotiating rounds for the last part of this year – one in September, another in October, and the third in late November or early December.

Along with bargaining over which products from the overall chair's list will be featured in the final EGA, participants also have a series of other topics that they are aiming to address in this phase of the talks. These include discussing interests raised by some participants on a possible work programme on environmental services and non-tariff barriers, as well as how to determine "critical mass" and answer concerns over possible "free riders."

How to determine the staging periods for progressively eliminating tariffs on the final list of goods also needs to be hammered out, sources say.

Multiple sources said that ministerial engagement will be needed to help advance some of the more sensitive parts of the discussions, noting that an upcoming "mini-ministerial" being held in Oslo, Norway, to discuss next steps in WTO negotiations is slated to feature a meeting of EGA ministers in the margins.

That meeting is tentatively scheduled for 22 October, multiple sources said, with the October EGA round being held immediately prior.

A final ministerial to conclude the talks would likely be held in December, assuming talks proceed on schedule.

Global steel forum

Among the notable outcomes in the G-20 leaders' communiqué is a commitment to establish a "Global Forum" to address excess capacity in steel, a topic that has exacerbated tensions among major steel-producing economies.

China is by far the world's largest global producer of steel, a fact that has led to sharp exchanges between the Asian economy and some of its key trading partners, such as the US and EU. In recent months, however, the tone of the discussion has appeared to shift more toward finding cooperative approaches at addressing the problem and its root causes.

The G-20 statement includes a reference to how excess capacity in steel and other industries – not referred to by name – have hurt both trade and jobs, while at the same time noting that the problem is "a global issue which requires collective responses." The section on steel

also refers to the negative effects of state aid in this field. The document does not make a specific reference to China in either context.

Addressing the globalisation debate

The past year in global economic governance has been marked by a growing discontent within the broader public over the potential negative ramifications of globalisation. This debate has included but not been limited to the effects of trade deals on potentially exacerbating inequality and reducing competitiveness in some sectors.

The issue has become even more pronounced in light of the ongoing presidential election process in the US, and given various upcoming polls in major EU member states, among other factors. While the elections have created an opportunity for these views to be expressed on a significantly wider scale, the debate is far from new – especially given the long-term fallout from the financial crisis of the late 2000s.

The challenge for officials has been how to respond to these concerns effectively, in a way that makes the case for trade and market liberalisation, while at the same time is cognizant of the fact that while trade deals may lead to overall economic gains, they may also cause painful job losses and increased costs for some.

"Anti-globalisation sentiment is growing, often manifested in strong views against trade," [said](#) WTO Director-General Roberto Azevêdo after the leaders' gathering. "This is of particular concern given the context of rising protectionism and sluggish economic and trade growth."

The WTO chief called upon G-20 members to "correct misperceptions about trade in a credible way," particularly when it comes to the implications for jobs. He also suggested that more must be done for people who have lost their livelihoods in this context so they can receive the skills training and support to find new positions.

Indeed, the G-20 communiqué includes a nod in favour of expressing more clearly the many positive outcomes that can result from trade policy – along with responding to the concerns that have been raised about the negative ramifications that can result.

"We emphasise that the benefits of trade and open markets must be communicated to the wider public more effectively and accompanied by appropriate domestic policies to ensure that benefits are widely distributed," says the leaders' document.

Coming up

With this year's G-20 summit now over, the presidency of the group is now set to move to Germany, which will be holding its summit in July 2017. Argentina is due to take the presidency the year after.

Finance ministers and central bank governors from the group are due to meet once more this year, on the margins of the [Annual Meetings](#) of the International Monetary Fund (IMF) and the World Bank Group. That gathering will be held in early October in Washington.

ICTSD reporting.

CLIMATE CHANGE

Climate Governance in Focus as Key UN Meetings Approach

The world's two largest greenhouse gas emitters [have ratified](#) the Paris Agreement on climate change, bringing the landmark deal significantly closer to entering into force. The news of the US-China effort comes ahead of a series of meetings by different UN bodies over the coming months, all aiming to bring various climate-related processes across the finish line.

The ratification announcement was made jointly by US President Barack Obama and Chinese President Xi Jinping, and came just ahead of this year's G-20 summit, which was hosted by China. The two leaders also made a series of other climate-related announcements relating to international civil aviation and the potential phase-out of hydrofluorocarbons.

"This is the single-best chance that we have to deal with a problem that could end up transforming this planet in a way that makes it very difficult for us to deal with all the other challenges that we may face," [said](#) Obama regarding the Paris accord.

The UNFCCC has 197 parties, with the vast majority of these having already signed the deal. At press time, 26 of the 180 signatories to the Paris Agreement have submitted their instruments of ratification, including the US and China. According to the UNFCCC, these 26 countries together account for just over 39 percent of greenhouse gas emissions.

In order for the Paris Agreement to enter into force, 55 UNFCCC parties must submit their instruments of ratification, and those parties also must account for 55 percent of all greenhouse gas emissions, at a minimum. Once these threshold conditions are met, the deal would take effect 30 days afterward.

UN officials have welcomed the Sino-US announcement as paving the way for the Paris accord's prompt entry into force, and potentially giving additional momentum to ongoing ratification efforts underway in other signatories – especially in light of a [planned summit](#) on 21 September being hosted by UN Secretary-General Ban Ki-moon.

"I would like today to thank China and the United States for ratifying this landmark agreement – an agreement on which rests the opportunity for a sustainable future for every nation and every person," said Patricia Espinosa, who recently took on the post of UNFCCC Executive Secretary.

Though the Paris accord was envisioned as entering into force in 2020 – when the current Kyoto Protocol is due to expire – there is an increasing likelihood that the two threshold conditions of emissions coverage and number of parties might be met before then.

However, many of the details relating to "operationalising" the Paris Agreement still need to be negotiated at the UN level, and are slated to be among the main topics for discussion at the UNFCCC's next Conference of the Parties (COP), slated for 7-18 November in Marrakech, Morocco. (See Bridges Weekly, [2 June 2016](#))

ICAO Assembly: Market-based mechanism advancing?

One of the areas not covered under the Paris climate accord involved emissions from civil aviation, a topic that is normally dealt with by a separate UN body that is also holding high-level meetings this autumn.

The latter organisation is known as the International Civil Aviation Organization (ICAO), and is due to convene its triennial Assembly from 27 September – 7 October. Among its agenda topics are negotiations for a global, market-based mechanism on aviation emissions, which were launched at the last ICAO Assembly in 2013.

Given the goal of concluding these talks at the upcoming Montreal meeting, the ICAO Council released in early September a [working paper](#) featuring a proposal for an Assembly resolution on the market-based mechanism.

The proposal suggests that such a mechanism could be put in place through multiple phases, though these could be adjusted depending on the results of subsequent periodic reviews. States can choose to participate early, either during the 2021-2023 “pilot phase” or the 2024-2026 “first phase.” Any country not participating then would join in during the 2027-2035 “second phase,” unless they are accorded specific “exemptions” from doing so.

Those given exemptions could include least developed countries (LDCs), small island developing states (SIDS), and landlocked developed countries (LLDCs), along with potentially including those countries whose international aviation activities fall below a certain threshold. Other topics include how to distribute offsetting requirements, along with the baseline level of emissions for determining such requirements, among others.

According to a [factsheet](#) issued by the White House, Obama and Xi referred to the ICAO Council move as a welcome one, and suggested that their countries would be among the “early participants” in such a mechanism, while not specifying which of the two early, voluntary phases they may sign up for.

The ICAO Council resolution refers to differing views regarding whether the final resolution should push for developed countries to be those leading the way in early implementation, or if instead there should be a generic call for all countries to do so.

Finish line for HFC amendment in Kigali?

Also coming up on the climate governance agenda is the next Meeting of the Parties (MOP) to the Montreal Protocol on Substances that Deplete the Ozone Layer – often referred to as the Montreal Protocol for short. That gathering will be held from 10-14 October in Kigali, Rwanda.

The most high-profile topic for the upcoming MOP will be the attempt to finalise ongoing talks for an amendment to the protocol that would address hydrofluorocarbons (HFCs). These are used as coolants in refrigerators and air conditioners and have a climate-warming potential over 1000 times stronger than carbon dioxide.

These “super” greenhouse gases were previously touted as a viable alternative for other ozone-depleting substances, which are covered under the treaty. Given the extreme warming potential of HFCs, however, the interest in addressing them either under the Montreal Protocol or through another international mechanism has grown over the years, despite questions over the cost of developing alternative technologies as replacements.

Meetings throughout this year have involved negotiations on baselines, along with “freeze dates” and “phase-down schedules” for the eventual restriction of such emissions.

Discussions have addressed proposals on differing timeframes for freezing HFC growth in developed and developing countries, respectively.

Other topics under negotiation include determining the “baseline” level of HFCs, around which the “phase down” will be structured.

Cooperation between the US and China on this project has been key in helping it move forward. Three years ago, the two leaders met in California and announced that they would be collaborating in the negotiations for such a phase down – a shift in approach for Beijing, which had previously maintained that HFCs were not ozone-depleting and should therefore be dealt with elsewhere. (See Bridges Weekly, [13 June 2013](#))

Xi and Obama reaffirmed their backing in their joint statement this past week, along with pledging to help support research on alternatives, develop better efficiency standards, and other related actions.

“The United States and China commit to work together and with others to reach agreement this year on an ambitious and comprehensive HFC amendment to the Montreal Protocol, including an early first reduction step and early freeze date for Article 2 and Article 5 parties respectively and an ambitious phase-down schedule,” they said.

Article 2 parties are developed countries, while Article 5 refers to developing economies under the Montreal Protocol's [classification](#).

ICTSD reporting; “US and China ratify Paris climate accord,” FINANCIAL TIMES, 3 September 2016.

GLOBAL ECONOMY

TTIP: Political Support in Europe Wavers Ahead of Bratislava Meet

All eyes are set to turn to Bratislava this month as the European Council meets to debate the future of bilateral trade and investment talks with the US, particularly amid suggestions from some ministers and national leaders that the process should be put on hold.

The Transatlantic Trade and Investment Partnership (TTIP), as the planned trade deal is known, has been under negotiation for over three years. During that time the accord has drawn significant scrutiny, given the size of the players involved, the potential implications for "third countries" outside of its scope, and whether it will involve concessions on sensitive areas such as agricultural tariffs – and, if so, to what extent.

The 23 September meeting in the Slovakian capital city is thus expected to see a heated debate among the bloc's trade ministers, with the result potentially meaning either renewed support to go ahead, revised instructions on next steps, or even asking the Commission to place the talks on hold entirely.

Both French Trade Minister Matthias Fekl and French President François Hollande have indicated in recent weeks that they are finding it extremely difficult to justify further talks with the US unless they see more concessions from their American partners, and plan to ask for the negotiations to be paused until conditions improve.

Meanwhile, political leaders in Germany have expressed differing opinions over the talks' future. Angela Merkel, the country's chancellor, has long supported the pact. However, Economy Minister Sigmar Gabriel said late last month that, in his view, the talks as good as failed. Belgian Prime Minister Charles Michel similarly told domestic press last weekend that his country would need to see a balanced deal in order to ensure its continued support – adding that what is currently under negotiation "doesn't seem to be."

"So, for the moment, I prefer to say that it's not right and that perhaps we will resume negotiations later," he added, according to comments reported by Reuters.

Some EU national leaders have stressed that they remain in favour of the pact, with Finnish Trade Minister Kai Mykkänen telling the Financial Times that a successful TTIP is key to making sure that global trade rule-making does not instead shift to the Asia-Pacific region.

Elections come to the forefront

With the imminent departure of US President Barack Obama from office, the American election process has already captured headlines over the last year, as Republican Party candidate Donald Trump and Democratic Party candidate Hillary Clinton spar on the campaign trail over who should next serve in the White House.

The impact of trade deals on domestic incomes, inequality, and sovereignty has been hotly debated in the election preparations to date, both in the primary process for choosing each party's candidate, along with the general election campaign that is now underway.

The debate has focused primarily on a separate trade deal known as the 12-country Trans-Pacific Partnership (TPP) Agreement, which has already been negotiated and signed, and now needs to be ratified to enter into force. However, TTIP proponents warn that the fall-

out from the anti-globalisation rhetoric on TPP could help scupper the Atlantic-focused trade talks in the process.

Meanwhile, France and Germany are both set to face presidential elections of their own in 2017, with the incumbents in both EU member states facing strong challenges from right-leaning politicians promoting more inward-looking rhetoric and policy.

Further complicating the debate is the backlash already being seen in some quarters against a separate EU trade deal with Canada, known as the Comprehensive Economic and Trade Agreement (CETA). The ratification process of that accord has been described as a “make-or-break” moment for the “credibility” of EU trade policymaking, given that the Commission deems it the most “ambitious” accord it has ever negotiated. (See Bridges Weekly, [7 July 2016](#))

EU and Canadian leaders aim to sign CETA this year and begin applying it on a provisional basis. However, getting the deal through both the European Parliament and the domestic legislatures of each EU member state – along with passing through the ratification process in Canada – is widely expected to be a difficult project, with unclear prospects for success.

Meanwhile, the EU will also need to navigate the likely exit of one of its major members, the United Kingdom, in light of the 23 June referendum result by that country's citizens. While the UK has not yet triggered formal exit talks with the EU, and that process is slated to be long and arduous should it occur, the vote itself has already added fuel to the ongoing debate over globalisation and integration.

For the time being, the UK remains a full member of the EU, and therefore part of the TTIP negotiations, even as some of its officials have begun testing the waters for trade accords with third countries should the “Brexit” talks be successful. (See Bridges Weekly, [21 July 2016](#))

What's at stake

If completed, TTIP would cover a market that constitutes half of the world's total GDP, together with yielding market access improvements in goods, services, and public procurement, along with facilitating cooperation between regulators on both sides of the Atlantic, and setting new rules in areas such as labour and the environment.

Over the last several months, leaders and key negotiators have said that their objective is to conclude the talks by the end of 2016, given that Obama's second and final term in office ends in January 2017.

However, they have also acknowledged that significant market access gaps remain in the three pillars of those talks, even after 14 negotiating rounds. They also disagree on other key topics such as whether to include a separate energy and raw materials chapter and how to craft provisions on investor protections. (See Bridges Weekly, [21 July 2016](#))

The sluggish pace of the TTIP talks, coupled with the upcoming elections and the current public sentiment on trade, have fuelled concern that this could be the end of the road for the EU-US negotiations, at least for the time being.

Leaders of some international organisations have therefore stressed in recent weeks that TTIP participants should continue their negotiating efforts, given the potential economic gains from a completed deal.

Ángel Gurría, Secretary-General of the Organisation for Economic Co-operation and Development (OECD) and Roberto Azevêdo, Director-General of the WTO, both warned this week about the economic dangers of protectionist approaches to policy-making, telling the CNBC news outlet that the TTIP deal should not be a casualty of the current climate.

"We are only two months away from the US election and again the mood in the US, at least from the speeches, very anti-free trade and at the same time in Europe, you have a very low growth period," said Gurría.

ICTSD reporting; "Merkel suffers humiliating election defeat on home turf," FINANCIAL TIMES, 4 September 2016; "EU-U.S. trade talks seem unbalanced, may need pause: Belgian PM," REUTERS, 3 September 2016; "TTIP is tough but governments shouldn't give up, OECD and WTO officials say," CNBC, 3 September 2016; "Finland fights to keep TTIP talks alive," FINANCIAL TIMES, 1 September 2016; "France urges Brussels to halt TTIP talks," FINANCIAL TIMES, 30 August 2016.

ASIA-PACIFIC

As TPP Ratification Faces Uphill Battle in Washington, Questions Build for RCEP Timing

The prospects for the US Congress to ratify the Trans-Pacific Partnership (TPP) Agreement are looking increasingly dim this year, despite continued efforts by the White House to build support for the deal in a fraught election climate.

Meanwhile, efforts to advance negotiations for another Asia-Pacific deal – the Regional Comprehensive Economic Partnership (RCEP), which does not include the US – are also reportedly facing strong headwinds, with some officials suggesting that plans to conclude talks this year are becoming less likely.

The relationship between the two trade deals – which have some overlap in membership – has already been hotly debated, with some suggesting that they can be complementary, while others suggesting that they could lead to very different approaches to trade rule-making in the region.

Indeed, the advances and struggles in both trade pacts are expected to be watched closely in the months to come, particularly amid continued discussions among members of the Asia-Pacific Economic Cooperation (APEC) forum for a future Free Trade Area of the Asia-Pacific (FTAAP).

TPP prospects in Washington, Tokyo

Over six months after the TPP was signed in Auckland, New Zealand, the mammoth mega-regional deal with rules on areas ranging from environment to e-commerce is now facing an uncertain fate in the ratification stage.

In order to [enter into force](#), the agreement must first be [ratified domestically](#) by at least six countries representing 85 percent of the group's total GDP. Therefore, both the United States Congress and the Japanese Diet must approve the agreement for TPP to move forward, which is set to be a challenging task for both legislatures.

For the moment, it is unclear whether TPP ratification will be a casualty of the US elections. However, a "lame duck" vote following the November polls seems increasingly unlikely, having been ruled out by congressional leaders in both chambers of the US legislature, citing both problems with the pact's content – such as with the data exclusivity period for biologic drugs – along with the difficult election dynamic, particularly regarding trade.

Looking to 2017, both Republican Party candidate Donald Trump and Democratic Party candidate Hillary Clinton have declared that they oppose the TPP in its current form, leaving the pact's future uncertain in the next Administration as well.

In Japan, the government has already finalised a bill seeking ratification of TPP and has created a committee to this effect, with a vote in the Diet [now slated](#) for this autumn. The debate in the Asian economic giant is expected to be contentious, particularly when it comes to the deal's provisions on agricultural liberalisation, which have long been a sensitive subject in Japanese politics.

RCEP talks may miss December 2016 target

Meanwhile, on the RCEP front, ministers from participating economies [convened](#) in Vientiane, Laos, in early August in a bid to [iron out](#) some points of contention in the 16-country talks. The meeting was followed by a [negotiating round](#) the following week in Ho Chi Minh City, Vietnam.

Comprised of the 10 members of the Association of Southeast Asian Nations (ASEAN) and its six free trade agreement partners – Australia, China, India, Japan, South Korea, and New Zealand – the proposed RCEP would [cover](#) a combined GDP of over US\$22.6 trillion and a population approaching 3.5 billion.

The negotiations themselves include, among other subjects, trade in goods and services, investment, competition, intellectual property, and dispute settlement.

Calls to speed negotiations along have been repeatedly issued by ministers, where talks have reportedly made limited progress since August 2015 when members finalised the initial offers for tariff liberalisation of goods.

Indeed, Indian Commerce and Industry Minister Nirmala Sitharaman [conceded](#) last month that the talks may miss the December 2016 target, which already represents an extension from the initial goal of end-2015. The fifteenth round of negotiations is scheduled for 11-22 October in Tianjin, China.

Despite the difficult process, last month's meetings did reportedly lead to some convergence on certain key issues, such as market access in goods, along with advances on some intellectual property rights-related disagreements.

For example, regarding the former, RCEP participants have reportedly [agreed](#) to pursue a single-tier system of tariff reduction – granting the same cuts to all participants – in lieu of the proposed three-tier system, for which India had been one of the key proponents. In the previous three-tier arrangement, ASEAN countries would receive the greatest market access improvements, followed by countries with which India had already signed an FTA – specifically, South Korea and Japan. The countries with which India had no earlier FTA – China, Australia, and New Zealand – would see the lowest cuts.

Analysts say that the disagreement around the three-tier system is symptomatic of a greater issue, that of varying and sometimes conflicting interests among members with different economic sizes and strengths.

APEC meet coming up

Since the earliest vision of FTAAP was raised in the APEC forum in 2006, and the first concrete steps began to manifest themselves from 2010 when "Pathways to FTAAP" called for a strategic study on the subject, there has been an ongoing examination under APEC on how to leverage regional initiatives for the realisation of an FTAAP.

More recently, [the Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP](#), issued in 2014, has explicitly encouraged "greater efforts...to concluding the possible pathways to the FTAAP, including the TPP and RCEP." APEC heads of state reaffirmed their commitment to an FTAAP built on regional undertakings in last year's APEC Leaders Declaration.

For this November's leaders' meeting, Peru has placed "advancing regional economic integration," including the adoption of the strategic study on the FTAAP, as one of its [strategic priorities](#). Given the state of play of TPP and RCEP – both of which have been floated as possible pathways to a broader Asia-Pacific free trade zone – how this may affect

the pace and nature of those discussions will likely be followed closely going into the Lima meet.

ICTSD reporting; "Diet Control," THE ECONOMIST, 16 July 2016; "RCEP talks may miss December 2016 deadline, enter 2017: Nirmala," THE BUSINESS STANDARD, 24 August 2016; "There's Only a Slim Chance TPP Will Be Ratified This Year," FORTUNE, 5 May 2016; "Call to remove IP clauses from trade pact," THE HINDU, 15 August 2016; "Ministers push for conclusion of RCEP talks," BANGKOK POST, 9 August 2016; "India may offer China different terms in new RCEP structure," ECONOMIC TIMES, 23 August 2016; "Obama's TPP deal won't get Senate vote this year: McConnell," REUTERS, 25 August 2016; "Japan's Diet prepares for renewed sparring over TPP," NIKKEI ASIAN REVIEW, 1 September 2016.

DISPUTES

WTO Panel Rulings Circulated in Two EU-Russia Disputes

Over the month of August, two separate WTO panels have ruled that certain Russian trade policies are in violation of global rules. One case involves a Russian import ban on pigs and related products from the EU, while the other addresses import duties on certain agricultural and industrial goods from the same 28-nation bloc. The rulings are the first ones involving Russia as a respondent since it joined the Geneva-based organisation.

Russia joined the WTO in August 2012, following a difficult negotiating process that spanned nearly two decades. However, in the years since it has come under scrutiny from some of its major trading partners, including the EU, for allegedly not complying with the organisation's rulebook – a charge that Moscow has repeatedly denied. (See Bridges Weekly, [15 May 2014](#))

Meanwhile, diplomatic relations between Russia and many of these same partners, such as the EU and the US, have also deteriorated sharply over various issues, most particularly Russia's annexation of Crimea and its handling of the Ukrainian crisis.

Given Russia's status as one of the WTO's newer members, how it would apply the organisation's rules and engage with its dispute settlement mechanism has drawn the attention of trade watchers, with more dispute panel rulings in the pipeline.

Pig import ban: questions on scientific basis, alternatives

One of the panel rulings issued last month deals specifically with alleged Russian restrictions on imports of pigs, pork, and related goods from the European Union ([DS475](#)). Brussels filed the case after Russia imposed in early 2014 a sweeping ban on imported pigs and related products from the EU, along with issuing a few country-specific bans involving Estonia, Latvia, Lithuania, and Poland. All of those countries, with the exception of Poland, share a border with Russia. (See Bridges Weekly, [10 April 2014](#))

Russia, for its part, had argued that the ban was needed given that there had been cases of African swine fever – an extremely contagious condition that can prove deadly to pigs – in wild boar found in Lithuania and Poland, and later in some Latvian boars and pigs. The EU maintained that the cases of swine fever were very limited in number, and that the 28-nation bloc had already taken steps to contain the virus from further spread.

The EU challenged those restrictions at the WTO over two years ago, arguing that these bans violated rules on sanitary and phytosanitary (SPS) measures – in other words, those measures that relate to animal or plant health, or food safety. In a [press release](#) issued after the ruling, the European Commission also argued that the Russian ban was largely politically motivated, rather than scientifically driven.

"Today's ruling confirms that the measures taken by Russia against the EU have little to do with any real sanitary or health risks. EU products are safe and there is thus no need for any country to maintain unjustified import restrictions," said the EU's executive arm.

Among other findings, the panel ultimately deemed that the import ban is not in line with the international standards set by the World Organization for Animal Health, known as the OIE by its French acronym.

The panel also faulted Moscow for not customising the ban around the actual circumstances in the areas where the pigs or pig products were being imported from – particularly as the EU had proven that there were regions that were fully fever-free.

Other areas where the panel found Russia to be violating trade rules were procedural, such as by requesting information beyond necessary on changing risk levels or determining if an area was indeed disease-free.

Along with faulting the procedural elements of the SPS measures, as well as their scientific basis, the panel also raised certain concerns regarding the economic implications of the policy and whether there were better ways to address the alleged swine fever concern.

For instance, the panel deemed that the ban was more trade-restrictive than what was needed to actually support Russia's goal of preventing the spread of the swine fever, and agreed with the EU's claims that the import bans led to unfair discrimination between WTO members facing similar conditions.

Certain other claims were left unaddressed, with the panel citing lack of evidence among other reasons.

Duties on paper, refrigerators, palm oil

In a separate case, a WTO panel also ruled that a series of import duties on select agricultural and industrial goods ([DS485](#)) are also in violation of global trade rules. The affected goods include various types of paper and paperboard products, along with some palm oil products and household freezers.

The EU filed the case in late 2014, alleging that for a series of tariff lines Russia was exceeding its "bound" rates that it had negotiated when joining the WTO – in other words, the ceilings that it agreed to respect for those products. (See Bridges Weekly, [6 November 2014](#))

The panel ruled that the bulk of the measures – 11 out of the 12 – were indeed above agreed limits, finding that the twelfth, "more general" measure of "systematic duty variations" was not supported by sufficient evidence by the EU.

"Those measures are severely hampering trade in important sectors," said the European Commission in a press release. However, the EU's executive arm noted that Russia has already brought some of the measures cited in the dispute into compliance with global trade rules.

In both cases, either side has a 60-day window in which they can appeal the panel report. Should that occur, the dispute would go to the Appellate Body for review, which will usually focus on facts of law or legal interpretation.

ICTSD reporting.

TRADE AGREEMENTS

UK, Australia Begin Scoping Future Trade Deal Options

The UK and Australia announced on Wednesday that they are establishing a working group to explore the possible options for a future bilateral trade pact, which the two sides would then begin negotiating if and when London completes negotiations for leaving the European Union.

"We want the Working Group to advance an agenda that will ensure the expeditious transition to FTA negotiations when the UK has formally completed its negotiations to exit the EU," said Australian Trade Minister Steven Ciobo and UK Secretary of State for International Trade Liam Fox in a joint statement.

The news comes fast on the heels of a bilateral meeting between the prime ministers of the two countries, who discussed ways to deepen their economic relationship on the sidelines of the G-20 leaders' summit in the Chinese city of Hangzhou. (For more on the G-20 summit, see related story, this edition)

Speaking in Hangzhou, Australian Prime Minister Malcolm Turnbull referred to the 23 June referendum in the UK in favour of leaving the European Union as a "momentous and historic choice." Both Turnbull and his UK counterpart, newly-minted Prime Minister Theresa May, referred to discussions they had held over a future free trade arrangement as a natural step, given their shared history.

"As you say the bonds between our two countries are longstanding and extremely close," said May. "I think we have a real opportunity." She also pledged that the "Brexit" referendum, despite concerns raised by many to the contrary, does not mean that the UK will be "inward looking" going forward.

"In fact we want to be even more outward-looking around the whole of the world and obviously Australia, with our longstanding ties and our close relationship will be one of the first countries we'll be looking to," said the UK premier.

The UK prime minister has already indicated her country's interest in pursuing deeper trade ties with other countries, once the "Brexit" process is fully completed and the UK is no longer an EU member.

Preparations continue for EU trade talks

The launch of this scoping process comes as Australia also prepares for the potential kick-off of FTA negotiations with the EU overall, an objective supported by both sides. (See Bridges Weekly, [19 November 2015](#))

In a separate [media release](#) from his office, Ciobo flagged both potential trade deals as opportunities to support increased investment flows to and from Australia as well, given that both the UK and EU are significant sources of foreign direct investment for the Oceanic nation.

"An Australia-EU FTA will drive growth with a key trade and investment partner. It will also attract increased investment, creating more local jobs as European businesses look to Australia as a gateway to Asia," said Ciobo.

The EU ranked as Australia's third largest trading partner in 2015, while Australia was the EU's 20th largest trading partner in goods, according to the [European Commission](#). Bilateral goods trade overall topped €41 billion that same year. On investment, the EU is one of the largest destinations for Australian investment flows.

The two sides have said that they aim to launch trade talks next year. Given that the UK will still be a full EU member then, how that process will work in tandem with the joint working group's preparations for a London-Canberra deal is not yet clear.

The latter working group is due to hold its first such meeting early next year, with biannual meetings to take stock of the discussions.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

12 September, Washington, US. REFLECTIONS ON PROGRESS: ESSAYS ON THE GLOBAL POLITICAL ECONOMY. This Brookings Institution event will involve a presentation by Kemal Derviş of his book *Reflections on progress: Essays on the global economy*. The book examines a series of trends and evolutions in geopolitics and the global economy, with the author calling for policymaking that is built around generating growth and fostering more social inclusive approaches. To learn more or to register, visit the following [website](#).

12 September, Washington, US. DISCUSSION WITH FOUR FORMER USTRS. This event is being hosted by the Center for Strategic and International Studies (CSIS) and will bring together four former US Trade Representatives – William E. Brock, Carla A. Hills, Susan Schwab, and Ron Kirk – to discuss the possible direction trade policy could take under the next Administration. Additional information and registration is available [here](#).

13 September, Washington, US. AMPLIFYING US-AFRICA TRADE, INVESTMENT, AND ECONOMIC RELATIONS: FROM OBAMA TO THE NEXT ADMINISTRATION. This Wilson Center and Brown Capital Management event will review the developments in US-Africa relations under US President Barack Obama's presidency, while also looking forward to the next Administration and suggesting what an incoming president should take from these lessons. The event will also be webcast live. More information is available [here](#).

13-14 September, Hanoi, Vietnam. APEC PUBLIC-PRIVATE DIALOGUE ON PROMOTING TRADE AND INVESTMENT IN RENEWABLE AND CLEAN ENERGY. This meeting is being held in the broader framework of the Asia-Pacific Economic Cooperation (APEC) forum, with a view to examining what hurdles remain at various levels in fostering increased trade and investment in renewable, clean energy sources, along with how to address them. More information is available on the APEC [website](#).

15 September, Brussels, Belgium. LAUNCH OF THE EUROPEAN ROUNDTABLE ON CLIMATE AND SUSTAINABLE TRANSITION (ERCST). This new initiative falls under the overall umbrella of the International Centre for Trade and Sustainable Development (ICTSD), together with various other EU-based think tanks. The project aims to give policymakers, regulators, and other actors in this field the opportunity to meet and discuss options on facilitating a sustainable transition toward a low-emission economy that address climate change concerns. For more information, including a schedule and list of panellists, please visit the ICTSD [website](#).

15-16 September, Washington, US. OUR OCEAN, ONE FUTURE. This conference is being hosted by US Secretary of State John Kerry and will focus on the various challenges facing the marine environment – such as climate change, pollution, and illegal, unreported, and unregulated (IUU) fishing. Topics for discussion include marine protected areas, sustainable fisheries, and the role of philanthropy, among others. Further details, including an event agenda, can be found at the Our Ocean [website](#).

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.

13 September: Informal Committee on Agriculture

14 September: Trade Policy Review Body – El Salvador

14-15 September: Committee on Agriculture

Other Upcoming Events

19 September, Geneva, Switzerland. FOREIGN POLICY IN THE 2016 US PRESIDENTIAL ELECTION. This lecture is being hosted by the Graduate Institute, featuring as its guest speaker Ambassador Reuben Brigety, currently the Dean of the Elliott School of International Affairs at George Washington University and previously the US' representative to the African Union and the UN Economic Commission of Africa. Brigety will discuss how foreign policy is being treated in the ongoing US election process, along with the possible long-term ramifications. To learn more, click [here](#).

19 September, New York City, US. UNITED NATIONS PRIVATE SECTOR FORUM 2016. This meeting is being hosted by UN Secretary-General Ban Ki-moon, in partnership with the Co-Chairs of the UN High-Level Meeting of the General Assembly to address Large Movements of Refugees and Migrants. The forum will look at how the private sector can contribute in advancing the implementation of the Sustainable Development Goals (SDGs), the Agenda for Humanity, the Paris Agreement on Climate Change, and the Addis Ababa Action Agenda on Financing for Development. The invitation-event will look at these topics in the context of migration and displacement. To learn more, click [here](#).

19-23 September, Geneva, Switzerland. INTERGOVERNMENTAL COMMITTEE ON INTELLECTUAL PROPERTY AND GENETIC RESOURCES, TRADITIONAL KNOWLEDGE AND FOLKLORE: THIRTY-FIRST SESSION. This upcoming session of the World Intellectual Property Organization's (WIPO) Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge, and Folklore (IGC) will focus specifically on the topic of traditional knowledge. The committee is working to prepare texts for a possible international legal instrument(s) that would protect traditional knowledge, traditional cultural expressions, and general resources. More information, including various documents submitted ahead of the meeting, are available on WIPO's [website](#).

20 September, Geneva, Switzerland. WHAT HAVE WE LEARNT FROM THE CRISIS? This year's opening lecture of the Graduate Institute's academic year will feature as its guest speaker Paul Krugman, Distinguished Professor of Economics at City University of New York, as well as a 2008 recipient of the Noble Memorial Prize in Economic Sciences and the 2016 recipient of the Prix International Edgar de Picciotto. While registration for in-person attendance is now closed, the lecture will be webcast live at the following event [page](#).

22 September, Bratislava, Slovakia. EU TRADE AGREEMENTS IN PRACTICE – MAKING TRADE WORK FOR YOU. This conference is being hosted by EU Trade Commissioner Cecilia Malmström, with participants expected to include private sector representatives, civil society and trade union members, EU lawmakers, and various other actors. The sessions will include topics such as how trade can support job creation and provide opportunities for small businesses, along with how different actors can take an increasingly active role in trade and investment policymaking. An event programme and registration details are available [here](#).

22-26 September, Washington, US. 15TH AGOA FORUM. This latest edition of the annual African Growth and Opportunity Act (AGOA) Forum will have as its theme "Maximizing US-Africa Trade and Investment: AGOA and Beyond." The meeting will include panel

discussions, ministerial-level gatherings with labour and trade officials and industry representatives; a civil society forum; a ministerial breakfast on women and AGOA; and various related sessions. More information, including a draft agenda, can be found [here](#).

24 September – 5 October, Johannesburg, South Africa. CITES COP17. The 17th Conference of the Parties (COP17) to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) will address a series of issues relating to wildlife trade, including the closure of domestic markets for elephant ivory and how to deal with ivory stockpiles, among various others. A provisional agenda along with working documents for the meeting can be found [here](#).

26 September, Manila, Philippines. CURRENT ECONOMIC ISSUES IN ASIA. This policy dialogue is being hosted by the Asian Development Bank Institute (ADBI) and will focus on how economies in the region are responding to developments in the monetary environment, including the ramifications on income inequality. The meeting's attendees are expected to include government officials from Asian developing economies, as well as ADBI Advisory Council members. More information can be found at the event [website](#).

26-27 September, Geneva, Switzerland. ADVANCED SEMINAR ON THE PATENT COOPERATION TREATY. This two-day seminar is being hosted by the World Intellectual Property Organization (WIPO) and is designed for patent administrators and other users of the Patent Cooperation Treaty (PCT) System, examining issues such as best practices in filing applications; online filing; recent and expected developments in the field; and more. Additional information is available [here](#).

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](#).

4-5 October, Hanoi, Vietnam. APEC SEMINAR ON BEST PRACTICES OF WIND ENERGY DEVELOPMENT IN THE APEC REGION. This seminar aims to build awareness and expertise in the field of wind energy, specifically within the Asia-Pacific Economic Cooperation (APEC) member economies. The seminar will look at case studies conducted as part of a larger project, among other related topics for discussion. One possible long-term objective could be an action plan for APEC economies in this sector. To learn more, click [here](#).

11 October, Brussels, Belgium. POLICY ROADMAP FOR IMPLEMENTING CONSUMPTION-BASED CLIMATE POLICIES. This event marks the final workshop of the Carbon-CAP Project, a three-year endeavour which has sought to examine ways that EU policy may facilitate a move toward reduced carbon consumption patterns. The project's participants include academics, private sector and government representatives, and consumer groups. The International Centre for Trade and Sustainable Development (ICTSD), the publisher of Bridges, is part of the Carbon-CAP's project team. More information is available [here](#).

Resources

MEGAGROUPING INVESTMENT FACTS AND FIGURES. Published by the UN Conference on Trade and Development (UNCTAD) (August 2016). This new publication examines recent trends in foreign direct investment (FDI) in so-called "megagroupings," such as the G-20 coalition of major advanced and emerging economies, among various others. The document presents data and related information on the subject, aimed at supporting policymaking in this field. The publication is available for download [here](#).

EVOLVING AGRICULTURAL POLICIES AND MARKETS: IMPLICATIONS FOR MULTILATERAL TRADE REFORM. Published by the Organisation for Economic Co-operation and Development (OECD) (July 2016). This paper has been issued by the OECD's Joint Working Party on Agriculture and Trade, as part of a larger effort to support the WTO's negotiating efforts following the 2013 Bali ministerial conference. The paper reviews developments in agricultural policies and markets, along with the current impacts of such trends and the possible ramifications of future reforms. The publication is available [here](#).

UNITED STATES AGRICULTURAL POLICY: ITS EVOLUTION AND IMPACT. By Joseph W. Glauber and Anne Effland for the International Food Policy and Research Institute (IFPRI) (2016). This discussion paper focuses the trends and changes in US farm policy, along with how these may affect the US' trading partners and interact with WTO rules. The publication is available for download at the IFPRI [website](#).

THE US-EU PRIVACY SHIELD PACT: A WORK IN PROGRESS. By Gary Clyde Hufbauer and Eujin Jung for the Peterson Institute for International Economics (August 2016). This new policy brief reviews the Privacy Shield recently adopted by the US and the EU, replacing the previous Safe Harbour framework. After analysing the deal's content, the authors then examine how the final outcome balanced various different needs and concerns. The publication is available for download [here](#).

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