

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 20, ISSUE 35, 20 OCTOBER 2016

TRADE AGREEMENTS

As EU-Canada Summit Approaches, Pressure Grows to Reach CETA Consensus1

CLIMATE CHANGE

Countries Agree to HFC Amendment to Montreal Protocol.....4

GLOBAL ECONOMY

USTR Froman Calls for "Pragmatic Multilateralism" in Charting WTO Course.....7

EMERGING MARKETS

BRICS Meet in India, Touting Potential of New Development Bank.....10

AGRICULTURE

FAO: Climate Change Means Urgent Action Needed to Overcome Malnutrition13

ASIA-PACIFIC

Singapore, Australia Sign Updates to Trade Deal15

EVENTS & RESOURCES

Events17
Resources20

TRADE AGREEMENTS

As EU-Canada Summit Approaches, Pressure Grows to Reach CETA Consensus

The European Council is due to begin a two-day leaders' meeting on Thursday, where they are expected to confirm whether they are in a position to sign a negotiated trade deal with Canada. The gathering is being pegged as a pivotal moment for the future credibility of the EU's foreign trade policy and watched as a litmus test for global economic integration more broadly.

The news followed a flurry of activity in Luxembourg earlier in the week, as EU trade officials worked to reach a compromise that would allow all 28 member states to approve signing the accord, which ultimately proved elusive.

The EU and Canada concluded negotiations for the Comprehensive Economic and Trade Agreement (CETA), as the accord is known, in 2014. They subsequently revised the accord earlier this year to reflect some changes in the pact's investor protections.

However, winning over support at the member state level has proven extremely difficult, given the anti-globalisation rhetoric that has become prominent over the last year, together with concerns over substantive aspects of the final deal.

Luxembourg talks

EU trade ministers met in Luxembourg on Tuesday 18 October, in an extraordinary meeting of the Foreign Affairs Council set up for taking decisions on concluding, signing, and provisionally applying the accord.

However, this attempt was put in jeopardy following the vote by lawmakers in the Belgian region of Wallonia against giving its federal government powers to sign CETA. Officials then worked round-the-clock to find an acceptable compromise – ultimately postponing decisions until leaders meet in Brussels on 20-21 October.

Wallonia is a francophone region covering over half of Belgium's territory and is home to one-third of its inhabitants. Under Belgian laws, its parliament is one of the bodies that must give its sign-off to the federal government for approving trade deals.

The Walloon parliament had already suggested earlier this year that it had significant reservations regarding the final CETA deal, endorsing a resolution in April calling for additional guarantees on certain matters. Walloon officials say they are looking for additional “safeguards” to give their approval. (See Bridges Weekly, [14 April 2016](#)).

Joint declaration

Proponents of the accord stress that the CETA is the most ambitious, forward-looking trade accord that the EU has ever negotiated, slashing tariffs, allowing major market access gains in public procurement, and improving intellectual property rights in areas ranging from pharmaceuticals to the creative arts.

The bilateral deal would also improve services market access for financial services, telecommunications, energy, and maritime transport. Furthermore, officials say, it would facilitate foreign direct investment while boosting investment protections – while at the same time ensuring the continued right of all levels of government to regulate in the public interest. This included incorporating a new investment court system, with an appellate mechanism, which the EU is hoping to feature in subsequent trade deals with other partners.

“In order to make sure all delegations feel comfortable signing it and listening to some specific concerns, the Commission has, together with the Presidency, worked on an interpretative declaration that would be attached to the agreement,” said EU Trade Commissioner Cecilia Malmström on Tuesday.

That declaration is meant to have legal value, with the EU trade chief saying that it will confirm to citizens “in plain language” the deal’s best traits, along with answering concerns raised over what the trade accord’s provisions will mean in terms of sustainable development and public services.

She reiterated, for example, that nothing in the EU-Canada deal will require the privatisation of public services, at any level, and that strong sustainable development provisions are a vital part of the accord.

Clock ticking before summit

European Council President Donald Tusk confirmed in his [invitation letter](#) to EU national leaders on Tuesday that this would be one of the focal points of the upcoming leaders’ meeting. “At the European Council we have a special responsibility regarding the agreement with Canada. There is still work to be done, but I hope we will find a way forward.”

An [indicative programme](#) for the event suggests that the European Council will debate trade issues on Friday morning, including the CETA.

Canadian Prime Minister Justin Trudeau is due to arrive in Europe next week of a planned EU-Canada summit, scheduled for 27 October. The event is meant to serve as the formal signing ceremony for the CETA, with officials warning that the summit will be cancelled if EU member states cannot strike a deal in time.

“The past days and hours have seen a lot of activity in order to move forward so we can sign CETA next week,” [said](#) Slovakian Economy Minister Peter Žiga at a Tuesday press conference. “The good news is that we are moving forward towards this clear objective – maybe it’s not a sprint, but it’s not a marathon either. It’s something in the middle.”

“We can waste no time and spare no efforts,” he continued, referring to CETA as a forward-thinking deal that simultaneously respects EU standards and promotes job creation.

Despite not being able to clinch a deal at the ministerial level on Tuesday, EU officials maintained that they were still optimistic that the concerns raised by Wallonia could be resolved in time for the EU-Canada summit next week.

"If I didn't think we couldn't solve the Belgian issue, we wouldn't keep on engaging with them," [said](#) EU Trade Commissioner Cecilia Malmström. Reopening the treaty is "not on the agenda," with options instead being explored through interpretative declarations or other approaches.

"If we don't manage to have this trade agreement, there will not be a summit at this occasion," she added in response to reporters' questions on what a failure to endorse CETA this week would mean.

Visa liberalisation

Following Tuesday's trade ministers' meeting, Žiga noted, 27 of the EU's 28 member states are "on board in terms of substance," referring to Belgium as the one with concerns in this area.

Yet while Belgium has been in the limelight this past week, two other EU member states have also raised their own concerns with moving forward. Efforts are also underway to sort out the "specific situation" of Bulgaria and Romania regarding visa-free travel.

While the topic is not directly linked to the substance of the CETA, the two Eastern European member states have made their approval of the accord "conditional" on reaching a solution with Canada on visa reciprocity.

They had previously warned on repeated occasions that it will be politically difficult for them to sign off on the trade accord while their visa concerns remain outstanding. Canada currently requires Bulgarian and Romanian citizens to obtain a visa for entering the country – a requirement which is not asked of citizens from other EU member states. The EU has long backed a common visa policy across its member states, and talks with Ottawa remain ongoing.

"Both delegations maintained their reservations," Žiga said on Tuesday, calling for this matter to be resolved promptly.

Provisional application

Should the European Council meeting this week – and the subsequent EU-Canada summit on Tuesday – be successful, the next step will be to get lawmakers in the European Parliament to vote in favour of the accord.

Malmström confirmed on Tuesday that a vote is expected in either late 2016 or early 2017. Should lawmakers endorse the deal, the agreement can then be provisionally applied – in other words, the bulk of its terms would be in force, [specifically](#) those that fall under the EU's exclusive competence.

Member state ratification will then be needed for the CETA to be fully implemented. In past cases, this process has shown that it can take years. For example, the EU's trade accord with South Korea began provisional application in 2011, and was fully applied from last year onward.

ICTSD reporting; "Walloon parliament rejects CETA deal," POLITICO, 14 October 2016; "CETA trade deal 'not really there yet,' but EU official still optimistic," ASSOCIATED PRESS, 18 October 2016; "EU Battles to Save Canada Trade Pact Amid Belgian Hurdle," BLOOMBERG, 17 October 2016.

CLIMATE CHANGE

Countries Agree to HFC Amendment to Montreal Protocol

Nearly 200 countries secured a deal to phase down global climate-warming hydrofluorocarbon (HFC) emissions on Saturday, following round-the-clock negotiations during the Twenty-Eighth Meeting of the Parties to the Montreal Protocol (MOP28) held in Kigali, Rwanda, from 10-14 October. The agreement reaffirms the potential for multilateral cooperation on critical climate issues in a deeply interconnected global economy while also deploying trade as a tool for implementation.

The deal amends the Montreal Protocol on Substances that Deplete the Ozone Layer, envisaging cuts in HFC use starting in 2019 for wealthier countries, with all nations significantly reigning in consumption by the late 2040s.

According to some estimates, the move could prevent up to 0.5 degrees Celsius in global warming above pre-industrial levels by the end of the century, though some experts have cautioned that this figure has not been confirmed.

HFCs are a synthetic gas with a warming potential that is hundreds – potentially even thousands – of times greater than carbon dioxide. These gases were once identified as a suitable alternative coolant for refrigerators and air conditioners, helping replace ozone-depleting hydrochlorofluorocarbons (HCFCs) that the Montreal Protocol targets for elimination. With the demand for fans and fridges rising, HFC emissions are now among the world's fastest growing greenhouse gas, expanding at a rate of 10-15 percent per year.

The news from Kigali capped a whirlwind month for climate action. Earlier this month, it was confirmed that the Paris Agreement on climate change will enter into force in early November – less than a year after it was adopted. The past fortnight also saw the UN's civil aviation body endorse a new global deal to offset emissions from international air travel. (See Bridges Weekly, [6 October 2016](#) and [13 October 2016](#))

"Last year in Paris, we promised to keep the world safe from the worst effects of climate change. Today we are following through on that promise," said UN Environment Programme (UNEP) Executive Director Erik Solheim in a [press release](#) on Sunday.

With the amendment seven years in the making, countries were initially divided over whether to tackle HFCs under the Montreal Protocol, given that their rise was a by-product of that accord's success, or whether the issue was best left to the UN climate talks that address climate-warming greenhouse gas emissions from all sectors in a more general manner. Countries eventually agreed last November to pursue targeted action through the Montreal Protocol. (See BioRes, [11 November 2015](#))

Getting the job done

Although some critics have expressed concern that the Kigali deal does not push countries to move fast enough, others suggested that the final compromise reflects a trend in international governance toward pragmatic collaboration, where ambition is scaled up over time.

"It is not often you get a chance to have a 0.5-degree Centigrade reduction by taking one single step together as countries – each doing different things perhaps at different times,

but getting the job done," said US Secretary of State John Kerry, who along with nearly 40 other ministers attended the final days of the Kigali meet to help push the HFC amendment across the finish line.

Some commentators note that other Montreal Protocol amendments have been implemented faster than expected and suggest that a similar pattern might follow for HFCs as alternatives are commercialised and costs fall.

Several major chemical companies that manufacture fluoroproducts, including Honeywell and Chemours, were among those congratulating negotiators on a successful outcome.

"The Protocol provides a proven, consistent, and well understood framework that allows the global community to greatly reduce greenhouse gas emissions while ensuring that consumers and businesses experience a smooth transition to newer, more sustainable products," said Paul Kirsch, president of Chemours Fluoroproducts, in a [statement](#).

Some countries had expressed concern that their industries might not be in a position to grasp such commercial opportunities for new innovations or that their consumers would pay higher prices. The Montreal Protocol does provide that costs associated with intellectual property rights can be covered by a "Multilateral Fund" designed to support implementation.

According to research by the Center for Climate and Energy Solutions ([C2ES](#)), while several patents have been filed on HFC alternatives, far fewer have been granted. It estimates, for example, that 33 percent of patent files have been granted in the US and 12 percent in India.

New deal structure

Talks around how to calculate HFC consumption baselines – which would help in measuring subsequent cuts to these levels – proved to be a major focus of the meet. The pace of reduction was also a significant area of debate throughout the Kigali meeting's final stages.

The final negotiated outcome involves two options for developing economies, known as "Article 5 parties" under the Montreal Protocol, and two options for developed economies.

The majority of non-Article 5 parties will begin cutting HFC emissions in 2019 and will consume no more than 15 percent of their 2011-2013 averaged baseline by 2036. Belarus, Kazakhstan, Russia, Tajikistan, and Uzbekistan will start the phase down in 2020, with a slower rate of reduction, later catching up to reach the same 2036 consumption target. The second group also has a slightly different baseline calculation.

The majority of Article 5 parties will freeze growth in 2024, start cuts in 2029, and consume no more than 20 percent of their 2020-2022 averaged baseline by 2045.

A second group of Article 5 parties, also with a slightly different baseline calculation, will freeze growth in 2028, begin the phase down in 2032, and consume no more than 15 percent of their 2024-2026 averaged baseline by 2047. This group includes Bahrain, India, Iran, Iraq, Kuwait, Oman, Pakistan, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).

The distinctions reflect compromises between parties to account for particular economic circumstances, the cost of alternative technologies, and reliance on HFC-related products.

For example, the separate baseline for the second group of non-Article 5 parties accounts for existing differences in converting from HCFCs to HFCs. For Article 5 parties, the later freeze date and phase down provides breathing space for significant industry and consumer adaptation, while also allowing time for costs to fall and technology to advance for coping with high temperatures.

The approach is the first time parties to the Montreal Protocol have used country groupings beyond “developed” and “developing,” a move that recognises nuances between countries, and follows similar shifts in other governance efforts such as the UN climate talks.

“Despite [four] baselines, the bulk of global HFC emissions starts getting phased down earlier, delivering a massive gain for the fight against climate change,” wrote Arunabha Ghosh, CEO at the Delhi-based Council on Energy, Environment and Water (CEEW), in an [op-ed](#) for The Hindu on Wednesday. The piece was co-authored with CEEW Research Fellow Vaibhav Chaturvedi.

“The narrative of the global HFC negotiations also shifted, from merely ambition to include economy-wide costs, differentiation, and high-growth rates,” they added.

The deal also includes a specific time delimited exemption for so-called “high ambient temperature” (HAT) countries, agreed at an extraordinary meeting of the parties in held in July, under certain conditions and subject to review.

The Montreal Protocol's Multilateral Fund will also be used to cover incremental costs related to the transition away from HFCs. Details on calculating such costs and guidelines for the fund's support, however, still remain to be fleshed out. These will be reviewed at MOP29, due to be held next year in the protocol's birthplace of Montreal, Canada.

Shortly before the Kigali meet, a coalition of more than 100 countries had [called](#) for an ambitious phase down schedule for all parties. The declaration was supported by a US\$80 million [pledge](#) from a group of donor countries and philanthropists, including Bill Gates, to support the amendment's implementation and improve energy efficiency.

Negotiators in Kigali also adopted a decision inviting parties to volunteer information on energy efficiency innovations in refrigerator, air conditioning, and heat pump sectors. This will be collected in a report and reviewed at next year's MOP.

The deal will come into force on 1 January 2019, provided that at least 20 countries have ratified by that point, and if not on the 90th day after this condition has been fulfilled. One of the open questions about the ratification process is how the US will approach the deal: whether it can approve it by executive action, or whether it will need the approval of the country's Senate, whose composition after the upcoming elections is not yet clear.

Trade provisions

An innovative feature of the Montreal Protocol is the restriction of trade in controlled substances between parties and non-parties. The inclusion of trade measures in the original treaty was geared towards providing an incentive for countries to sign up to the protocol and its subsequent amendments.

Parties do have some flexibility with the design of trade measures for each new amendment, such as by choosing to delay the start date of non-party trade measures for new controlled substances. This depends on feasibility of application, particular circumstances in certain parties, and available technologies.

The Kigali amendment foresees parties putting in place trade restrictions on HFCs with non-parties by 2030, provided that at least 70 countries have ratified the deal.

ICTSD reporting; “Summary of the Twenty-Eighth Meeting of the Parties to the Montreal Protocol,” EARTH NEGOTIATIONS BULLETIN, 18 October 2016; “5 Things to Know About HFCs,” THE WALL STREET JOURNAL, 16 October 2016; “How the Chemical Industry Joined the Fight Against Climate Change,” THE NEW YORK TIMES, 16 October 2016; “U.S. Senate Could Block Landmark HFC Climate Treaty,” CLIMATE CENTRAL, 17 October 2016; “Changing the course of the planet,” THE HINDU, 19 October 2016.

GLOBAL ECONOMY

USTR Froman Calls for “Pragmatic Multilateralism” in Charting WTO Course

US Trade Representative Michael Froman issued a call for fellow WTO members to follow a growing trend of “pragmatic multilateralism,” particularly as they work to chart a path toward the organisation's next ministerial conference in Buenos Aires, Argentina, and beyond.

Speaking at the Graduate Institute in Geneva, Switzerland, just days before a “mini-ministerial” gathering in Oslo, Norway, the US trade chief told a packed room of trade officials, academics, and journalists that “pragmatic multilateralism” would be essential going forward, while at the same time touting the potential of bilateral, regional, and plurilateral trade negotiations to feed into this process.

The US trade chief raised a series of examples – such as the WTO's Trade Facilitation Agreement (TFA) – as clear cases of pragmatic multilateralism at work.

He also cited some ongoing negotiations for accords among subsets of WTO members – specifically the Trade in Services Agreement (TISA) and the Environmental Goods Agreement (EGA) along with a planned initiative on fisheries subsidies – as other promising instances of a new trend in trade talks. (See Bridges Weekly, [22 September 2016](#))

Going forward, he suggested continuing with this trend, warning about returning to the past practice of eschewing any plurilateral efforts in favour of multilateral-only approaches, in light of the deep-seated problems that plagued the WTO's Doha Round trade talks.

The Doha negotiations were launched in 2001, only to collapse or see slow progress in the years since. Trade ministers at the WTO's last ministerial conference in Nairobi, Kenya, ultimately agreed to disagree over whether the Doha Round's mandate should be reaffirmed, while pledging their continued commitment to its actual subject matter. (See Bridges Daily Update, [19 December 2015](#))

“We all understand the economists' admonition that the best and highest form of trade liberalisation is multilateral trade liberalisation, but that doesn't mean that it is in our collective interest to tolerate years of deadlock or to resign ourselves to the lowest common denominator,” said the US trade chief.

Froman reaffirmed that while the multilateral approach is ideal, “plurilaterals” can also be a promising avenue for liberalisation and developing new trade rules which could then be channelled back into multilateral processes.

“What we cannot allow is for progress to be defined by the least ambitious, the slowest, the most obstructionist,” he said.

Among the key issues that Froman cited were labour and environmental protections, along with fostering innovation and the continued development of the digital economy, together with supporting smaller businesses and addressing the effects of having state actors own and run major businesses.

One area that drew particular notice during his speech was that of agriculture, including domestic support, an area where WTO members have said they are interested in inking a deal.

"We took an important first step in dealing with export subsidies in Nairobi. But one cannot deal with agriculture without taking on market access restrictions, which economists view as the most distortive of all policies," he said.

Furthermore, efforts to reign in domestic support should address the programmes of all members. "If you're a cotton farmer in Mali, it doesn't matter whether the distortion comes from a subsidy in the United States and Europe or from a subsidy and the stockpiling of excess supply in China."

The US recently filed a request for consultations with China on allegedly illegal subsidies for various grains, marking the first step in WTO dispute settlement proceedings. Sources say that the new dispute has added some uncertainty to how agriculture-related negotiations at the global trade body may proceed. (See Bridges Weekly, [15 September 2016](#) and [6 October 2016](#))

Chinese Ambassador to the WTO Yu Jianhua made an intervention during the event on the agriculture subsidies issues, suggesting that Chinese farmers receive less than US\$100 per head, relative to the thousands received by American farmers. While the two officials then engaged in a brief discussion on the classification and potential trade-distorting nature of the subsidies, they ultimately both said that the legal dimensions of the issue were best discussed in further depth in a different setting.

Froman: "Get it done right, not fast"

The Oslo meeting later this week is due to bring together over around 20 ministers from various major players, including the US, for discussions on what direction and approach WTO negotiations might take ahead of the 2017 Buenos Aires ministerial and beyond. Meetings will also be held of the ministers from countries involved in the Environmental Goods Agreement (EGA) and Trade in Services Agreement (TISA) negotiations, both processes which are aiming for conclusion by December.

While the Oslo meeting is meant to help support the effort to "move from reflection to action," after months of preliminary discussions on how to proceed in the wake of the Nairobi ministerial, the US trade chief suggested that this revamping of the WTO's negotiating arm could be a long process spanning years.

"When I look at where we started eight years ago, after the failure of 2008, and where we are now, with the success of Bali and Nairobi, I am confident that if members continue to take seriously the challenge of charting a new course, they will succeed," he said.

He suggested that the Buenos Aires ministerial, scheduled for later 2017, might be too soon for concluding this process – but that this "should not be a cause for alarm.

"This time, it's important to get it done right, not fast," he said, pledging the US' support and engagement throughout the process, regardless of who assumes the country's presidency in January.

Indeed, the direction of US trade policy both in Geneva and elsewhere in the short and medium-term has been a notable source of speculation, particularly in light of the heightened focus on trade and its potential downsides throughout the American election process.

The US election is scheduled for 8 November, with the months preceding it involving a rancorous debate on issues such as how best to boost the American economy – including

through trade policy – and resolve concerns over deepening inequality. (See Bridges Weekly, [29 September 2016](#))

President Barack Obama will then leave office on 20 January, with the new president then choosing who to serve in their cabinet. The post of US Trade Representative is a Senate-confirmable position, with recent history suggesting that the process to find a successor to Froman could take some months to complete.

Trade, globalisation, and technology

While the event's main focus was on the WTO, the broader trade landscape also drew interest from the audience – including the anti-trade rhetoric that has characterised the US presidential election; the prospects for ratifying a 12-country Pacific rim trade deal in that context; and the UK-US trade relationship in light of the “Brexit” vote from last June.

The connecting thread across all of these questions was the underlying tensions across various countries on the potential downsides of globalisation, trade, and technology, and how to address the potential increases in inequality that may arise.

“The challenge in our system is that you don't get to vote on automation,” nor on the “force” that is globalisation.

“Trade agreements are the mechanism for shaping globalisation,” said Froman. Trade has instead become a “scapegoat” for a host of other concerns, including of “communities that have been left behind,” adding that he hoped the election debate in the US can lead to increased support for domestic policies that can better prepare and support people through change.

Responding to questions on Brexit, he noted that trade did not seem to be a factor behind the “Leave” campaign's efforts, given their work after the 23 June vote in attempting to assure voters that the UK would not lose some of its essential trading relationships.

However, with regards to past comments by US President Barack Obama on what the UK vote to leave the EU might mean for a future US-UK trade deal, Froman reaffirmed that the ongoing US negotiations for the EU toward a Transatlantic Trade and Investment Partnership (TTIP) come first.

“I think what the president made clear is that TTIP has been our priority. I think the practicality of it, as well – leaving aside the legality of when it could sign its own trade agreement – the practicality of when the UK sorts out its relationship with the EU,” said Froman, noting that such issues may include who has sovereignty over tariffs and regulations and what the UK access to the single market will be like.

Until the UK-EU relationship is settled, he said, “it's impossible to have a serious conversation about what deal you could have with the UK separately.”

ICTSD reporting.

EMERGING MARKETS

BRICS Meet in India, Touting Potential of New Development Bank

The eighth annual BRICS Summit took place over the weekend, convening the leaders of Brazil, Russia, India, China, and South Africa in Goa under India's chairmanship for discussions touching upon a range of issues, including trade cooperation and the latest progress in the group's New Development Bank.

These annual BRICS meetings serve as forum to collectively address emerging global issues and advance interests common to the bloc, which together makes up 43 percent of the global population with a total GDP at upwards of US\$16 trillion.

This year's summit, hosted by Indian Prime Minister Narendra Modi, concluded with the release of the 110-point [Goa Declaration](#), complemented by an [Action Plan](#) outlining activities and events carried out under India's chairmanship.

Focus on development

The New Development Bank (NDB), headquartered in Shanghai, was praised by leaders as a key forum for BRICS cooperation. Brazilian President Michel Temer, speaking at the summit, suggested that the fates of the bloc and the bank, "the BRICS' most visible facet," are closely tied.

"Our performance as a group – and our capacity to innovate in the international system – will be assessed based on how well this institution works," Temer stated.

The multilateral development bank, established in 2014 and made operational the following year, aims to strengthen the international financial architecture, while also supporting sustainable development in its member countries and harnessing technology for development. (See Bridges Weekly, [17 July 2014](#))

Narendra Modi, in his remarks at the BRICS leaders' plenary session, credited the NDB with having the potential to "transform the quantum and quality of trade and investment linkages among BRICS," proposing the ambitious target of doubling the 2015 figure of intra-BRICS trade at US\$250 billion by 2020 with the support of the Bank.

The Goa Declaration reaffirmed the BRICS' approval of the first set of five loans issued by the NDB, representing a total commitment of over US\$811 million in renewable energy projects in BRICS countries. Speaking at the first Annual Meeting of the New Development Bank Board of Governors on 20 July 2016, President K. V. Kamath [said](#) that these investments have commenced "the process of establishing its credentials as an institution that supports green and sustainable infrastructure."

In addition, the declaration welcomed progress towards mobilising the Africa Regional Centre (ARC) of the NDB, expected to open later this year in Johannesburg, South Africa. Jacob Zuma, President of the host nation, [expressed](#) that the move "is welcomed and timely as it will pay particular attention to Africa's needs in respect of industrialisation and infrastructure as well as sustainable development," in a speech delivered at the summit.

Meanwhile, the [Asian Investment Infrastructure Bank](#) (AIIB) has emerged as a parallel multilateral development bank headquartered just north of the NDB in Beijing, formally

launched in January 2016. The AIIB seeks to bolster the development of infrastructure across Asia, directing resources to the financing of energy, transportation, agriculture, urban development, sanitation, and environmental protection. (See Bridges Weekly, [2 April 2015](#))

In his [mid-term report](#) to the Board of Governors on 24 June 2016, AIIB President Jin Liqun highlighted the advances made over just six months, in which “we have together put the fundamentals of a large, modern multilateral financial institution in place.”

The AIIB's 2016 Business Plan and Budget sought to lend in the bracket of US\$0.5 billion to US\$1.2 billion, a target that was comfortably reached. Four project loans amounting to US\$509 million [have already been approved](#), providing funding for power distribution and expansion in Bangladesh, road construction to be carried out in Tajikistan and Pakistan, and slum upgrading in Indonesia. Several of the projects are co-financed with partner development banks, including the Asian Development Bank, the European Bank for Reconstruction and Development, and the World Bank.

The AIIB has said that it is working toward approving new projects in the latter half of this year, along with laying the groundwork for others in 2017.

Climate and energy aspects

The Goa Declaration welcomed the approaching entry into force of the Paris climate accord in November, reminding advanced economies to uphold commitments to assist developing countries with capacity building and financial support in the implementation process. (See Bridges Weekly, [7 October 2016](#))

The declaration acknowledged the important role of nuclear energy in the Nationally Determined Contributions (NDCs) of certain BRICS, calling for greater predictability in access to financing for nuclear as well as additional types of renewable energy and natural gas as other clean energy alternatives. These NDCs are the building blocks of the Paris climate deal.

Trade: WTO centrality, MSME cooperation

The sixth meeting of BRICS trade ministers immediately preceded the summit, taking place two days prior on 13 October 2016 in New Delhi. Ministers [prioritised](#) the implementation of the outcomes from the WTO's last two ministerial conferences, held in Bali in 2013 and Nairobi last year.

They also called for advancing negotiations on the pending issues under the Doha Development Agenda (DDA), sentiments that were later echoed in the Goa Declaration. Looking ahead, ministers placed development at the centre of an outcome for next year's ministerial conference in Buenos Aires, Argentina.

Some BRICS members have previously questioned the role of bilateral, regional, and plurilateral trade agreements as potential alternatives to multilateral approaches, expressing concerns that these mechanisms for cooperation could undermine the DDA and compromise the multilateral system. The Goa Declaration states that BRICS members “note the increasing number of bilateral, regional, and plurilateral trade agreements, and reiterate that these should be complementary to the multilateral trading system.”

At last year's summit in Ufa, Russia, the BRICS economies also “reaffirm[ed] the value, centrality, and primacy of the multilateral trading system.” (See Bridges Weekly, [16 July 2015](#))

Among the other outcomes of the trade ministers' meet last week were calls to boost BRICS' efforts on e-commerce cooperation; developing national “single windows” for customs clearance in line with the WTO's Trade Facilitation Agreement; developing a shared BRICS

"perspective" on intellectual property rights; and addressing the barriers that micro, small, and medium-sized enterprises (MSMEs) face in playing a greater role in international trade and investment.

With MSMEs, the BRICS leaders specifically noted the role these play "as the engines of export-led growth and employment," particularly in light of the fact that these help support nearly half of national exports and gross domestic product for some member countries.

IMF governance

Finally, the declaration addressed the issue of representation of developing and emerging economies on the global stage, backing efforts to continue the reform of governance structures in the International Monetary Fund (IMF).

For example, the BRICS called for a greater attribution of shares in the Fifteenth General Review of Quotas, and for developed economies to yield two chairs on the Executive Board to ensure broader inclusion. The [share of quotas](#) allocated to different IMF member countries determines, among other things, that country's voting power and the amount of financing they can borrow from the Fund.

The previous IMF quota reform boosted the Fund's overall quotas, while redistributing quota shares in an effort to recognise the larger role that emerging market economies have played in recent years. Adopted by the IMF's Board of Governors in 2010, those reforms were delayed until the US Congress formally [signed off](#) on them in late 2015.

Under the most recently revised quotas, all BRICS members minus South Africa are now among the IMF's ten largest members.

Coming up

China will take over the rotating BRICS chairmanship from 1 January and will [host](#) the Ninth BRICS Summit in 2017.

ICTSD reporting; "Are the BRICS Nations Too Splintered to Be a Bloc," BLOOMBERG, 15 July 2014; "China to host 2017 BRICS summit in Xiamen," GBTIMES, 17 October 2016.

AGRICULTURE

FAO: Climate Change Means Urgent Action Needed to Overcome Malnutrition

Urgent action is needed to ensure that climate threats do not undermine the food security goals within the new 2030 Agenda for Sustainable Development, the UN's Food and Agriculture Organization (FAO) said in a [landmark report](#) launched on Monday.

"There is no doubt that climate change impacts food security," said FAO Director-General José Graziano da Silva at a press conference in Rome.

Declining agricultural yields, more frequent and intense droughts and floods, and problems associated with pests and diseases are among the risks identified in the agency's flagship annual report, the "State of Food and Agriculture 2016."

The report underscores that "business as usual" is not an option if governments are serious about ending hunger and malnutrition by 2030 – targets that are enshrined in the Sustainable Development Goals that were adopted last year. (See Bridges Weekly, [1 October 2015](#))

"It is essential that national commitments – the country pledges that form the basis of the 2015 Paris Agreement on climate change – turn into action," da Silva writes in a foreword to the study, referring to the global UN accord adopted last December in the French capital.

The Paris Agreement is due to enter into force next month. (See Bridges Weekly, [6 October 2016](#))

Adaptation and mitigation

The FAO chief said that "mitigation" efforts aimed at reducing greenhouse gas emissions had to go hand in hand with "adaptation" to the changing natural environment.

"The way we do one affects the other," he said.

The report says that doing so will require "a profound transformation" of food and agriculture systems worldwide. In particular, governments will need to do more to help poor farmers to increase their productivity in environmentally sustainable ways.

"A lot of the technologies we need exist," said Kostas Stamoulis, FAO Assistant Director-General, at the press conference this Monday. Indeed, da Silva underscored the potential of methods such as improved soil management techniques which can help improve yields while reducing greenhouse gas emissions at the same time.

Report: "Remove harmful subsidies"

The report also urges governments to better integrate their policies on climate, agriculture, food, and nutrition.

"This is a complex task and win-win solutions may not always be possible," the authors note.

The study states that developed and major developing countries spent more than US\$560 billion on agricultural support in 2015, including subsidies on inputs and direct payments to

farmers. The authors add that some measures, such as input subsidies, may induce inefficient use of agro-chemicals and increase the emissions intensity of farm production.

Removing harmful subsidies is a “key policy issue” that needs to be addressed, Stamoulis said on Monday.

Governments could ensure agricultural development and climate goals are better aligned by making farm support payments conditional on adopting lower emission agricultural practices, the report says.

ICTSD reporting.

ASIA-PACIFIC

Singapore, Australia Sign Updates to Trade Deal

Singaporean and Australian officials signed a series of updates to their existing trade deal last week, particularly in the area of services, following their latest review of the long-standing accord.

The planned additions to the Singapore-Australia Free Trade Agreement (SAFTA) are the "most comprehensive update" of any Australian free trade deal, according to Prime Minister Malcolm Turnbull.

The Australian premier announced the news in Canberra last Thursday with Singaporean Prime Minister Lee Hsien Loong, after their respective trade ministers signed the revisions.

"We recognise in our respective nations, as we do here with our national economic plan, the absolutely vital importance of free trade and open markets," [said](#) Turnbull, citing also the shared strategic alignment between the two Pacific nations.

Lee, for his part, also praised the updated SAFTA's potential for supporting greater trade and investment going forward.

The SAFTA entered into force in 2003, and has seen a series of updates in the years since, including in 2006, 2007, and 2011. This third SAFTA review was concluded in May 2016.

The updated agreement will now need to undergo domestic approval procedures in the two nations, with officials suggesting that this could be concluded next year.

Services provisions

According to Australian Trade Minister Steven Ciobo, the updated agreement will yield significant new opportunities for his country's service providers.

"This updated FTA delivers big wins for Australian service providers with greater access and certainty in sectors such as education, law, financial, and professional services," he said in a [media release](#) last Thursday.

E-commerce and telecommunications chapters have also been revised, addressing topics such as cross-border data flows, as well as privacy and consumer protections. The accord also foresees the future mutual recognition of professional qualifications.

Services is a significant portion of Australia's trade with the Asian city-state, making up approximately one-third of its annual exports, [according](#) to the Australian Department of Foreign Affairs and Trade.

Reduced red tape, more business mobility

Along with the updated services provisions, officials say that the [changes](#) also include areas such as rules of origin, helping slash costs for trade in goods, as well as increased market access in public procurement.

The update accord further aims to support increased foreign investment and bring those terms – among others – in line with other trade deals that have been negotiated in recent

years, such as by aligning the Foreign Investment Review Board screening thresholds for the city-state with those included in the Trans-Pacific Partnership (TPP) Agreement.

Both Australia and Singapore are among the 12 signatories to the TPP, which is currently in the ratification stage.

The revised SAFTA also includes updates to the existing terms on investor-state dispute settlement, specifically on clarifying and strengthening the provisions on the right to regulate in the public interest.

ICTSD reporting; "Singapore-Australia free trade agreement upgraded," THE BUSINESS TIMES, 13 October 2016; "Singapore recognises more degrees from Australia under new agreement," STRAITS TIMES, 6 May 2016.

EVENTS & RESOURCES

Events

Coming Soon

21 October, Rome, Italy. **ENDING HUNGER: WHAT WOULD IT COST?** This conference is being organised by the International Institute for Sustainable Development (IISD) and the International Food Policy Research Institute (IFPRI), who have analysed what the goal of ending hunger by 2030 may cost, along with and the contribution that donors would need to make to accomplish this goal. More information and registration can be found [here](#).

24-27 October, Dubai, United Arab Emirates. **UN GLOBAL COMPACT CONFERENCE: "MAKING GLOBAL GOALS LOCAL BUSINESS."** This four-day conference is being organised by the UN Global Compact as part of the "Making Global Goals Local Business" campaign, which aims to provide a platform for exchanging views on the partnerships needed to support the implementation of the Sustainable Development Goals (SDGs). Organisers say that over 600 participants from private and public sectors, as well as civil society and intergovernmental organisations, are expected to attend. More information can be found [here](#).

25 October, Washington, US. **IEA'S WORLD ENERGY INVESTMENT 2016.** This conference is being hosted by the Centre for Strategic and International Studies (CSIS) and features as its guest speaker Laszlo Varro, Chief Economist at the International Energy Agency (IEA). Varro will discuss IEA's new World Energy Investment 2016 report, which aims to evaluate the state of energy-related investment across technologies, sectors, and regions, while also examining recent trends and challenges in this field. More information and registration is available [here](#).

26-27 October, Kolkata, India. **SERVICES TRADE AND REGULATORY REFORMS IN ASIA: IN SEARCH OF A COMPREHENSIVE APPROACH.** This event is being held by the Asian Development Bank Institute (ADBI) and aims to foster a greater understanding of what services trade can achieve in facilitating structural reforms in the region. Expected participants include government officials from various Asian developing countries. Additional information can be found [here](#).

27 October, Geneva, Switzerland. **TALKING DISPUTES: PHILIP MORRIS V. URUGUAY.** This event is being jointly organised by the International Centre for Trade and Sustainable Development (ICTSD) and WTI Advisors will focus on the recent arbitral award in the investor-state dispute case between tobacco giant Philip Morris and the country of Uruguay. Please note that registration for this event is mandatory. More information is available at the ICTSD [website](#).

27 October, London, United Kingdom. **CHATHAM HOUSE CONFERENCE: THE FUTURE OF UK TRADE POLICY: PRINCIPLES & CHALLENGES.** This conference is being hosted by Chatham House, featuring as its guest speaker Professor Jim Rollo CMG, who is an Associate Fellow of International Economics at the organisation. Rollo will focus particularly on the trade-related aspects of the UK's planned exit from the EU, including with relation to the WTO and other existing trade deals. To learn more, click [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.

21 October: Working Party on State Trading Enterprises

24 October: Committee on Safeguards

24 October: Workshop – Sanitary and Phytosanitary Measures

25 October: Committee on Subsidies and Countervailing Measures – Special Meeting followed by Regular Committee

25 + 27 October: Trade Policy Review Body – The Democratic Republic of the Congo

25 October: Workshop - Sanitary and Phytosanitary Measures

25 October: Committee on Subsidies and Countervailing Measures

26 October: Committee on Anti-Dumping Practices – Working Group on Implementation

26 October: Dispute Settlement Body

26 October: Informal Committee on Sanitary and Phytosanitary Measures

26 October: Informal Dispute Settlement Body – Dedicated Session

27 October: Committee on Anti-Dumping Practices – Informal Group on Anti-Circumvention

27 October: Committee on Sanitary and Phytosanitary Measures

27 October: Committee on Anti-Dumping Practices

Other Upcoming Events

25-27 October, Dubai, United Arab Emirates. 2016 UNEP FI GLOBAL ROUNDTABLE AND ANNUAL GENERAL MEETING. The UN Environment Programme's (UNEP) Finance Initiative (FI) aims to use this year's global roundtable to follow up on the advances seen as a result of the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change, and examine how the finance sector can help drive sustainable development. The meeting is being hosted by the Ministry of Climate Change and Environment of the United Arab Emirates, with support from various other partners. More information can be found [here](#).

7-18 November, Marrakech, Morocco. UNFCCC COP22. The 22nd Conference of the Parties (COP) to the UN Framework Convention on Climate Change (UNFCCC) will focus on preparations for the Paris Agreement on climate change's entry into force. The UN negotiations are being held this year under the presidency of Morocco, and will be the first under new UNFCCC Executive Secretary Patricia Espinosa Cantellano. To learn more, visit the COP22 [website](#).

21-22 November, Geneva, Switzerland. TOWARDS INCLUSIVE RULES OF ORIGIN. This meeting is being organised by the International Centre for Trade and Sustainable Development (ICTSD) in partnership with the Inter-American Development Bank (IDB). The meeting is the first in a series of "RTA Exchange" dialogues scheduled throughout the coming year to examine options for convergence and coherence across regional trade agreements (RTAs) and the multilateral trading system. To learn more, visit the [ICTSD website](#).

5-7 December, Abuja, Nigeria. AFRICAN ECONOMIC CONFERENCE 2016. The theme of this year's African Economic Conference will be "Feeding Africa: Towards Agro-Allied Industrialization for Inclusive Growth." The meeting is being organised jointly by the African Development Bank Group (AfDB), the UN Development Programme (UNDP), and the United Nations Economic Commission for Africa (UNECA). Coming in the wake of the 2015 adoption of the Sustainable Development Goals (SDGs) and other key international events, this meeting will focus on how agricultural policy in the content must evolve to achieve improved growth and help address poverty and hunger. More information is available [here](#).

Resources

TRADE AND WATER: HOW MIGHT TRADE POLICY CONTRIBUTE TO SUSTAINABLE WATER MANAGEMENT? By Mike Muller and Christophe Bellmann for the International Centre for Trade and Sustainable Development (ICTSD) (October 2016). This paper identifies some of the main interlinkages between trade policy and water management, addressing specific topics within this context, including agriculture, hydropower generation, water services, and wastewater management. The authors also explore how sustainable water management can be improved with the support of trade policy approaches. The publication can be found [here](#).

ESTIMATING THE IMPACT OF TRADE SPECIALIZATION AND TRADE POLICY ON POVERTY IN DEVELOPING COUNTRIES. Published by the United Nations Conference on Trade and Development (UNCTAD) (October 2016). The paper investigates the impact of trade specialisation on poverty in developing countries, along with the other policy conditions and other elements needed to facilitate poverty reduction. The paper is available for download [here](#).

THE UK TRADE LANDSCAPE AFTER BREXIT. By Emily Lydgate, Jim Rollo, and Rorden Wilkinson for Chatham House (October 2016). This paper is part of a series published by the UK Trade Policy Observatory (UKTPO), a partnership between Chatham House and the University of Sussex. The paper discusses the challenges for the UK as it attempts to redefine and renegotiate its post-Brexit foreign trading relationships. The publication is available for download [here](#).

TRADING PAINS AND GAINS: EXPANDING TRADE ALLIANCES IN ASIA. By Rupert Hammond-Chambers, Pek Koon Heng, Tami Overby, and Shihoko Goto for the Woodrow Wilson International Centre for Scholars (September 2016). This is a collection of essays from speakers who were involved in the Wilson Centre's conference last June on the possible options for expanding the membership of the Trans-Pacific Partnership (TPP). The publication can be requested [here](#).

ENDING HUNGER: WHAT WOULD IT COST? By David Laborde, Livia Bizikova, Tess Lallemand, and Carin Smaller for the International Institute for Sustainable Development (IISD) and International Food Policy Research Institute (IFPRI) (October 2016). This report examines what it may cost to achieve the goal of ending hunger by 2030, along with the related donor contributions needed to meet this objective in that timeframe. The paper is available for download [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 Balexert 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](https://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 Sofia Alicia Baliño,
Emily Bloom, Kimberley Botwright, Jonathan
Hepburn, and Qingyang (Emily) Li. This edition of
Bridges Weekly Trade News Digest is edited by
Sofia Alicia Baliño.

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

Price: €10.00

ISSN 1563-0

