

# BRIDGES WEEKLY

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## TRADE AGREEMENTS

### Timing for CETA Signing Unclear as Negotiations Continue in Belgium

*Editor's Note: Since press time, reports have emerged that a consensus has been reached and Belgium will be in a position to ratify the Comprehensive Economic Trade Agreement. The EU and Canada now aim to sign the deal next week. Bridges will provide a full update.*

Efforts to reach a consensus across EU member states on whether to sign on to the [Comprehensive Economic and Trade Agreement](#) (CETA), a deal negotiated between the European Union and Canada, have faced a difficult road this past week, as the Belgian federal government attempts to secure the unanimous support of its regional bodies in order to approve the accord.

At press time, negotiations in Belgium remained underway in an effort so that EU and Canadian leaders could sign CETA at a bilateral summit, which was previously planned for this week. Talks were slated to resume in the morning, after going late into the night on Wednesday. For the time being, the EU-Canada summit has been pushed back indefinitely from its original start date of Thursday 27 October, pending the outcome of the negotiations.

The high-stakes effort has brought front and centre the long-simmering debate over the value of deeper international economic integration among two countries that by all accounts should have ample common ground to do so.

The EU-Canada trade deal was concluded in 2014 after half a decade of negotiations. The ambitious agreement has been touted as one of the most progressive deals either side has negotiated, and would eliminate 98 percent of customs duties, in particular with regards to industrial and agricultural goods, while also opening up trade in services and achieving significant advances in public procurement market access.

#### Wallonia in focus

Any potential signature of CETA on behalf of the EU will require the unanimous backing of all 28 member states.

In recent weeks, opposition to the accord and the push for more time has been led by the Belgian region of Wallonia, which accounts for over half of the country's territory and a third of its population. The francophone area's 3.6 million people represent a small fraction of the EU's 500 million citizens.

Under Belgian law, the country's regional bodies must sign agree to give the federal government authorisation to sign the deal on the country's behalf.

However, the Walloons have called for additional and strengthened safeguards on investment protections, with disagreements also reported on agriculture. Particular unwillingness to accept the investment dispute court system included in CETA has been expressed, despite efforts made by both the EU and Canada to upgrade those [investment protections](#) in March, including stronger guarantees for the "right to regulate" in the public interest.

CETA also features an upgraded court system with an appellate mechanism, which the European Commission hopes to replicate in its future pacts in a bid towards eventually negotiating a "global investment court" with like-minded partners. (See Bridges Weekly, [3 March 2016](#))

Over the course of talks with Walloon leaders, safeguards targeting these concerns were reportedly being discussed by negotiators, with these meant to be reflected in interpretive declarations that would be attached to the CETA.

### **Council meeting recap**

The past few weeks have seen a series of planned deadlines missed for bringing Wallonia on board. After EU trade ministers were unable to reach a solution early last week, EU national leaders gathering as the [European Council](#) on 20-21 October in Brussels, Belgium, dedicated a full day to trade issues, particularly CETA. (See Bridges Weekly, [20 October 2016](#))

Last week, leaders in Brussels [encouraged](#) negotiators to address the outstanding issues as rapidly as possible and emphasised the importance of speeding along the decision to sign.

In the meantime, Canadian Prime Minister Justin Trudeau has confirmed that he still is ready to sign the accord, so long as EU leaders are ready to do so as well. Trudeau also confirmed his willingness to attend the summit, but has since postponed his flight over.

### **Trade debate in focus**

The premium on a swift resolution has been augmented by perceived threats to the credibility of the EU as a negotiating partner, should efforts at signing the accord fail. Some assert that Canada's relatively comparable economy to that of the EU should help to facilitate agreement.

Regardless of the outcome, officials and analysts say that the uproar over CETA will likely add fuel to a larger debate over the merits and pitfalls of trade policy design, and how to adjust these in light of public concerns.

Also at stake is how to assure EU negotiating partners involved in other accords that this situation will not replicate itself, along with better explaining the potential benefits that come from trade.

For example, the EU is currently attempting to finish trade talks with Japan by year's end, while making as much progress as possible on a separate trade and investment accord with the US before the upcoming presidential transition in the North American country. A host of other trade deals are also either under negotiation or planned. (For more on the EU's trade policy plans, see related story on the Commission work programme, this edition)

"I remain concerned, for a good trade agreement with a close partner like Canada and for Europe's reputation," said Donald Tusk, President of the European Council, at a press conference after the meeting last Friday.

### **What's ahead**

In the midst of the difficult negotiations, Tusk took to his Twitter account on Wednesday, [affirming](#) his hope that "Belgium will prove a consensus-building champion."

Earlier this week, European Parliament President Martin Schulz [similarly](#) suggested that a deal might be struck, stating after meetings with Freeland and Walloon Minister-President Paul Mignette that "none of the stumbling blocks on the way of CETA's adoption by Belgium are insurmountable."

In the event that CETA is signed, it will pass through to a vote by the European Parliament for approval, to be held in end-2016 or early 2017, for provisional application. (See Bridges Weekly, [20 October 2016](#))

Full implementation would require ratification at the national – and in some instances, regional – level for member states as well, in order to enact those provisions that fall under national competence rather than EU competence.

ICTSD reporting; "EU's Tusk says CETA signing summit still possible on Thursday," REUTERS, 26 October 2016; "Failure of EU trade deal would leave Canada in tough position," REUTERS, 25 October 2016; "Belgium sinks EU-Canada trade deal after Wallonia veto," FINANCIAL TIMES, 24 October 2016; "Ceta talks: EU and Canada hold out hope for trade deal," BBC, 24 October 2016; "EU, Canada Trade Deal Blocked by Belgian Opposition," THE WALL STREET JOURNAL, 24 October 2016.

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## ENVIRONMENTAL GOODS

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# Environmental Goods Agreement Negotiators Prepare for December Deadline

A group of 17 WTO members – counting the 28-nation EU as one – negotiating tariff cuts on select environmental goods will engage in a busy schedule of consultations over the coming weeks in a bid to secure a deal in time for a ministerial meeting in early December.

Several sources confirmed that while the latest round of talks for an Environmental Goods Agreement (EGA) yielded good progress, some key aspects still need to be worked out.

This includes making decisions on whether to include certain products, finalising a text with appropriate modalities and institutional arrangements, as well as determining the level of “critical mass” participation for the deal to enter into force.

The 16-20 October round held in Geneva, Switzerland, this time featured a series of small group meetings, which sources said was a slight change in approach from the earlier process of having participants meet primarily on a bilateral level and in plenary.

In those small groups, participants focused on a handful of product categories which were identified as relatively contentious by the EGA talks’ chair, Andrew Martin of Australia. The small group discussions were attended by proponents and opponents of select products, allowing negotiators to refine their understanding of different participants’ relative priorities and sensitivities, and suggest compromises.

According to some sources, potential solutions included offers to further sharpen “ex-out” descriptions to clearly capture the environmental good within broader trade tariff classifications, or to allow for tariffs to be eliminated over a longer time period for select commercially sensitive items.

The latest round also saw several participants show conditional support for some products, depending on the balance of the final deal. Participants additionally discussed some text-related issues during bilateral exchanges.

The Geneva talks were followed by an informal ministerial breakfast meeting last Saturday among a selection of EGA participants. The occasion took place on the sidelines of a “mini-ministerial” gathering held in Oslo, Norway, on 21-22 October on WTO issues. (For more on the WTO, see related story, this edition)

At the Oslo gathering, ministers reaffirmed a strong commitment to conclude the EGA by the end of this year and discussed individual product priorities. Leaders from G-20 nations had endorsed the year-end goal in September, a target also supported by EGA participants outside the G-20. (See BioRes, [28 September 2016](#))

Since the formal launch of talks in July 2014, EGA participants have nominated some 650 tariff classifications covering more than 2000 products related to various environmental activities for inclusion in the deal.

These were pared down to an estimated 300 tariff classifications and related ex-outs on a draft product list prepared by the chair in August. This is now known among trade negotiators as the “L-list,” reflecting efforts through the G-20 to identify landing zones for the agreement this year.

## Still to do

The EGA ministerial meeting is scheduled for 3-4 December, with a negotiating round due to be held directly beforehand, starting on 28 November. Sources report that the interim consultations – which will include meetings at ambassador's level – will work on some of the proposed solutions to product sensitivities.

Some participants suggested during last week's round that the current draft product list still includes too many outstanding issues to be sent to ministers, implying that another iteration could be produced by the chair before the next negotiating round. Others were more cautious on the possibility of a revised list.

Interim consultations will likely also consider a revised draft text for the deal. The chair is due to circulate this document shortly among EGA participants, following drafting support from the EU. The revised text could provide an opportunity to further discuss sticking points around critical mass participation.

## Setting a "critical mass"

As the EGA is being negotiated as an "open plurilateral" within the framework of the WTO, tariff cuts by participants will be extended to the organisation's full membership on a most-favoured nation (MFN) basis. Open plurilateral deals tend to determine a critical mass threshold of world trade captured by participants in order to ensure benefits.

A 90 percent threshold of world trade in goods covered by the deal, as captured by EGA participants, has been suggested as one option for defining critical mass. This would mirror an approach used in a separate tariff-cutting Information Technology Agreement (ITA) and its revision at the end of last year.

Some EGA participants remain divided, however, on whether to use exports, imports, or two-way trade to define "world trade." Others suggest that critical mass could be constructed around the level of trade by participants in those goods which are eventually selected for liberalisation.

A [ministerial declaration](#) on the ITA revision refers to "approximately 90 percent of world trade" in products covered by the declaration.

Determining critical mass is also linked to concerns among some participants that major non-participating traders will benefit from increased market access without having to lower their own tariffs – dubbed by some as "free-riding."

China has proposed options for addressing significant future free-riders, as production patterns shift and potentially change participants' critical mass, but the issue has not yet been resolved among the group as a whole. (See BioRes, [30 June 2016](#))

## Staging debate, review mechanism

While participants are considering longer time periods for implementing tariff cuts for a few items – a process known as staging – more general modalities on how to implement these have not yet been finalised. Some participants have again looked to the ITA framework – where tariffs are either eliminated immediately or progressively over a period of three, five, or seven years – though other variations are also being considered.

Several sources also confirmed that the text would include a review mechanism, along with a work programme on services trade and non-tariff barriers to environmental goods trade.

A built-in review mechanism would enable participants to update the list periodically in light of rapid technological developments in many of the product categories under discussion. Several experts have also suggested that this would help boost deployment of the most effective environmental solutions.

While the concept has gained broad support from a wide number of participants, specific details still need to be agreed, including how often such reviews might take place.

### **December target**

Talks during the Oslo ministerial breakfast reportedly touched on some of the most sensitive items. This included, for example, debates around wood products and divergences around whether bicycles should make it on the list.

Several sources suggested that the exchanges helped prepare ministers for the December gathering, particularly as that occasion will likely not permit as much time for the dissection of product priorities.

WTO Director-General Roberto Azevêdo, who attended the breakfast, reportedly said that the EGA would be an important contribution to the organisation. He suggested the deal was ripe for harvest if participants were prepared to take some final key decisions.

Sources also indicated that Azevêdo highlighted the importance of agreement's environmental credibility, suggesting that the final outcome would ultimately be judged by a wide spectrum of stakeholders – beyond those who are currently around the negotiating table.

Several experts have said that the products that are likely to be included on the final list, such as photovoltaic cells used in solar panels or parts and components for wind turbines, could make a contribution to achieving the new Paris Agreement on climate change. EGA participants have also [signaled](#) that the deal could help support climate action efforts under the UN climate process.

The Oslo meeting was nonetheless overshadowed by the difficulties facing the EU in signing a Comprehensive Economic and Trade Agreement (CETA) with Canada, symptomatic of mounting political and popular backlash against global trade deals in major trading nations over the past year. The mood has left many trade watchers concerned for future liberalising efforts and searching for ways to better explain why trade matters. (For more on the CETA, see related story, this edition)

"My concern is not that anti-trade arguments are being made in public discourse. My concern is the echo that they attract from the people. That echo is loud. It is heartfelt. And it has to be heard," said Azevêdo [in a speech](#) given to Norwegian business representatives before the Oslo ministerial, calling upon listeners to ramp up their efforts in helping ensure trade's potential is shared more broadly.

ICTSD reporting.

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## EUROPEAN UNION

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# EU Leaders Pledge to Strike Deal on Trade Defence Instruments By Year's End

Leaders at last week's European Council called for reaching an "urgent and balanced agreement" by year's end on their position regarding a long-stalled proposal for the bloc to modify its trade defence instruments.

"In order to safeguard European jobs, ensure fair competition in open markets, and preserve free trade, it is of crucial importance that the EU's trade defence instruments are effective in the face of global challenges," [said](#) EU national leaders following the 20-21 October meeting in Brussels, Belgium.

Trade ranked high on the agenda at the Brussels gathering, with leaders from the EU's 28 member states tackling a host of trade-related issues, including the state of play of various negotiations with foreign partners. The 28-nation bloc has also been working on creating a more compelling narrative for trade's potential to boost jobs, spark growth, and improve quality of life.

Part of that narrative involves demonstrating their continued resolve and ability to address allegedly unfair trading practices by other countries, particularly in an environment where major domestic sectors such as steel are struggling in light of low global prices and significant overcapacity.

Given this context, European Commission officials pressed openly for leaders to move forward on approving updates to the bloc's "[trade defence instruments](#)," which the EU's executive arm had [proposed](#) in April 2013.

These trade defence instruments involve how the EU handles its investigations into allegations of unfair subsidies or dumping – the latter being the practice of selling goods abroad at prices below their normal value – by foreign producers.

"Some EU industries have lost thousands of jobs. We cannot stay idle," said European Commission President Jean-Claude Juncker shortly prior to the Council meet. "It's now high time for member states to make the necessary decisions and equip the Commission with instruments fit to deal with the current realities of the international trading environment."

### **Commission: Updated toolkit essential for competitiveness**

The EU's executive arm circulated a new [communication](#) on the subject on 18 October, in which it tied the approval of the 2013 proposal to the difficulties facing its domestic steel industry and similar sectors.

Entitled "Towards a robust trade policy for the EU in the interest of jobs and growth," the document warns against the dangers of using outdated trade remedy procedures, suggesting that doing so could exacerbate the struggles that some of the bloc's industries are facing.

"We have reached the limit of what is feasible under the existing EU trade defence legislation to rein in external overcapacities and dumping," the communication says.



While the April 2013 proposal encompasses a series of changes to EU trade remedies, the communication circulated last week focuses particularly on the suggested changes to the so-called "lesser duty rule," which has reportedly been one of the main points of contention among EU leaders.

Under the current version of the lesser duty rule, the EU's executive arm usually imposes anti-dumping duties that are set only at the level of "injury" that a domestic industry has allegedly suffered as the result of unfair trade practices, instead of setting these duties to match the "dumping margin," which is essentially the difference between a good's "normal value" at home versus its export price abroad. The latter value can be much higher.

In 2013, the European Commission suggested deviating from this rule "in cases of circumvention, or where structural raw material distortions have been found to exist, and subsidisation," according to the [draft legislative proposal](#) tabled at the time.

The UK has reportedly been one of the member states opposing changes to the lesser duty rule, warning that should the EU impose higher anti-dumping duties on raw materials, which can be imported into the bloc to produce other final goods, this could actually make the production of these latter products more costly.

The new communication from last week refers to its attempts to answer such fears. "The Commission has proposed possible compromises in which the lesser duty rule would be adapted in some specific and carefully-defined cases where there are massive overcapacities and/or raw material distortions," the document says.

Furthermore, the EU's executive arm has warned that its current practices do not match those of other major players – meaning that countries could increasingly "dump" unfairly cheap goods on the European market in order to avoid higher anti-dumping duties elsewhere.

The proposed changes have drawn the support from some key industry groups, including steel.

"We are not asking for duties on the scale of the US. Instead, we call for EU measures to be a better reflection of this calculated dumping level, so as to more decisively defend sectors such as ours from aggressive unfair trading practices by third countries," [said](#) Axel Egger, Director General of EUROFER, an industry group representing EU steel producers.

### **New proposal on its way**

In its communication, the European Commission also gave a preview of their upcoming legislative proposal that would aim to change the way its anti-dumping investigations address "market" and "non-market" economies.

The EU institution already gave some initial details in July as to how they envision this new system working, explaining that they would remove the distinction between different types of economies and focus instead on distortions that arise in countries or sectors that result from state interventions. (See Bridges Weekly, [14 July 2016](#))

China has largely been the focus of this debate, in light of the December expiry of certain terms within its WTO accession protocol – specifically the section that allows for importing countries to use non-Chinese prices and costs in their investigations, unless Chinese producers can demonstrate that market economy conditions exist in their industry.

While there has been some debate over how to read this section of China's WTO accession commitments, the European Commission has held the view that it must make changes to its own anti-dumping rules to avoid being caught in a legal quandary after this December.



"The Commission will propose a new anti-dumping methodology to capture market distortions linked to state intervention in third countries that mask the true extent of dumping practices," said the communication.

The document then outlined what criteria would be used in order to determine whether such a distortion exists – such as financial sector independence, or a pronounced number of state-run companies – along with how dumping-related calculations would be handled in those cases. The EU's executive arm also wants to be able to address subsidies that are revealed during an investigation itself, arguing that transparency by many other countries is sorely lacking.

In last week's communication, the Commission noted that similar provisions in the WTO accession protocols for Vietnam and Tajikistan would also require updating the EU's trade defence tools.

"The EU cannot remain defenceless against massive subsidies, government interference, lack of transparency, and non-independent financial sector providing unfair advantages to exporters in some countries," says the communication.

It also argued that making such changes would bring EU practices on par with those of other major players, such as the US and Canada.

While reports suggest that the debate over the lesser duty rule is still ongoing, European Commission officials have argued that EU national leaders should reach a deal – at least a political one – in time for their next Council-level meeting in mid-November.

ICTSD reporting; "Theresa May expected to maintain opposition to EU trade tariff reforms," THE GUARDIAN, 21 October 2016; "China trade tests UK's clout in Europe post-Brexit," POLITICO, 17 October 2016.

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## WORLD TRADE ORGANIZATION

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# Trade Ministers in Oslo Weigh WTO Options for Buenos Aires Meeting and Beyond

Trade ministers from over 20 WTO members concluded two days of informal talks from 21-22 October in Oslo, Norway, aiming to help give some political momentum and guidance to negotiations on possible outcomes for the global trade body's next ministerial in Buenos Aires, Argentina, in late 2017.

While officials termed the talks as productive and positive, many deemed it part of a longer process which will need both significant technical work and continued political engagement in order to yield credible outcomes.

Whether all of the items that were ultimately raised in the discussions could actually be turned into deliverables for Buenos Aires – or may instead be the subject of more long-term explorations, beyond next December – was also a question raised by some sources familiar with the talks.

Sources say that the Oslo meetings discussed a range of topics, including agriculture, fisheries subsidies, services domestic regulation and trade facilitation, non-tariff barriers, e-commerce, and how to make the international trading environment more supportive for smaller businesses. Other subjects raised included the role of regional and so-called "mega-regional" trade deals in the overall trading landscape. Some countries reportedly raised the issue of public food stockholding at the Oslo meet, some sources said, a topic that has been debated often in the WTO's farm trade talks over the last several years.

"Given the range of issues raised, representatives in Oslo stressed the importance of proponents providing the impetus behind the issues that they want to take forward," said WTO Director-General Roberto Azevêdo at the close of the event.

The WTO chief suggested that the Oslo talks would also give "useful inputs for the ongoing conversations in Geneva," according to a [statement](#) released by his office following the meeting.

The Oslo meeting was chaired by Norwegian Foreign Minister Børge Brende. His country holds the current chairmanship of the WTO's General Council in Geneva, with the General Council serving as the organisation's highest decision-making body outside the ministerial conference.

"The participants carried out constructive discussions on a great many issues surrounding the work in the WTO and further trade negotiations in both the short and intermediate term," [said](#) Brende.

Along with Norway, the meeting's host, sources say that participants also included ministers or senior officials from members such as Argentina, Australia, Benin, Brazil, Canada, China, Colombia, the EU, India, Indonesia, Kenya, Japan, Lesotho, Mexico, Morocco, New Zealand, Pakistan, Russia, Rwanda, Switzerland, Singapore, South Africa, South Korea, and the US.

"I hope and believe that the Oslo meeting has provided new inspiration for further negotiations, and that we have laid a good foundation for concrete results," said Brende.

Other “mini-ministerial” gatherings are reportedly envisioned throughout the coming year. This includes the usual meetings in Davos, Switzerland, in January, as well as a Paris meeting along the sidelines of the Organisation for Economic Co-operation and Development's (OECD) annual spring gathering. Sources say that another such meeting may be held in September 2017, in a bid to help support the Buenos Aires preparations in their later stages.

### **EU fisheries proposal circulated**

Just prior to the meet, the European Union circulated its proposal on a multilateral outcome on disciplining harmful fisheries subsidies.

“Fisheries subsidies, similarly to other types of subsidies, can only effectively be addressed through a multilateral agreement covering all WTO Members. The fact that the sustainability of global fisheries is at stake, further reinforces the need for multilateral action,” said the EU proposal, dated 20 October.

According to the proposal's text, the EU is suggesting banning “capacity-increasing subsidies,” noting their negative ramifications in terms of overcapacity and overfishing. For example, it would ban state aid aimed at boosting a fishing vessel's fishing capabilities, purchasing or building such vessels, or transferring such vessels abroad.

Such a prohibition would entail “special and differential treatment,” allowing poorer members to be exempted from the ban in certain cases. This includes exempting subsidies for subsistence fishing vessels that are less than 10 meters in size.

Under the EU proposal, another scenario where developing or least developed countries could provide subsidies would be in cases where the relevant fish stocks are not recognised as overfished by the necessary authorities, with those stocks “managed on the basis of the best available science” and in line with conservation rules under international law. It outlines further details regarding both conditions. A management plan for “ensuring the sustainable exploitation of the stock” would also be needed.

The text further aims to tackle subsidies linked to illegal, unreported, and unregulated (IUU) fishing. “[This] would apply to operators whose vessels are included in the subsidising country's IUU-vessel list and/or that of a Regional Fisheries Management Organisations (RFMOs),” the proposal says

Lastly, the proposal calls for improving transparency in this area, specifically in terms of notification requirements to the global trade body. It then goes on to describe how such a multilateral accord could be structured.

Days later in Geneva, the US reportedly raised again its own past proposal to improve transparency in the field of fisheries subsidies, including on how the WTO's Committee on Subsidies and Countervailing Measures might be able to help improve compliance with rules on notifying state aid.

Sources say that the US transparency initiative saw interest from various fellow WTO members at the 25 October committee meeting, while at the same time drawing questions from Japan and India. While the former asked specifically what might be included in improved subsidies notifications, the latter focused more on ensuring that poorer WTO countries still receive special and differential treatment.

Meanwhile, another area of interest for trade watchers will be how a multilateral endeavour, as advocated by the EU and some other countries, will advance in parallel to a separate negotiating initiative being advanced by a subset of the WTO's membership. The latter initiative is currently being pushed by 13 WTO members, and was announced by the Office of the US Trade Representative last month. (See Bridges Weekly, [22 September 2016](#))

## TISA update

The Oslo mini-ministerial also provided the opportunity for some ministers from the WTO group currently negotiating a Trade in Services Agreement (TISA) to gather in the margins to take stock of the talks, given the current target of concluding those negotiations by early December.

Sources familiar with the meeting noted that this event was not a full or formal TISA ministerial, in light of the fact that only some ministers were present – namely those that were already participating in the main Oslo gathering. The TISA talks currently include 23 participants, counting the EU as one, with approximately half of that number present in Norway.

The TISA-focused gathering in Oslo was [chaired](#) by Australia, officials confirmed. The timing of the event came just as TISA participants were due to submit revised market access offers, which were reportedly still under review at press time.

Along with market access, other areas of the talks also remain outstanding, with negotiators noting that much work still remains in order to resolve these issues in time for the current December target.

Such issues reportedly include how to resolve a disagreement over whether to exclude new services – in other words, those that have yet to be discovered or developed – from being automatically granted national treatment, in light of the fact that TISA uses a “negative list” approach for its national treatment commitments.

Under a “negative list” approach, all services sectors are included across the board, unless they are specifically excluded.

Sources say that the EU is among those advocating for a carve-out for such new services, in an interest to protect policy space in a context of a rapidly changing technological environment, which would specifically apply to those services that would not fall under existing classification categories, as outlined under the UN's Central Product Classification.

Sources say that the EU's position is that since the WTO's General Agreement on Trade in Services (GATS) and the invention of the internet, there have not been any “new services” that do not fall under the UN classification, with technological changes instead affecting modes of supply – making the issue hypothetical in nature.

The EU reportedly aims to retain the option of reservations against national treatment – such as setting up establishment requirements – or against disciplines on local presence. The EU and others have also suggested that given reservations in existing sectors in TISA market access offers, it would be best to focus efforts on opening up those economically meaningful sectors.

The effort to carve out new services has reportedly been opposed by the US, among others, given that the overall accord currently envisions granting all sectors not specifically excluded with national treatment, under the “negative list” approach.

An expected EU proposal on data flows is also pending, sources say, partly in light of the need to resolve a separate matter in terms of attaining consensus across the bloc to sign a trade deal with Canada this week. (For more on the EU-Canada situation, see related story, this edition)

Crafting this data flows proposal has also involved ensuring how to make sure that digital data is appropriately protected. However, participants have debated whether the delay in receiving such a proposal should slow progress in other parts of the TISA talks.

While those issues have been the most high-profile in recent weeks, some trade sources note that these are not the only contentious topics, citing as examples differing views on Mode 4 commitments – the movement of natural persons – and maritime transport, among others.

Going forward, TISA negotiators have reportedly two rounds scheduled. One will be a 2-11 November round, chaired by the EU, while another one will begin in late November and continue through December, with the planned TISA ministerial set for 5-6 December.

A separate, informal meeting of ministers from some participants in a tariff-cutting initiative on environmental goods also met in Oslo this weekend, sources confirm. That process, known as the Environmental Goods Agreement (EGA), is also attempting to reach a successful conclusion this year. (For more on the EGA, see related story, this edition)

ICTSD reporting.

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## EUROPEAN UNION

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# Calling for "Tangible" Outcomes, European Commission Outlines 2017 Work Programme

The EU's executive arm released on Tuesday its [work programme](#) for 2017, pledging to do its utmost to take concrete actions with tangible outcomes for the bloc's citizens, including on advancing its foreign trade agenda.

The latest edition of the European Commission's annual work plan comes as the 28-nation bloc finds itself in a difficult period of transition, one where it will have to navigate the expected exit of the UK from its membership ranks; the aftermath of the ongoing migration crisis; and questions from both the public and some policymakers as to whether the merits of the European project and strategy do indeed outweigh potential costs.

"We are focusing on the things that matter, concrete actions that improve people's lives. With the 60th Anniversary of the Rome Treaties coming up next March, we must unite around a positive agenda," [said](#) European Commission President Jean-Claude Juncker in announcing the news.

The March event that Juncker referred to marks the celebration of the accords which launched the European Economic Community, the precursor of the European Union of today. By that point, the leaders of the so-called "EU 27" – in other words, all member states except the UK – foresee having concluded a "process of reflection" aimed at building confidence and ensuring continued unity across their group, following a roadmap announced in Bratislava, Slovakia last month. (See Bridges Weekly, [22 September 2016](#))

The proposals outlined in this new text will serve as "the most visible way in which our work will contribute to the process of renewal ahead of the 60<sup>th</sup> anniversary of the Treaties of Rome," according to the document.

The text is split into sections which first outline the current domestic and international context; delivering on the "[10 priorities](#)" that Juncker described before his Commission took office in 2014; and how to improve collaboration across the EU's three law-making entities in order to put those priorities in practice.

### **Trade: TTIP transition**

The topic of trade has become an increasingly high-profile one on the public stage over the last year, with tensions on the subject coming to a head this month after efforts to secure the approval of all EU member states for signing a trade deal with Canada hit a roadblock when the Belgian region of Wallonia refused to give its approval. (See Bridges Weekly, [20 October 2016](#), and related story in this edition)

While the Comprehensive Economic and Trade Agreement (CETA) has dominated recent headlines, the future path for another major trade deal – a planned accord with the United States – has also been the source of speculation and debate, given both the political climate as well as the impending exit of US President Barack Obama.

Given this context, the work programme's section on trade calls specifically for reaching a "reasonable and balanced free trade agreement with the United States," referring to the Transatlantic Trade and Investment Partnership (TTIP) negotiations that have been underway since 2013.

Since those negotiations kicked off over three years ago, the two trading giants have held 15 negotiating rounds, with the latest taking place in New York earlier this month. (See Bridges Weekly, [13 October 2016](#))

However, the talks have struggled to advance on both substantive fronts – such as on reaching their desired levels of ambition in market access – along with winning over public support in an environment that is growing increasingly wary of the potential downsides of globalisation.

“Given the upcoming elections in the US and the inevitable slowdown of the pace of negotiations, both parties will endeavour to consolidate the progress that has been achieved,” the work programme says.

“The Commission stands ready to engage with the new US administration as soon as possible, on the basis of the mandate given to the Commission, reconfirmed by the European Council on 21 October 2016,” the document continues.

European Commission officials have already acknowledged that the US presidential transition will inevitably slow down the TTIP process, given the time it will take to nominate and gain Senate confirmation for a new US Trade Representative and key members of that office.

What approach a new US administration may take to the transatlantic talks is also in question, given the heated debate on trade between the presidential candidates of the US’ main political parties – Hillary Rodham Clinton for the Democratic Party and Donald Trump for the Republican Party.

While TTIP has not been the primary focus of the US’ trade debates, the direction of American trade policy has come under fire, specifically related to the efforts to ratify a 12-country deal known as the Trans-Pacific Partnership (TPP). (See Bridges Weekly, [29 September 2016](#))

Although TTIP is the focus of the work programme’s trade section, the European Commission also refers to several ongoing and planned trade negotiations in the pipeline, even as the difficulties in securing the European Council’s approval of an accord with Canada have fuelled questions as to the viability and credibility of the 28-nation bloc’s trade policy. (For more on the EU-Canada trade deal, see related story, this edition)

Pledging to implement its 2015 “Trade for All Strategy,” the Commission says that it aims to advance its ongoing talks with Japan, the Mercosur customs bloc, and Tunisia, as well as its WTO work and negotiations on “plurilaterals” with subsets of the WTO membership. It also plans to continue its efforts to update its trade accord with Mexico, along with moving forward on its negotiations with members of the Association of Southeast Asian Nations (ASEAN).

As for new trade deals, while the Commission also refers to previous plans to request the necessary mandates to launch talks with Australia and New Zealand for new FTAs, and with Chile to update an existing deal, it also mentions an interest in beginning negotiations with Turkey – which currently has a customs union with the EU and requested EU membership in 1999.

As part of making its case for trade, the EU’s executive arm also stressed the value of enforcement, calling upon the European Council to sign off on a series of reforms to its “trade defence instruments” that have been stalled since 2013. (For more on the trade defence discussion, see related story in this edition)



**EU institutions to issue "joint declaration"**

The European Commission document was prepared following consultations with EU parliamentarians and the Council, which officials noted was the first time this has been done.

Notably, the three EU law-making institutions are due to issue a "joint declaration" in December on their shared goals – another first for the trio. To that end, a debate between the Commission and EU parliamentarians has already been held this week to examine the new work programme.

ICTSD reporting.

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## EVENTS & RESOURCES

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# Events

### Coming Soon

31 October, Washington, US. BROOKINGS INSTITUTION EVENT: THE POST-PARIS CLEAN ENERGY LANDSCAPE: RENEWABLE ENERGY IN 2016 AND BEYOND. This event is being hosted by the Cross-Brookings Initiative on Energy and Climate, featuring the US launch of the International Energy Agency's "Medium-Term Renewable Energy Market Report 2016." The gathering will first feature a presentation on the report's overall findings, which will then be followed by a panel discussion. To learn more, click [here](#).

3 November, Washington, US. BOTTOM-UP POLLUTION ACTION IN CHINA. This conference is being hosted by the China Environment Forum (CEF) at the Woodrow Wilson International Centre for Scholars. Leaders from various environmental organisations will talk about the successes and challenges facing both Chinese NGO and citizen-led efforts to tackle pollution and ensure natural resource conservation. Additional information can be found available [here](#).

2-3 November, Shanghai, China. ADB INSTITUTE EVENT: SME DEVELOPMENT IN EMERGING ASIA: INTEGRATION WITH THE GLOBAL VALUE CHAIN. This course-based training is being organised by the Asian Development Bank Institute in a bid to give public sector officials and experts the chance to exchange insights and experiences on helping advance Asia-based small and medium-sized enterprises when it comes to participating in global value chains. Additional information can be found [here](#).

3 November, Geneva, Switzerland. GRADUATE INSTITUTE LECTURE: TRUMP, BREXIT, LE PEN AND PUTIN: THE 30% WORLD. This lunch briefing is being organised by the Graduate Institute, featuring as its guest speaker John Micklethwait, Editor-in-chief of Bloomberg News. He will talk about how politics and economics will evolve and interact in the coming years, in light of the current electoral processes in major economies, along with the implications for the private sector. More information and registration is available [here](#).

### WTO Events

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

28 October: Committee on Sanitary and Phytosanitary Measures

28 October: Negotiating Group on Rules (Technical Group)

31 October: Committee on Customs Valuation

31 October: Informal Trade Policy Review Body

1 November: Committee of Participants on the Expansion of Trade in Information Technology Products

1 November: Committee on Budget, Finance and Administration

1-3 November: Trade Policy Review Body - Sri Lanka

3 November: Committee on Trade in Civil Aircraft

3 November: Committee on Import Licensing

3 November: Informal Committee on Import Licensing

3 November: Informal Dispute Settlement Body - Special Session

### **Other Upcoming Events**

7 November, Geneva, Switzerland. THE 2016 G20 INVESTMENT PRINCIPLES IN THE BROADER TRADE AND INVESTMENT AGENDA: ADVANCING THE G20 OUTCOMES. This joint event by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum (WEF) will focus on how to move forward with the G-20 Guiding Principles for Global Investment Policymaking, which emerged from this year's G-20 process. Participants will also examine the results of meetings between G-20 trade and investment officials, and what these could yield going forward. More information is available [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](#).

7-18 November, Marrakech, Morocco. ICTSD AT THE TWENTY-SECOND CONFERENCE OF THE PARTIES TO THE UNFCCC. The International Centre for Trade and Sustainable Development (ICTSD) will be organising a series of events on the sidelines of the UN's climate conference in Morocco, including on scaling up renewable energy; implementing Article 6 of the Paris Agreement; and a post-Paris roadmap on consumption-based carbon accounting and policies. To learn more, click [here](#).

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 represents the first in a series of RTA Exchange dialogues set to take place over the course of 2016 and 2017 to systematically explore possibilities for convergence and coherence-building between regional trade agreements (RTAs) and the multilateral trading system. To learn more, visit the ICTSD [website](#).

26-27 November, Ashgabat, Turkmenistan. GLOBAL SUSTAINABLE TRANSPORT CONFERENCE. The UN Secretary-General Ban Ki-moon is convening the first-ever global conference on sustainable transport in recognition of its critical role in combating climate change and achieving sustainable development. The Conference will address: all modes of transport, including road, rail, aviation, ferry and maritime; the concerns of developing countries; transport in both urban and rural areas; energy and transport; public transport; road safety; and financing for sustainable transport. To learn more, visit the event [website](#).

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## Resources

THE 2030 AGENDA AND THE POTENTIAL CONTRIBUTION OF TRADE TO GENDER EQUALITY. By Jeni Klugman for the International Centre for Trade and Sustainable Development (ICTSD) (September 2016). This new paper examines the different opportunities and challenges women and men face when engaging in economic activities, along with the need to achieve improvements and greater parity for women. The paper examines specifically the relationship between gender equality, women's empowerment, and international trade policy, and features a series of recommendations on the subject. To learn more, click [here](#).

UNDERSTANDING TRADE IN DIGITIZED IDEAS — WHAT ARE THE STATISTICAL CHALLENGES? By Joscelyn Magdeleine and Andreas Maurer for the World Trade Organization (WTO). This paper aims to examine at both a conceptual and empirical level the landscape of digital trade, specifically as it relates to measuring such trade. The authors' discussion on these statistics note the challenges in developing a complete picture of the current scenario, and provide some recommendations in this regard. The document can be found [here](#).

US ELECTION NOTE: ENERGY AND CLIMATE POLICY AFTER 2016. By Sarah Ladislaw for Chatham House (October 2016). This paper addresses the different visions of US presidential election candidates Hillary Rodham Clinton and Donald Trump, and discusses the challenges faced by the next administration in executing policies on energy and climate change. 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) (October 2016). This new OECD publication reviews the state of play in global agricultural markets, including the top producers, and evaluates these changes in light of the WTO negotiations that began 15 years ago. The report is available for download [here](#).

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