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GLOBAL ECONOMY

As New "Trump" Reality Sinks In, Questions Grow Over Future Trade Policy

Just over one week after the news that Donald Trump will serve as the next president of the United States, key trading partners are working to prepare for the change in leadership in the world's largest economy, even as many of the incoming official's policy priorities remain unclear.

Trump's unexpected win last week initially sent shockwaves both within the US and across the world, particularly given both poll predictions in favour of his opponent, Hillary Clinton, and also in light of the radically different approach to policy and politics that the real estate mogul promoted on the campaign trail relative to his recent predecessors. (See Bridges Weekly, [10 November 2016](#))

Outgoing US President Barack Obama has repeatedly called for a smooth transition of power, which has been the hallmark of presidential handovers, even between administrations from different political parties. Trump has also called for unity, which has been echoed by congressional leaders of both parties, even as top Republicans and Democrats have already been openly clashing over how to approach the incoming administration and its stated values, team members, and policy plans.

TPP partners attempt to regroup

Amid the tumult in Washington, one key issue for many of the US' trading partners will be the ultimate fate of the Trans-Pacific Partnership (TPP), a 12-country deal that was concluded under the Obama presidency and is now in the ratification stage. Trump said repeatedly on the campaign trail that he would pull the US out of the Pacific Rim accord should he become president, with questions now being raised over whether he will make good on this pledge.

While Obama Administration officials had suggested that they might still be able to push for the TPP's ratification during the "lame duck" session of Congress before the transition next January, US congressional leaders have put a damper on that idea, pledging that no such vote will be held during that period.

Some TPP officials, such as Australian trade minister Steven Ciobo, have suggested their continued hope that there could be some way to preserve the advances made under the 12-country accord, while acknowledging that the election results have complicated matters.

"I mean it's not definitely dead in the water although increasingly it would appear unlikely," he told Sky News on 15 November, according to a [transcript](#) of his remarks provided by his office. "Now that opportunity would appear unlikely to now be realised, but we have other pokers and other fires."

The TPP had been one of Obama's top policy priorities in Asia, both in terms of cementing the US' relationships in the region, as well as allowing the North American economy and its Pacific Rim trading partners to pursue rules that proponents say are some of the most advanced seen under any deal – particularly in areas such as labour rights and environmental protections.

However, the deal has faced harsh public scrutiny in the US, particularly during the election season, given that both Trump and Clinton had opposed it.

"Now I made an argument – thus far, unsuccessfully – that the trade deal we had organised, TPP, did exactly that, that it strengthened workers' rights and environmental rights, levelled the playing field, and, as a consequence, would be good for American workers and American businesses," said Obama at a [press conference](#) on 14 November.

However, the outgoing US leader acknowledged the difficulties and nuances of making such an argument to the American public, particularly given concerns of jobs being moved abroad and manufacturing plants at home shutting down.

Indeed, the election has highlighted the deep-seated divisions among the American public on the economy and a host of other topics, including on environmental and social policy, which are unlikely to dissipate anytime soon.

At a separate event this week, Obama warned that the policy prescriptions of his incoming successor may not yield outcomes that will actually answer the concerns over growing economic inequality and lost competitiveness that many of Trump's supporters have raised.

"Time will now tell whether the prescriptions that are being offered – whether Brexit or with respect to the US election – ends up actually satisfying those people who have been fearful or angry or concerned," said Obama in Greece during the first leg of his final European tour as president. He also argued that the policies under his own administration had ultimately been the "right ones" for the American economy.

Given this context, Obama is [due](#) to meet with fellow TPP leaders in Peru later this week, on the sidelines of an Asia-Pacific Economic Cooperation (APEC) gathering being held in Lima. White House officials say that the US president will be aiming to discuss with his counterparts what may come next in light of current events.

"Obviously we recognise the recent political developments in our country and how that affects TPP, but that's all the more reason for the President to discuss with other TPP leaders the work they've done together and how we're looking at issues related to trade going forward," [said](#) Ben Rhodes, Deputy National Security Adviser for Strategic Communications, in a phone call previewing the trip.

Peruvian President Pedro Pablo Kuczynski has reportedly suggested that the other 11 TPP signatories could go it alone, if need be. Indeed, some commentators such as Brookings Senior Fellow Mireya Solís have [said](#) that the existing TPP players could seek to move forward on the accord without the US.

However, officials from other TPP countries such as Australia's Ciobo [say](#) this is less likely, noting that losing a major economy like the US "fundamentally alters the various considerations that countries have."

Japanese Prime Minister Shinzo Abe is due to meet with President-elect Trump this Thursday, with analysts widely expecting the discussions to include a push by the Japanese premier for the incoming US leader not to abandon the 12-country trade deal.

Meanwhile, another trade-related campaign promise of the president-elect was that he would seek to renegotiate the North American Free Trade Agreement (NAFTA) – and that if Canada and Mexico were not willing to do so, or would not agree to his terms, he would be ready to pull the US out of the decades-old accord.

Canadian Prime Minister Justin Trudeau said last week that he would be open to discussing changes to the 1994 deal. "If the Americans want to talk about NAFTA, I'm more than happy to talk about it."

Mexican officials, for their part, have also suggested an openness to discussing the upgrade of the deal.

EU officials: TTIP going on hold

Trump's win last week has also raised questions over how he will approach relations with one of the US' top diplomatic and trading partners – the European Union – in areas as wide-ranging as national security and economic ties.

While many EU leaders hinted that the election result was a surprise, and not necessarily an ideal one, they generally pledged that they would aim to keep strong ties with the US on the basis of shared values and the larger international importance of their long-term alliance

"Irrespective of the outcome of the election, I firmly take the view that we have to do our utmost to keep the transatlantic relationship on track," [said](#) European Commission President Jean-Claude Juncker on 9 November in Berlin.

"Our common values are at stake. And these common values must be strengthened. And when they are threatened, we must talk eye-to-eye with those who might seek to threaten them," he continued.

Among the many questions that the 28-nation EU has for the US involves how an incoming Trump Administration may address the Transatlantic Trade and Investment Partnership (TTIP), another initiative that was launched during the Obama Administration.

The planned deal between the US and EU is aimed at lowering market access barriers and regulatory hurdles, along with further cementing an already deep economic relationship. The negotiations kicked off over three years ago, but have lately struggled to advance, with the two sides ultimately abandoning their earlier plans to conclude a deal under the Obama presidency. (See Bridges Weekly, [13 October 2016](#))

Speaking to [reporters](#) on Friday, EU Trade Commissioner Cecilia Malmström suggested that there would be a "natural pause" in the talks, with the EU ready to continue negotiations when the US is ready to do so. During the remaining weeks of Obama's term, the US and EU will be undertaking the technical work necessary to preserve as much of the progress made as possible during the 15 rounds of negotiations.

"For quite some time, TTIP will probably be in the freezer. What will happen when it's defrosted, I think we'll just have to wait and see," she added.

Furthermore, she added, the US president-elect “has not one single time in his election campaign or before mentioned, [or] made any reference, to TTIP, so we don’t know what he thinks about TTIP.”

Indeed, the positions Trump might take on any existing Obama trade initiatives aside from the TPP are largely unclear, though he has made public his scepticism of major multi-country accords, stating that he prefers bilateral deals with individual countries.

What this may mean for two other initiatives launched in recent years – the Trade in Services Agreement (TISA) and the Environmental Goods Agreement (EGA), both aiming for conclusion this December – is also not yet known, sources say.

ICTSD reporting; “Abe to Meet Trump to Press Japan’s Case on Security and Trade,” THE NEW YORK TIMES, 10 November 2016; “Abe: TPP difficult to put into force,” JIJI PRESS, 14 November 2016; “A TPP without the US? It’s being suggested, NIKKEI ASIAN REVIEW, 13 November 2016; “Trump talks tough on trade has at least one NAFTA member willing to play ball,” CNBC, 12 November 2016.

AGRICULTURE

Farm Exporting Countries Intensify Reform Push, Despite US Post-Election Uncertainty

Negotiators from agricultural exporting countries have tabled three new proposals for WTO trade reforms, while acknowledging that last week's unexpected US election result means that prospects for future progress are uncertain.

The three documents were sponsored by different configurations of members from the Cairns Group of farm exporters, and submitted ahead of a negotiating session of the WTO's committee on agriculture yesterday in Geneva. Copies of the proposals have been seen by Bridges.

"We've just got to keep going," one trade official familiar with the proposals said.

However, the source also said that the election of Donald Trump to the US presidency was "a major curve-ball." (See Bridges Weekly, [10 November 2016](#), as well as this edition).

Informal paper: "Worst distortions in domestic support today"

An informal paper submitted on Tuesday by seven agricultural exporting countries from the developed and developing world throws a spotlight on what the sponsors call "the worst distortions in domestic support today."

The paper – which was submitted jointly by Argentina, Australia, Colombia, New Zealand, Paraguay, Uruguay, and Vietnam – points to the concentration of farm subsidies on specific products as a major cause of concern.

The sponsors argue that product specific support "has a negative impact on the prices all farmers in the world receive," especially when the support is provided by governments that are major agricultural producers or exporters.

The paper singles out dairy support as an example of the harm caused by concentrations of farm support on particular products. Instead of responding to lower world prices by reducing production, farmers in some countries have increased their output in response to government intervention.

"This leaves all dairy farmers worse off because the increased production puts further downward pressure on world dairy prices," the exporting countries say.

The EU is among the members that have responded to lower prices in the dairy sector by unveiling packages of support for producers. (See Bridges Weekly, [17 March 2016](#))

Governments are "failing to be truthful," some countries say

The exporting countries also criticise the delays and inaccuracies which they say are hampering efforts to understand clearly the scale and nature of farm support in the world today.

The members point to analysis by the WTO secretariat which shows that 733 domestic support notifications are outstanding. (See Bridges Weekly, [3 November 2016](#))

The chair of the WTO agriculture talks, New Zealand Ambassador Vangelis Vitalis, has repeatedly criticised delays in reporting farm subsidies to the global trade body. (See Bridges Weekly, [12 May 2016](#)).

"It is becoming difficult to assess if a member is actually in accordance with their obligations or not," the sponsors say.

Trade officials should therefore consider "punitive penalties" for countries that fail to meet their reporting commitments, especially for large producers or exporters of particular products, according to the paper.

Growing farm output eroding WTO disciplines

Mushrooming levels of farm output in many countries is quickly eroding the effectiveness of WTO subsidy disciplines, the exporters also warn.

Current WTO rules allow countries to provide trade distorting support so long as it does not exceed a minimum threshold of the value of farm production – dubbed "de minimis" support by trade officials. However, as farm output has grown rapidly in a number of countries to meet rising demand, the effectiveness of this ceiling is declining over time.

The sponsors of the proposal caution that some countries may be able to provide over US\$200 billion each year under the "de minimis" clause – a level which they say was "never intended" to have been allowed.

Existing de minimis thresholds need to be curtailed, the exporting countries argue, especially for large producers and exporters.

They also argue in favour of reducing the concentration and level of input subsidies, which can be provided under existing rules on trade-distorting support classified as "amber box" payments or de minimis, or instead under a special provision which is only available to developing countries.

Options for progress?

A separate proposal, tabled by Friday by a similar group of farm exporting countries, looks at options for moving ahead in talks on domestic support.

The proposal was sponsored by a set of Latin American countries: Brazil, Argentina, Chile, Colombia, Paraguay, Peru, and Uruguay.

The submission builds on a document circulated by Brazil and three other countries in June this year. (See Bridges Weekly, [24 June 2016](#)).

The paper re-visits the four options set out in the earlier paper, and now also includes consideration of cotton – which WTO members have consistently agreed should benefit from special treatment in negotiations on farm subsidies and other areas. West African countries in particular have long called for cuts in trade-distorting subsidies, arguing that these harm incomes and employment among poor rural communities. (See Bridges Daily Update, [19 December 2015](#))

The co-sponsors suggest that countries could consider: a comprehensive limit on trade-distorting support; cuts to farm support levels using existing WTO categories; disciplines aimed at reducing the concentration of support on particular products; and new measures to address types of domestic support that serve as "de facto" export subsidies because of their effects on products that are exported to world markets.

Disciplines on cotton subsidies should involve “specific and more ambitious commitments and shorter implementation periods” than those that apply to other products, the exporting countries say.

One developing country farm importer told Bridges that there had been little change in countries’ negotiating positions since the options were first set out in June.

Lower tariffs on farm exports

On Tuesday, six farm exporting countries tabled a separate paper on the tariff barriers for farm goods that can impede producers’ ability to access markets overseas.

The paper has been tabled by four Latin American countries (Paraguay, Argentina, Colombia and Uruguay), one Asian agricultural exporting nation (Vietnam), and a developed country (Australia).

The paper focuses on “tariff overhang” – the gap between the maximum permitted “bound” tariffs which countries have agreed to respect at the WTO, and the lower “applied” tariffs which they actually levy in practice.

The paper looks at a sample set of agricultural products, and finds that many countries have a large gap between their WTO ceilings and applied levels.

“The fact that some members have high bound tariffs, yet apply low tariff levels for the same products, raises the question of why those tariff peaks cannot be targeted,” the sponsors say.

Tariffs set at 800 percent

The sponsors say that the bound tariffs they have analysed range from zero to 800 percent, while nearly one-fifth of the bound tariffs in the study are set at over 100 percent.

In contrast, applied levels are much lower. “Only 1.6 percent of the tariffs go over 50 percent,” the agricultural exporting countries find.

Unusually high “tariff peaks” are particularly widespread among the bound levels for processed products, the countries argue, especially for cereals and oilseeds.

The sponsors find that one-tenth of processed cereals and oilseeds have bound tariffs that are set above the 200 percent rate.

In extreme cases, the gap between bound tariff rates for processed cereal products was between 36 and 79 times the applied rates, the exporting countries say.

Uncertain outlook

The chair of the agriculture negotiations has previously stated that the bulk of the WTO membership would like to see an outcome on agricultural domestic support at the next ministerial conference, which is scheduled to be held in just over a year’s time in Buenos Aires, Argentina. (See Bridges Weekly, [27 October 2016](#))

However, trade officials told Bridges that the election of Donald Trump as the next US president meant there was now much less clarity on what might happen next in WTO talks on farm trade.

“We’re going into very scary times,” said one. However, another said they remained hopeful that “checks and balances” in the US political system might prevent the real estate mogul from pursuing some of the policies he talked about while on the campaign trail.

Among other things, Trump has suggested he could impose high tariffs on Chinese and Mexican imports, or even withdraw the US from the WTO. Experts warn that punitive measures of this sort would push up prices for domestic producers and firms reliant on imported inputs, as well as sparking a firestorm of legal disputes.

Many negotiators cautioned that it remains “too soon to tell” what the Republican president-elect would do once he and his team are in power.

Trump has placed a particular emphasis on pushing through a series of reforms across various policy areas during his first 100 days in office, even though the normal process of a presidential transition usually means that several months will pass before all the necessary administration posts are filled.

“When they take office, in January, we may know more,” one Asian negotiator said.

However, some former trade officials in Washington were wary about the negotiating outlook, citing Trump's demonstrated difficulty in accepting criticism and the unpredictable and often brash temperament that was repeatedly exhibited on the campaign trail.

One former Republican trade official told Bridges that Trump seemed to show little respect for international institutions such as the WTO – which for decades have been supported by both Democrat and Republican administrations.

“It's going to be interesting to see who he settles on as cabinet choices,” the source said.

ICTSD reporting.

GLOBAL ECONOMY

UK Scopes Out Foreign Trade Options As Legal Challenges Continue on "Brexit"

UK officials have continued exploring options for deepening ties with other trading powers in a post-"Brexit" world, as legal challenges continue on home soil regarding whether the government has the authority to launch exit talks with the European Union without first gaining parliamentary approval.

The UK's Supreme Court is now considering the issue, after the country's High Court ruled last month that legislators needed to first give consent. Government officials say that their appeal will likely be heard by the court in early December, though a result may not come until later that month or even in early 2017.

UK Prime Minister Theresa May has indicated that she plans to launch exit talks with the European Council by the end of March 2017, at the latest. (See Bridges Weekly, [6 October 2016](#))

UK-India trade talks coming up?

Among the most recent developments on the foreign trade front was a bilateral meeting between May and her Indian counterpart, Prime Minister Narendra Modi, last week.

The gathering in Delhi marked UK Prime Minister Theresa May's first trip outside Europe in her new leadership role, with the premier [referring](#) to India as a "natural partner for Britain."

"We are both firm supporters of free trade. We both want to be great exporting nations. And so we should work together, for the long haul, to break down the barriers to trade and investment," said May.

Notably, the UK leader announced that the two countries would begin bilateral meetings aiming to improve commercial ties, including on services. "The UK will make India the first visa country to have access to our registered traveller scheme, offering many Indians smoother and swifter clearance at the border," said May.

She added that it would be willing to do even more, so long as India was willing to work with them in getting Indian citizens who "have no right to remain in the UK" to return back to their home country. Indian officials, for their part, have indicated that immigration will be a key issue for them in any effort to deepen bilateral trade ties.

A joint statement by the two premiers indicated that the two sides would "make it a priority... to build the closest possible commercial and economic relationship" following the UK's exit from the EU, with a working group being established to help support that effort. The [document](#) stops short of announcing plans for formal trade negotiations at this stage, however.

The efforts to deepen trade ties between the UK and India come amid questions over the next steps for the long-stalled EU-India trade and investment negotiations, which have lately come under renewed scrutiny given that various bilateral investment deals between individual EU member states and New Delhi are about to expire.

The EU-India negotiations have been underway since 2007, though have advanced slowly in recent years. European Commission officials have lately warned that letting individual investment deals lapse in the coming months could have knock-on effects for the larger trade talks.

Australia: EU talks next year, UK post-Brexit

The push for a possible UK-India trade deal comes as the island European nation scopes out possibilities for other bilateral accords after leaving the EU. To date, UK officials have already met with their Australian counterparts to explore the possibility of a future free trade deal, while both sides acknowledge that any formal talks would have to wait until the UK has left the European Union.

"I've hoped that we'll be able to commence formal negotiations around a free trade agreement with the European Union toward the middle of next year," [said](#) Australia Trade Minister Steven Ciobo late last month.

"I'd put that to one side and say we're pursuing as well preliminary discussions with the UK around a free trade agreement, but the advice to me from the UK government is that they cannot formally commence negotiations until such time as the UK exits the European Union," said the Australian official in the interview with BBC's HardTalk.

The EU and Australia have both said that launching bilateral talks is a priority for their respective trade agendas going forward. (See Bridges Weekly, [19 November 2015](#))

US deal under Trump?

The election of Donald Trump as the next US president has also fuelled speculation in some quarters that this could pave the way for a future US-UK trade deal, even as the future of a bilateral US-EU accord remains unclear. (See Bridges Weekly, [10 November 2016](#) and related story, this edition)

The president-elect has been a vocal supporter of "Brexit," crediting much of his unexpected win to the same "populist" trends that were also behind the UK referendum outcome.

During the campaign, Trump had also countered outgoing US President Barack Obama's assertion that the United Kingdom would be at the "back of the queue" should the island nation leave the EU, saying back in June that it would instead be "at the front of the line." Trump has also expressed his preference for bilateral trade accords, rather than the multi-country deals favoured by his predecessor.

Indeed, the UK premier was one of the first foreign leaders to congratulate Trump on his election win, with the real estate developer turned politician inviting May to visit him in the United States "as soon as possible," according to a [spokesperson](#) for 10 Downing Street.

"[May] highlighted her wish to strengthen bilateral trade and investment with the US as we leave the EU. But she said that our relationship is so much more than that and our two countries have always stood together when it counts the most," said the spokesperson.

ICTSD reporting; "David Davis: supreme court may not rule on article 50 until January," THE GUARDIAN, 7 November 2016; "The bright side of Brexit? A U.S.-U.K. trade deal," POLITICO, 24 June 2016; "May offers improved visa deal as India, UK launch trade talks," REUTERS, 7 November 2016; "Delay over India trade deals signals another setback for Brussels," FINANCIAL TIMES, 11 November 2016; "EU warns on lapse of investment protection deals with India, REUTERS, 11 November 2016; "India warns UK immigration policy could wreck trade deal," THE GUARDIAN, 6 November 2016; "Brexit vote 'not legally binding' says Supreme Court judge," THE INDEPENDENT, 16 November 2016.

TRADE AGREEMENTS

Andean Community: Ecuador Joins EU Trade Pact with Colombia, Peru

After years of negotiations, officials [gathered](#) in Brussels on Friday 11 November to sign the protocol for Ecuador's accession to the free trade agreement between the EU's 28 member states and two of the Andean Community's other members, Colombia and Peru.

The [agreement](#) aims to facilitate greater market liberalisation on both sides of the Atlantic and to foster a more predictable environment for trade and investment flows in both directions.

"We need to create more trade between us because trade is a key factor for growth and jobs in the EU but also for an economy like Ecuador, which wants to diversify and integrate into global value chains. It creates a foothold for European business and an anchor for reforms in Ecuador," said EU Trade Commissioner Cecilia Malmström.

Malmström joined Slovak Economy Minister Peter Žiga in represented the 28-nation bloc at the signing. Officials from the Andean Community included Ecuadorian Vice-President Jorge Glas, Colombian Ambassador to the EU Rodrigo Rivera, and Peruvian Ambassador to the EU Cristina Ronquillo de Blödorn.

Projected impact

Upon the pact's entry into force, duties on up to 95 percent of EU tariff lines will be cut. Meanwhile, Ecuador has committed to do the same on 60 percent of its own tariff lines, with this phase-out slated to take place over the course of 17 years. According to EU estimates, full implementation of the agreement is projected to accrue savings of €106 million (US\$114 million) in tariffs for EU exporters per year, and €248 million (US\$266 million) for their Ecuadorian counterparts.

Officials note that the [agreement](#) is designed to be asymmetric in nature, in order to help support inclusive and sustainable development for Ecuador. The text therefore incorporates a slew of commitments for implementing international conventions on labour and environmental protections, including Domestic Advisory Groups to monitor progress on implementation in this respect.

The agreement seeks to increase market access for industrial, agricultural, and fisheries products, which are the sectors that make up the bulk of Ecuador's exports to the 28-nation bloc.

For the EU, benefits will include increased market access in terms of automobiles and machinery, as well as for agricultural products, accompanied by the protection of 100 EU geographical indications.

Geographical indications are place names used in order to denominate products from a specific geographical region whose qualities or reputation are essentially attributable to that location, such as champagne or feta cheese.

In addition, proponents say, the deal secures substantial liberalisation of trade in services, greater access to public procurement markets, and further reductions in technical barriers to trade.

The EU was Ecuador's second largest trading partner in 2015, accounting for 13.2 percent of the South American country's external trade, while Ecuador was ranked as the EU's 60th trading partner.

"Today, Ecuador is becoming a business associate of the EU and it is doing this with a strategic long-term vision and within a context of respect, friendship, sovereignty, and always looking for mutual benefit," said Ecuadorian Vice-President Jorge Glas.

Long-running talks

Negotiations for a trade agreement were initially launched in January 2009 between the EU and Colombia, Peru, and Ecuador. However, Ecuador suspended its participation months later.

Eventually, talks for an agreement were concluded without Ecuador in March 2010, with application of the pact on a provisional basis commencing three years later. Peru began its implementation in March 2013 while the deal was applied in Colombia from August 2013 onwards. (See Bridges Weekly, [3 March 2010](#))

In the midst of the initial provisional implementation process, Ecuador indicated an interest in resuming accession talks, which finally came to a close in July 2014 after six months of negotiations.

An annual report is issued by the European Commission for submission to the European Parliament and the Council to review the accord's implementation and to determine whether the obligations therein have been met. (See Bridges Weekly, [17 March 2010](#))

According to the report, the benefits to small and medium-sized enterprises have already been considerable, where 500 Colombian and 1100 Peruvian companies have successfully exported to the EU for the first time since the agreement entered into force.

Up ahead

The addition of Ecuador [requires](#) approval by the European Parliament before provisional implementation can begin from 1 January 2017 – the date currently in place as a common goal.

For full ratification, the accord must complete the necessary domestic procedures of both trading partners.

Officials have also reaffirmed that the agreement does not close any doors to the possibility for the accession of the final member of the Andean Community – Bolivia – to the agreement should there be interest. Bolivia had also been part of the original talks, having subsequently suspended its participation.

ICTSD reporting; "Ecuador Signs EU Trade Deal, Diversifying Economy from US," TELESUR, 11 November 2016.

INTELLECTUAL PROPERTY

TRIPS Council Meets on Public Health, Access to Medicines

WTO members reviewed last week a series of recommendations by a UN panel aimed at supporting access to medicines, debating in particular the report's findings relating to trade and intellectual property rights.

The discussions took place under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Council, which is the WTO body that administers the TRIPS Agreement. The 8-9 November meeting was chaired by Ambassador Modest Jonathan Mero of Tanzania.

Balancing innovation and access

According to Geneva sources, the September [report](#) by the UN Secretary-General's High-Level Panel on Access to Medicines took up a significant part of the WTO discussions, with members ultimately deciding to continue reviewing its recommendations at their next meeting in February 2017.

The [panel](#) was convened by Secretary-General Ban Ki-moon last year in a bid to examine ways for overcoming discordance in policy governing health technologies and the intersection between trade rules, international human rights law, public health, and the rights of inventors. (See Bridges Weekly, [22 September 2016](#))

The process began in the wake of UN members' adoption of the 2030 Agenda for Sustainable Development and related Sustainable Development Goals (SDGs), particularly the [third SDG](#) on "ensuring healthy lives and promoting the well-being for all at all ages."

That particular goal features a series of targets, such as reducing global maternal mortality and the preventable deaths of new-borns and children; ending epidemics such as AIDS, tuberculosis, malaria, and neglected tropical diseases; and supporting the research and development of vaccines and medicines for "communicable and non-communicable diseases that primarily affect developing countries" and ensuring their affordable access in line with the relevant WTO declarations and flexibilities.

The report therefore includes among its recommendations those which involve leveraging the full use of the flexibilities for access to medicines afforded by the TRIPS Agreement by developing countries.

Brazil, South Africa, India, and China had proposed placing the UN report on the TRIPS Council agenda, circulating a communication on the subject in late October suggesting that WTO members exchange perspectives on the report's recommendations.

The discussions last week reportedly considered potential challenges WTO members face in using TRIPS flexibilities, as well as the possible risks posed by TRIPS-plus provisions in regional and bilateral trade agreements in undermining the use of TRIPS flexibilities.

In particular, Brazil supported the UN report's recommendation relating to TRIPS Article 27 on patentable subject matter, according to IP-Watch. That provision of the WTO's intellectual property rules calls for a strict definition of "invention" to ensure patentability is only applicable where genuine innovation has taken place.

The report recommended that WTO members “make full use of the policy space available in Article 27 of the TRIPS Agreement by adopting and applying rigorous definitions of invention and patentability that are in the best interests of the public health of the country and its inhabitants.”

India reportedly highlighted technical assistance to developing countries as another priority, citing its value in helping those members use TRIPS flexibilities more effectively.

Some delegations, such as Japan, Korea, Switzerland, and the US, suggested that the UN report may have been too limited in scope, with the latter three countries noting particularly the potential risk that compulsory licenses could pose to innovation. In its section on TRIPS flexibilities, the UN report had suggested that governments “adopt and implement legislation that facilitate the issuance of compulsory licenses.”

The US similarly emphasised the centrality of using intellectual property rights to help foster innovation that allows for developing such life-saving drugs.

The EU, meanwhile, described the “holistic approach” of its own system in balancing financing research and ensuring access to affordable medicines, while other members reportedly said that they would need more time to consider the report in additional depth.

International organisations were also present in the discussions and play a key role in the report’s recommendations, such as having the World Health Organization (WHO) and the WTO work together with a number of UN partners to support governments in applying patentability criteria sensitive to the public health domain.

TRIPS Amendment: five to go

At last week’s meeting, WTO members also assessed the status of making permanent the long-planned [amendment](#) to the TRIPS Agreement, with only five ratifications remaining for it to enter into force.

The amendment includes a few specific revisions to the WTO’s intellectual property rights system, such as by allowing medicines made under compulsory licenses – when a government allows goods to be made by another company without the patent owner’s consent – to be sold abroad to those countries without the necessary manufacturing capabilities.

The amendment was adopted in 2003 and approved by the WTO’s General Council two years later. However, efforts to make it permanent have been pending acceptance by two-thirds of the WTO membership, with the process taking over a decade. (See Bridges Weekly, [3 November 2010](#))

The deadline for acceptances [has been extended](#) to 31 December 2017, a target which could coincide with the organisation’s next ministerial conference, due to be held in Buenos Aires at the end of next year.

Several delegations, including Australia, Brazil, the EU, South Africa, Switzerland, and the US, urged fellow WTO members to accept the amendment.

ICTSD reporting; “WTO Members Discuss UN High-Level Report On Medicines Access That WHO Declined To Discuss,” IP-WATCH, 10 November 2016; “WTO ‘Paragraph 6’ System For Affordable Medicine: Time For Change?” IP-WATCH, 14 November 2016.

GLOBAL ECONOMY

Level of G-20 Trade Restrictions Still a "Concern," WTO Warns

The level of trade restrictions being applied by members of the Group of 20 major advanced and emerging economies is still "worryingly high," the Geneva-based WTO [cautioned](#) late last week.

The 10 November report is part of a regular series of updates that the global trade body has provided since the financial crisis first began, and is paired with [a report](#) by the Organisation on Economic Co-operation and Development (OECD) and the UN Conference on Trade and Development (UNCTAD) on investment-related restrictions.

Based on the report, the G-20 economies imposed a total of 85 new trade-restrictive measures during mid-May to mid-October 2016, averaging at 17 new measures monthly, slightly below what was seen during the last review.

The vast bulk of these are trade remedy investigations – in other words, probes to determine whether another country is applying unfair trading practices, which can then lead to the imposition of duties as a result.

Steel has been one of the main products affected, given in particular the global steel crisis and the concerns of massive overcapacity, low prices, and alleged dumping of this under-priced steel by some economies.

The news comes amid worrying news of slowing trade flows, which WTO officials warn are only being exacerbated by the use of trade restrictions.

The organisation has repeatedly suggested that these figures are not just troubling in themselves, but also given the larger context of anti-globalisation sentiment seen in a range of economies and the related fears of growing inequality both across and within countries. (See Bridges Weekly, [29 September 2016](#))

"Many people are struggling with unemployment or low paying jobs and are concerned about broader changes in the economy," said WTO Director-General Roberto Azevêdo upon the report's release. "These concerns demand a concerted response from governments and the international community."

The report itself similarly makes the case for leaders to "ensure that the benefits of trade are spread more widely and are better understood," while warning that a failure to do so will only exacerbate protectionist policy trends even further.

Indeed, just months ago G-20 leaders met in the Chinese city of Hangzhou and pledged to implement a wide range of steps that would together help boost economic and trade growth, including in putting their "national growth plans" from 2014 into better use.

At the time, they also reiterated their long-standing commitment to refrain from introducing new trade and investment restrictions, along with rolling back those that have been adopted in the years since the financial crisis. (See Bridges Weekly, [7 September 2016](#))

Along with the introduction of new restrictions, the existing stockpile of such measures is also on the rise, according to the WTO, with 6.5 percent of G-20 imports now subject to such barriers.

Furthermore, the global trade body said, trade facilitating measures are also lagging, though the report welcomed some recent advances in this field – in particular, the news that three-quarters of the participants in the expanded Information Technology Agreement (ITA) have implemented their first round of tariff cuts. Other promising steps included efforts to liberalise services trade in some sectors. (See Bridges Weekly, [3 November 2016](#))

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

18 November, Washington, US. IEA'S WORLD ENERGY OUTLOOK 2016. The event is being hosted by the Energy & National Security Program at the Centre for Strategic & International Studies (CSIS), featuring as its guest speaker Dr. Fatih Birol, Executive Director at the International Energy Agency (IEA). He will present the IEA's World Energy Outlook 2016, which provides a series of predictions for how energy markets and technologies may evolve over the coming 24 years, taking into account developments such as the Paris Agreement on climate change. The event will be webcast live from [here](#).

18 November, London, United Kingdom. THE OUTLOOK FOR US ECONOMIC POLICY IN A GLOBAL CONTEXT. This event is being organised by Chatham House, featuring as its guest speaker Jason Furman, who serves as the chairman of the White House Council of Economic Advisers. Furman will examine the country's economic policy, in light of the current state of the global economy, and discuss what may come next in this field. More information is available [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](#).

22 November, Tokyo, Japan. SEMINAR: DEEP AND COMPREHENSIVE FREE TRADE AGREEMENTS: THE QUANTIFICATION CHALLENGE. This event is being organised by the Asian Development Bank Institute (ADBI), featuring as its guest speaker Dan Ciuriak, director and principal of Ciuriak Consulting Inc. in Ottawa and fellow-in-residence with the C.D. Howe Institute in Toronto. Ciuriak is also an expert in the E15 Initiative convened jointly by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum (WEF). He will discuss ways for evaluating trade agreements, using factors such as their effects on productivity and foreign direct investment. More information and registration is available [here](#).

21-25 November, Turin, Italy. INTERNATIONAL LABOUR STANDARDS AND CORPORATE SOCIAL RESPONSIBILITY: UNDERSTANDING WORKERS' RIGHTS IN THE FRAMEWORK OF DUE DILIGENCE. This course is being organised by the International Labour Organization (ILO)'s training centre in Turin. The course will focus on the principles of international labour standards, particularly in the context of sustainable development objectives and related practices. 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.

18 November: Informal Open-ended Dispute Settlement Body – Special Session

18 November: Trade Policy Review Body - Guatemala

21 November: Informal Trade Policy Review Body

23 November: WTO Introduction Day

23 November: 26th Round of the Director General's Consultative Framework Mechanism on Cotton - Cotton Development Assistance

23 November: Dispute Settlement Body

23 November: Dedicated Discussion of the Relevant Trade-Related Developments on Cotton

23 November: Informal Dispute Settlement Body – Dedicated Session

24 November: Briefing Session on Trade in Services and E-commerce

24 November: Committee on Trade and Development

24 November: Preparatory Committee on Trade Facilitation

Other Upcoming Events

26-27 November, Ashgabat, Turkmenistan. GLOBAL SUSTAINABLE TRANSPORT CONFERENCE. UN Secretary-General Ban Ki-moon is convening this conference, which will be the first global one on the subject. The meeting will examine all modes of transport, examining issues such as how to finance more sustainable types of transport and respond to developing country needs. To learn more, visit the event [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 continent must evolve to achieve improved growth and help address poverty and hunger. More information is available [here](#).

7 December, Brussels, Belgium. E15 INITIATIVE SESSION AT THE ACP TRADE MINISTERS MEETING. This event is being hosted by the International Centre for Trade and Sustainable Development (ICTSD), the World Economic Forum, and the ACP (African, Caribbean, and Pacific Group of States) Secretariat. The session will provide an overview of the E15 Report launched at Davos, Switzerland, with a specific focus on the options that are most relevant both to ACP countries and the broader multilateral system. The meeting will also include a discussion with ministers. To learn more, click [here](#).

13 December, Beijing, China. 15TH ANNUAL CONFERENCE ON WTO AND CHINA. The conference is co-hosted by University of International Business and Economics (UIBE), China Society for World Trade Organization Studies (CWTO), and the International Centre for Trade and Sustainable Development (ICTSD). Participants will discuss topics such as the impact of China's WTO accession over the past 15 years, along with Beijing's G-20 presidency in 2016, and other related issues. More information is available at the [ICTSD website](#).

Resources

OECD-UNCTAD SIXTEENTH REPORT ON G20 INVESTMENT MEASURES. Published by the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) (November 2016). The report covers investment policy and investment-related measures taken by the G-20 countries between May and October 2016. The publication is available for download [here](#).

PUBLIC-PRIVATE PARTNERSHIPS FOR AGRICULTURAL INNOVATION: LESSONS FROM RECENT EXPERIENCES. Published by the Organisation for Economic Co-operation and Development (OECD) (2016). This paper reviews the role that public-private partnership play in supporting innovation within the agricultural sector, along with providing various recommendations on the subject. The publication can be downloaded [here](#).

DON'T UNDERESTIMATE WHAT TRUMP COULD DO. By Gary C. Hufbauer for the Peterson Institute for International Economics (2016). This Petersons Perspectives interview was published before the November 2016 election and examines what Donald Trump – now the US President-elect – could do unilaterally in the area of trade. To listen to the audio interview or view the transcript, click [here](#).

THE COST OF AIR POLLUTION: STRENGTHENING THE ECONOMIC CASE FOR ACTION. Published by the World Bank and the Institute for Health Metrics and Evaluation (2016). This publication examines the costliness of air pollution-related deaths, in a bid to make a clearer economic case for tackling both household and outdoor pollution and the diseases they cause. The full report can be downloaded at the World Bank [website](#).

US ELECTION NOTE: ENERGY AND CLIMATE POLICY AFTER 2016. By Sarah Ladislaw for Chatham House (October 2016). This Chatham House paper was published shortly before the US presidential elections, and reviews the current state of the US energy landscape and how it would evolve under the different candidates' stated positions. The publication is available [here](#).

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