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GLOBAL ECONOMY

Davos: Global Economy Prospects, Risks in Focus at High-Level Meet

The World Economic Forum's (WEF) Annual Meeting in the Swiss town of Davos drew to a close on Saturday, with the state of the global economy one of the main topics dominating the agenda for the four-day gathering.

Coming at a time of global growth forecasts that are once again gloomy, the 20-23 January meet brought together thousands of people representing international organisations, country governments, civil society groups, academia, the private sector, and media.

The four-day meet [had](#) as its official theme the "Fourth Industrial Revolution," reviewing the question of how technological innovation could boost efficiency and productivity, and what risks there may be for potentially increased inequality and job losses.

However, the [state of the global economy](#) – particularly how to address new and ongoing risks – permeated the discussions, including the [potential implications](#) of a "Brexit," in other words, the possibility of an exit of the United Kingdom from the EU. Other potential risks to the global economy were also raised, including lower oil and commodity prices, the continued refugee crisis facing Europe, and the implications of varied monetary policies across key advanced economies.

Just prior to the Davos meet, the International Monetary Fund (IMF) had delivered sobering news in the form of its latest economic projections. The Washington-based institution lowered global growth forecasts for 2016 and 2017 to 3.4 and 3.6 percent respectively, citing among other factors the slowdown being seen in China. (See Bridges Weekly, [21 January 2016](#))

Regarding Beijing's prospects, Chinese Vice-President Li Yuanchao [told](#) fellow attendees that China is now in a "new normal" with regards to growth, noting that last year China was still able to reach an increase in GDP above US\$500 billion. Furthermore, he added, the Asian economic giant is set to continue with its economic reforms and fostering innovation.

The upcoming G-20 summit – this year under his country's presidency – will highlight “innovating growth models, improving global economic and financial governance, boosting international trade and investment, and promoting inclusive and interconnected development,” Li said.

Trade ministers mull next WTO steps

Along with the plethora of sessions that always fill the agenda for the high-level meet, Davos is also notable for the various bilateral and group meetings among key officials and stakeholders that take place on the sidelines, including on trade.

Among these is the annual gathering of trade ministers hosted by Switzerland on the Davos sidelines, with this year's meet bringing together over 20 trade ministers or vice ministers. The discussions come just weeks after the WTO's Tenth Ministerial Conference, which was held in Nairobi, Kenya, in December.

In Nairobi, ministers reached a WTO deal to eliminate agricultural export subsidies, signing off also on a set of other farm trade and development-focused deliverables. However, they also explicitly said that members do not agree on whether to reaffirm the Doha Round mandate and subsequent ministerial declarations and decisions – essentially agreeing to disagree on the matter.

While directing members to “find ways to advance negotiations” and indicating agreement to “prioritise work where results have not yet been achieved,” ministers in Nairobi also confirmed that they disagree over whether “to identify and discuss other issues for negotiation.” Furthermore, they said, a decision to launch talks multilaterally on such issues would require agreement from all WTO members. (See Bridges Daily Update #5, [19 December 2015](#))

What this will mean in practice has been the source of significant debate in trade and academic circles in the weeks since Nairobi, with many eyeing the annual Davos mini-ministerial for any initial signs of clarity on next steps, particularly ahead of the first WTO General Council of the year, scheduled for 24-25 February.

The Swiss-hosted meeting in Davos on Saturday [included](#) ministers or vice-ministers from Argentina, Australia, Brazil, Canada, China, Costa Rica, the EU, Hong Kong, Indonesia, Japan, Kenya, Korea, Lesotho for the African Group, Mexico, Norway, Pakistan, Russia, South Africa, Switzerland, Thailand, Turkey, and the US.

The discussions on Saturday reportedly highlighted a series of points, including the importance of decisions reached at the WTO's last two ministerial conferences, held in Bali, Indonesia, and Nairobi, Kenya, respectively.

Ministers also discussed the “importance of maintaining the WTO's negotiating function operational and of delivering further negotiating outcomes in the coming years, with a focus on unfinished business but also allowing for discussions on other issues that members would like to raise,” according to the [personal concluding remarks](#) by Switzerland's State Secretary Marie-Gabrielle Ineichen-Fleisch, the meeting's chair.

In this context, she noted, ministers discussed the need for “open-minded and pragmatic approaches as well as flexibility in the work ahead,” raising also the need for inclusiveness, strong political engagement, and the centrality of development.

Also present at the Saturday meeting were WTO Director-General Roberto Azevêdo and Mexico Ambassador Fernando De Mateo, current chair of the global trade body's General Council.

"It is very welcome that members are already talking about how we can keep delivering in the future and I think that some important commonalities emerged from today's conversation," said Azevêdo at the meeting's close.

The WTO chief noted both an openness among members for further discussions on remaining Doha issues "and other issues that members want to discuss," adding that such openness does not prejudice future outcomes. "We will need to see openness and flexibility on both substance and process if we are to make further progress."

Sources familiar with the Davos discussions note that the US and EU were among those pushing for discussions on new issues, with some sources remarking on China's suggestions of a possible time-bound, two-track "work programme" – one on remaining issues from the Doha agenda, and the other on newer issues such as investment and e-commerce.

However, some sources noted that while the Davos discussions were productive – with ministers also acknowledging the need for "reflection" on both new approaches to old topics and how to look at new issues – whether this constructive tone will translate into action in the near- to medium-term will likely depend on what happens next in Geneva, along with how India responds, given that it was not at the Davos mini-ministerial.

Prior to Saturday's meeting, EU Trade Commissioner Cecilia Malmström called upon fellow ministers to use the Davos meet "to reflect on how to revitalise negotiations in the WTO."

"Certainly, this will take time," she said in an [op-ed](#) published by Politico, warning also against placing too much attention on the "backward looking question that has little practical importance in the real world – the status of the 14-year negotiating process known as the Doha Development Agenda."

Instead, the EU trade chief called both for continuing work on "outstanding Doha issues," as well as beginning discussions and later negotiations on non-Doha issues that "are critical for the world economy today."

TISA ministers eye 2016 deal

During Davos, a group of ministers from the countries negotiating a Trade in Services Agreement (TISA) also met to review the state-of-play in those discussions.

According to [a statement](#) released by the US Trade Representative's office afterward, which was confirmed by sources familiar with the meeting, ministers reaffirmed their goal of clinching a deal this year.

"The negotiations to conclude a Trade in Services Agreement have accelerated over the past several months and I'm pleased we had an opportunity to support further progress today," said USTR Michael Froman. "All participants are motivated because they recognise the potential of a high-quality services agreement to support jobs."

Trade sources affirmed that the talks were indeed productive and quite constructive, potentially auguring well for the 2016 goal.

The TISA negotiations involve 23 participants: Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, the 28-member European Union, Hong Kong, Iceland, Israel, Japan, Korea, Liechtenstein, Mauritius, Mexico, New Zealand, Norway, Pakistan, Panama, Peru, Switzerland, Turkey, and the US.

ICTSD reporting; "Doha may be dead. Long live free trade," POLITICO, 21 January 2016.

EMISSIONS TRADING SCHEMES

EU and Switzerland Agree to Link Carbon Markets, Start Date Uncertain

After nearly five years of talks, the EU and Switzerland on Monday announced the conclusion of a deal linking their respective emissions trading schemes, in a move that will allow covered entities in both systems to trade emissions permits with each other.

Set up in 2008, the Swiss scheme includes around 55 companies, and last year covered 5.5 million tonnes of carbon emissions. By [comparison](#), the EU's Emissions Trading System (ETS) launched in 2005 is currently the world's largest carbon market, regulating some 11,000 power stations and manufacturing plants representing around two billion tonnes of carbon emissions.

Most emissions trading schemes work by setting a cap on total emissions and requiring the surrender of emissions permits by participating factories, power plants, or other companies. These may then trade emissions allowances with each other as needed. In theory, a rising permit price driven by increasing scarcity should help spur investment in additional abatement and low carbon technologies, resulting in cost-efficient emission reductions.

Experts argue that linking schemes could help to address competitiveness and carbon leakage concerns related to different levels of climate action between various economies, as allowances from a system with a higher effective carbon price would flow to those with a lower cost, until prices converge at an intermediate point.

"The linking of the schemes will enable companies and operators in the Swiss system to trade emission rights on the considerably larger and more liquid European market," a [press release](#) from the Swiss environment ministry read. "This will result in comparable prices for emission rights on both markets and create a level playing field, particularly for Swiss companies vis-à-vis their European competitors."

Negotiations for the EU-Swiss carbon market deal were initially launched in 2011, but suffered a set-back at the start of 2014 due to a popular referendum in the Alpine nation backing a proposal to limit immigration quotas from the EU. The vote prompted retaliation from Brussels on other areas of cooperation.

According to media outlet Carbon Pulse, the deal's signature date remains up in the air pending a solution to the immigration issue. Bern's press release also confirms that the treaty must be signed and ratified by both sides in order to enter into force and that the timetable for this remains "open."

Aviation emissions

Swiss aircraft operators will be added to the nation's emissions trading scheme starting from entry into force of the EU ETS link. The topic reportedly proved a sticking point during the negotiations.

The EU has included aviation in its ETS since 2012, and initially required the surrender of carbon permits for the duration of all flights landing or taking off in its 28 member states as well as the European Economic Area (EEA), which also includes Iceland, Liechtenstein, and Norway.

Emissions were set to be charged over a flight's entire trajectory, including those portions taking place outside EU airspace. The bloc argued that failure to make progress under the International Civil Aviation Organization (ICAO) on a multilateral aviation emissions-cutting agreement necessitated the unilateral action.

However, the move proved highly controversial, and received pushback from a number of the EU's key trading partners. Following escalating tensions on the subject the Brussels agreed to "stop the clock" on its aviation emissions rule for one year starting from March 2013.

Under the arrangement, all long haul flights landing or taking off the EU were exempt from the ETS, with the surrender of permits only required for intra-EU flights. After some back and forth EU lawmakers then agreed in April 2014 to continue exempting flights landing or taking off outside its borders from the ETS until at least 2017. (See Bridges Weekly, [10 April 2014](#))

The deal has permitted Swiss airlines flying to and from the EU/EEA zone to be excluded from the EU ETS up to this point.

ICAO members have agreed, meanwhile, to develop a proposal for the first-ever global market-based mechanism (MBM) on aviation emissions in time for a triennial assembly due to be held in September.

Brussels has warned that if the meeting fails to yield sufficient progress it will restore its original 2012 aviation ETS requirements. Mention of international aviation emissions was excluded from a UN climate deal struck among nearly 200 governments in December.

Some experts nevertheless suggest that recent developments augur well for the ICAO gathering, such as the confirmation of the inclusion of domestic aviation in China's forthcoming national ETS, due to come online next year.

Linking up

While further details on the EU-Swiss linking remain scarce at press time, some analysts have been quick to speculate on the systemic implications, particularly the increasing uptake of carbon pricing initiatives worldwide. Already some 17 emissions trading schemes are in place across four continents, accounting for around 40 percent of global GDP, and several more are in the pipeline.

As part of the new multilateral climate deal agreed in Paris last December, governments have agreed to develop and apply guidance adopted by the Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC) for "robust accounting" when engaging in voluntary cooperative approaches that involve the use of internationally transferred mitigation outcomes. Experts say this recognises the interest of some countries to link up emissions schemes or create so-called "carbon market clubs."

Several experts expect more countries to negotiate bilateral carbon trading arrangements alongside the UN process, with this potentially taking place at a number of jurisdictional levels.

The EU, in particular, has indicated plans to consider linking its ETS with compatible schemes in other countries. The bloc has increased technical cooperation with South Korea, following the launch of carbon trading in the South Asian economy last January, which could pave the way for eventual linkage. (See BioRes, [25 September 2015](#))

The EU had previously agreed a pathway for linking with Australia's fledgling carbon market, before a change in political leadership – and the subsequent repeal of Canberra's carbon tax – scuppered these plans. Most recently, one UK senior official speaking with Business Green

indicated that London is working closely with China as it develops its cap-and-trade system, with potential future linkage with the EU ETS in mind.

A deal was also [signed](#) last December between Beijing's sub-national carbon market and South Korea to cooperate on emissions trading development with an eye on eventual full national bilateral cooperation. Ontario last year unveiled plans to join California and Quebec's carbon market under the so-called Western Climate Initiative. (See Bridges Weekly, [16 April 2015](#))

EU reform

The EU is in the process of reforming its flagship carbon market for the post-2020 period in order to help meet the bloc's 2030 climate and energy goals. The effort is also designed to help fix some of the system's current design flaws, which resulted in a glut of permits due to low demand, and consequently an ineffective carbon price.

A proposal unveiled by the EU Commission last July envisages an increased annual decline in the number of emissions allowances available and further development of carbon leakage rules.

Under the EU ETS, a certain amount of emissions allowances are auctioned annually, while others are allocated to help smooth the transition to the low carbon economy. Some stakeholders have expressed fears that tougher unilateral EU action on emissions would lead to the relocation of industry and associated emissions overseas. (See BioRes, [20 July 2015](#))

The Commission's plan received mixed reactions, as energy-intensive industries criticised the projected decline in free allocation in the face of a fluid global market place, while some green groups criticised the plans for not going far enough.

The EU ETS will also be furnished with a new market stability reserve (MSR) from January 2019 designed to help buffer permit supply and prices on its market. (See Bridges Weekly, [9 July 2015](#))

As part of the EU's co-legislative procedures, both member states and the European Parliament must agree on the ETS reform package. Many experts, however, do not expect a swift resolution on the issue and forecast the process extending into 2017.

An EU environment ministers meeting in early March may see some discussion on the topic, while senior EU parliamentarians are due to meet at the end of this week to resolve a procedural fight over whether its environment or industry committees should work on the dossier.

How EU lawmakers navigate the politics and hurdles of ETS reform over the coming months will be closely watched by both carbon traders and policymakers around the world for the potential impact on the bloc's carbon price and climate action effort.

Current EU allowance prices have tumbled to below €6, nearly hitting all-time lows seen just under two years ago, likely due to speculative short-selling in the midst of weak global energy markets.

ICTSD reporting; "EU and Switzerland to link carbon markets after talks conclude," CARBON PULSE, 25 January 2016. "EU Market: Carbon sinks 7.1% to back below €6 as warm weather weakens power prices," CARBON PULSE, 25 January 2016; "Sir David King: EU and Chinese carbon market will 'join forces'," BUSINESS GREEN, 26 January 2016.

TRADE AGREEMENTS

TPP in the Spotlight as February Signing Date Approaches

The international debate on the potential merits and pitfalls of the Trans-Pacific Partnership (TPP) Agreement has ramped up in recent weeks, ahead of the pact's scheduled signing by the participating countries in New Zealand on 4 February.

The English legal "scrub" of the 12-country agreement has now been completed, officials say, with New Zealand releasing the [legally verified version](#) of the Trans-Pacific Partnership text on 26 January. An earlier version of the text – prior to the completion the legal scrub – was released in early November. (See Bridges Weekly, [12 November 2015](#))

As depositary of the agreement, New Zealand will also be releasing the French and Spanish verified versions, once those legal scrubs have been completed.

Meanwhile, leaders from many TPP nations have been ramping up their efforts to build support for the pact, ahead of the start of the two-year ratification window.

"The TPP is much more than a trade deal. The prosperity of the world, the security of the world has been founded on the peace and order in the Asia Pacific, which has been delivered underwritten by the United States and its allies, including Australia," said Australian Prime Minister Malcolm Turnbull in a [joint press briefing](#) with US President Barack Obama last week in Washington.

Obama expressed similar sentiments in his remarks to reporters on 19 January. The US President, who is in the final year of his term, is hoping to win over domestic lawmakers for what is slated to be a difficult ratification vote, particularly given that 2016 is an election year in the US – both for the presidency and for various legislators – and also given the often polarising nature of the trade debate in the North American country.

Obama already urged domestic lawmakers earlier this month during his final "State of the Union" address to ratify the trade deal, warning that failure to do so would lead to other major trading partners – namely China – to "set the rules" in the Asia-Pacific region. (See Bridges Weekly, [14 January 2016](#))

New Zealand Prime Minister John Key, whose country is hosting the deal's signing, told reporters last week that he expects the public in his country to ultimately back the deal.

"This is a free-trade deal that gives us access to 800 million middle-income consumers. Its economic benefits are about two-and-a-half times the size of the China FTA," he said on Monday, in comments reported by the New Zealand Herald, adding that it could help make his country's businesses more competitive when interacting with those in larger trading partners such as the US and Japan.

Under the terms of the TPP, once the deal is signed participating countries will have two years to complete their domestic ratification procedures. Should all 12 do so within this time, the deal will enter into force 60 days after the window closes.

Otherwise, the TPP outlines alternative scenarios for bringing the pact into force, which depend on the number of economies that have ratified and how much of the group's GDP they cover. (See Bridges Weekly, [12 November 2015](#))

TPP participants include Australia, Brunei Darussalam, Canada, Chile, Japan, Mexico, Malaysia, New Zealand, Peru, Singapore, the US, and Vietnam – a group that makes up nearly 40 percent of global GDP.

Canada confirms signing plans

Canada, which recently saw a major change in government with the election of Prime Minister Justin Trudeau and his Liberal Party, has now confirmed that it will be signing the agreement, while stopping short of outright endorsing it. The TPP negotiations on Canada's behalf had been conducted by Trudeau's predecessor, Stephen Harper of the Conservative Party.

"For Parliament to fully evaluate the merits of the TPP and for consultations to continue, Canada needs to stay at the table with the other TPP countries," said Canadian Trade Minister Chrystia Freeland in an [open letter](#) to Canadians on 25 January.

"Just as it is too soon to endorse the TPP, it is also too soon to close the door," said Freeland, noting that signing the pact is merely a technical step that will allow for the upcoming parliamentary debate, as well as preserving Canada's status as a full member of the trade pact, "with all of the rights and powers that go with it."

Canada was one of the latest countries to join the TPP talks, becoming a participant in 2012, along with Mexico. (See Bridges Weekly, [20 June 2012](#)) Japan became the final country to join the existing group, doing so in 2013.

Competing assessments

Over the past several weeks, different organisations and government ministries have released studies attempting to quantify the TPP's potential benefits and costs, which is expected to further fuel the trade debate.

While some reports, such as those from the [World Bank](#), the [Peterson Institute for International Economics](#), and the [New Zealand government](#) have highlighted the positive gains from the agreement, while acknowledging also that there will be some adjustment costs that will need to be dealt with, others such as Tufts University's Global [Development And Environment Institute](#) have been more negative in their assessments.

The US International Trade Commission (US ITC), an independent federal agency, is currently preparing its own report on the TPP's likely impact, as directed by the US Trade Promotion Authority legislation renewed last year. (See Bridges Weekly, [2 July 2015](#)) USTR Froman formally requested the investigation in November; public hearings [began](#) earlier this month.

ICTSD reporting; "TPP 'great for NZ' claims John Key," NEW ZEALAND HERALD, 26 January 2016; "TPP will put Malaysia on par with Singapore: Minister," CHANNEL NEWS ASIA, 26 January 2016; 'Landmark' Pacific Rim deal could boost U.S. exports," WASHINGTON POST, 25 January 2016.

DIGITAL ECONOMY

EU, US Continue "Safe Harbour" Talks as Target Date Looms

The EU and the US are racing to wrap up negotiations for a new "Safe Harbour" agreement for trans-Atlantic data transfers ahead of a 31 January target date, amid growing concern that a deal will not be reached in time.

The push to conclude this "Safe Harbour 2.0" pact comes amid uncertainty over how data flows – and digital commerce – may be affected after the European Court of Justice (ECJ) ruled last October that a European Commission decision adopting the previous "Safe Harbour" pact that governed EU-US data transfers was invalid. (See Bridges Weekly, [8 October 2015](#))

The ruling has since put into question how and whether the two sides – who together have the world's largest trading relationship, exchanging over US\$1 trillion in trade flows annually – will be able to continue deepening their digital economic relationships while meeting domestic privacy laws. The US and EU [also have](#) the largest global level of data flows between them, with such flows having implications for bilateral investment, financial services, and e-commerce, experts say.

The result of the ongoing negotiations for a new Safe Harbour framework – which have been underway for over two years – is therefore slated to have ramifications for potentially thousands of technology companies, including both giants such as Facebook and Google as well as small or medium-sized enterprises that are [increasingly using the internet](#) for trade.

The previous Safe Harbour framework – in place since 2000 – involved a set of principles between the two sides regarding how to protect personal data, with over 4500 companies signed up.

End-January target date

Following the ECJ ruling, European data protection authorities forming the Article 29 Working Party [said in October](#) that they would continue evaluating what the ruling would mean for other transfer tools, while permitting the use of standard contractual clauses and binding corporate rules in the interim.

However, they said, "if by the end of January 2016, no appropriate solution is found with the US authorities and depending on the assessment of the transfer tools by the Working Party, EU data protection authorities are committed to take all necessary and appropriate actions, which may include coordinated enforcement actions." (See Bridges Weekly, [5 November 2015](#))

The Article 29 Working Party is an independent advisory body on data protection and privacy made up of representatives from the national data protection authorities of EU member states, the European Commission, and the European Protection Supervisor.

A meeting of the working party is scheduled for 2-3 February in Brussels, Belgium, with the consequences of the ECJ judgement for Safe Harbour currently on the meeting's [draft agenda](#).

Jourová: Clear legal commitments needed

The original framework was set up as a way to resolve differences between the two sides on data privacy, given the EU's adoption in 1998 of its Directive on Data Protection, which prohibits data transfers from the EU to non-EU countries should the latter not meet an "adequate" standard of protection.

"Only a comprehensive arrangement with clear legal commitments can ensure the level of data protection Europeans are entitled to under EU law," [said](#) Věra Jourová, the EU's Commissioner for Justice, Consumers, and Gender Equality during a conference in Brussels, Belgium, last week.

"This is what the [ECJ] judgement requirements: where personal data travels, the protection has to travel with it in a system that is 'equivalent'," she added.

EU officials have said in recent days that they are hoping for more clarity from their Washington partners on the new Safe Harbour's transparency and oversight provisions.

US Commerce Secretary Penny Pritzker told the Wall Street Journal last week that Washington has currently put forward pledges that would include an annual review mechanism, as well as allowing Europeans opportunities for raising complaints over collection of their data in American courts.

The latter has largely been interpreted as involving the passage of the [US Judicial Redress Act](#), which passed the US House of Representatives in October and has now been referred to the Senate Committee on the Judiciary. The proposed legislation would allow the US government to grant citizens of certain countries the right to bring civil actions regarding potentially unlawful data disclosures under the 1974 US Privacy Act, among other provisions.

Meetings aimed at bridging some of the remaining gaps between the two sides were reportedly held on the sidelines of the World Economic Forum's (WEF) Annual Meeting in Davos, Switzerland, whose theme of the "[Fourth Industrial Revolution](#)" focused specifically on the rapidly evolving – and potentially transformational – role of technology in the global economy, particularly in areas such as artificial intelligence. (For more on Davos, see related story, this edition)

"We have a comprehensive package that we've worked out over the last two years with the European Commission," said Pritzker in comments to Yahoo Finance during the WEF event, noting that only a few final issues remain.

ICTSD reporting; "Europe's Top Digital-Privacy Watchdog Zeros In on U.S. Tech Giants," THE NEW YORK TIMES, 24 January 2016; "EU, U.S. Thrash Out New Data- Transfer Pact as Deadline Looms," WALL STREET JOURNAL, 18 January 2016; "Safe harbour agreement 'unlikely' by deadline," POLITICO, 15 January 2016; "U.S., EU Wrangle Over Trans-Atlantic Data-Transfer Agreement," WALL STREET JOURNAL, 21 January 2016; "Pritzker: EU, U.S. very close to reaching data-transfer deal," YAHOO FINANCE, 22 January 2016.

TRADE AGREEMENTS

Questions Linger over Future of EU-Canada Trade Pact, Including Investment Provisions

Over a year after negotiations were concluded for an EU-Canada trade deal, the prospects and timing for ratification remain unclear, despite hopes expressed by officials on both sides in recent weeks that the agreement will receive lawmakers' approval in 2016.

Negotiations for the deal were concluded in September 2014, following over six years of difficult talks between the trading partners. However, some of the pact's provisions, particularly those relating to investor protections and investor-state dispute settlement (ISDS), have proven particularly controversial in the time since, sparking questions over whether a ratification vote will indeed be successful.

In recent weeks, EU Trade Commissioner Cecilia Malmström has [said](#) that the two sides are now working on "fine tuning" the bilateral pact, "including on the sensitive subject of investment." (See Bridges Weekly, [21 January 2016](#))

EU Ambassador to Canada Marie-Anne Coninx has recently suggested that there might indeed be some legal adjustments to the investment protection part of the pact, while noting that neither side is interested in re-opening the actual trade pact.

The envoy indicated that the European Parliament could be presented with the trade deal for a ratification vote later this year, telling the Canadian Press that provisional implementation could begin upon a successful vote, with full entry into force then possible the following year – though other officials have reportedly indicated that the process could well take longer.

Canadian Foreign Trade Minister Chrystia Freeland has, for her part, been directed in [her mandate letter](#) from newly-minted Prime Minister Justin Trudeau to "develop strategies to implement the Canada-European Union Comprehensive Economic and Trade Agreement (CETA)" as part of her top priorities.

Gatherings among key officials were also reportedly scheduled during this year's World Economic Forum (WEF) Annual Meeting in Davos, Switzerland, with Trudeau meeting European Parliament President Martin Schulz on the subject.

"This is an important opportunity both for Canada and Europe and I'm looking forward to getting it signed," the premier told CBC News during the high-level gathering, prior to his meeting with Schulz.

The EU is Canada's second largest trading partner, while the North American country is the EU's twelfth largest trading partner. According to [EU statistics](#), bilateral goods trade reached €59.1 billion in 2014, with services trade hitting €27.2 billion that same year.

Regarding investment, Canadian investors in 2013 had nearly €117 billion in direct investment stocks, while European investors had over €225 billion in Canada.

TTIP in the background

Along with having significant commercial value in and of itself, the Comprehensive Economic and Trade Agreement is also being watched closely given the potential implications for another major EU trade deal in the works – specifically, an agreement with Canada's southern neighbour, the United States.

The EU have been in negotiations with the US since 2013 for a Transatlantic Trade and Investment Partnership (TTIP) agreement, with Malmström saying earlier this month that the 28-nation bloc hopes to complete the talks before US President Barack Obama leaves office in January 2017. (See Bridges Weekly, [21 January 2016](#))

During a 25 January [speech](#) in Poland, US Trade Representative (USTR) Michael Froman also said that there is a "window to get this done this year," so long as the two trading partners ramp up their negotiating efforts.

"This is a challenging time in Europe. TTIP, which started off as a key part of a growth strategy coming out of the financial crisis and then took on broader strategic importance, could help boost competence, serve as the focus of a positive agenda for Europe and strengthen Europe's role, in conjunction with the US, as a globally competitive leader in the global economy," said Froman.

ISDS and investor protections have similarly been a major issue in the TTIP talks, with the European Commission suspending that aspect of the discussions in January 2014 in order to hold a public consultation on the subject and come up proposed reforms. (See Bridges Weekly, [23 January 2014](#))

The European Commission has since called for the creation of an investment court system under TTIP, including both a first-instance Tribunal and Appeal Tribunal, while suggesting the possibility of working with other "like-minded countries" on a permanent international investment court that would later replace all investment dispute resolution mechanisms in the 28-nation bloc's trade deals. (See Bridges Weekly, [17 September 2015](#))

Building on these ideas, the EU has since tabled its TTIP [proposal](#) for investment protection and resolution of investment disputes in mid-November 2015. The next negotiating round between the two sides is expected in the coming months, though the date and venue has not been officially announced.

ICTSD reporting; "EU quietly asks Canada to rework trade deal's thorny investment clause," CBC NEWS, 21 January 2016; "Canada-EU trade deal could be in full force in 1 year: envoy," THE CANADIAN PRESS, 22 January 2016; "Justin Trudeau to talk over troubled trade deal with European Parliament head," CBC NEWS, 22 January 2016.

EVENTS & RESOURCES

Events

Coming Soon

28 January, Washington, US. TPP SERIES: IMPACT ON MANUFACTURING. Organised by the Washington International Trade Association (WITA), this event is part of a larger series focused on the recently-negotiated Trans-Pacific Partnership (TPP) Agreement. This particular session will address the trade deal's potential implications for manufacturing, with the event featuring as its guest speaker US Deputy Secretary of Commerce Bruce H. Andrews, along with representatives from John Deere & Company, Intel, the National Association of Manufacturers, the AFL-CIO, and West Point Home Furnishings. More information on this event is available [here](#).

29 January, Geneva, Switzerland. TALKING DISPUTES – AB REPORT ON THE US-TUNA II (MEXICO) (Art. 21.5) DISPUTE. This event, organised by the International Centre for Trade and Sustainable Development (ICTSD) and WTI Advisors, will examine the recent findings of the Appellate Body in the compliance proceedings over the US-Mexico dispute on dolphin-safe tuna labelling. The meeting will feature a presentation on the Appellate Body's key findings, followed by an expert discussion. Registration is mandatory. More information is available at the ICTSD [website](#).

1-2 February, Winnipeg, Canada. TWO DAY WORKSHOP: A REGIONAL BIOECONOMY APPROACH: PARTNERSHIPS FOR NATURAL SOLUTIONS. This two-day workshop will be hosted by International Institute for Sustainable Development's (IISD) Water Program, with a focus on the sustainable bioeconomy approaches currently being implemented in Canada, the US, and the EU for water and land management. More information about the workshop is available [here](#).

2 February, online. BEYOND SDG INDICATORS. This webinar, organised by the International Institute for Sustainable Development (IISD) aims to examine the upcoming implementation of the Sustainable Development Goals (SDGs) and which tools may be best in supporting this process, particularly in trying to address these new goals as a full system. More information about this webinar 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.

2 + 4 February: Trade Policy Review Body – Morocco

5 February: Informal Committee on Technical Barriers of Trade

Other Upcoming Events

8 February, Geneva, Switzerland. UNPACKING THE WTO NAIROBI OUTCOME FOR LDCs. This meeting, organised by the International Centre for Trade and Sustainable Development (ICTSD), will review the implications of the WTO's Tenth Ministerial Conference in Nairobi,

Kenya, this past December for least developed countries (LDCs). The event will also examine what opportunities these countries may have in the future, given this context. Please note that the event is by invitation only. Further details are available on the ICTSD [website](#).

10 February, London, UK. THE IMPACT OF INEQUALITY ON TRANSATLANTIC ECONOMIC GROWTH. This Chatham House event will focus on the income inequality problems facing various developed economies, particularly the US and the EU member states, and review what implications may have on these countries' potential growth in the years ahead. The event will feature as its speaker Martin Wolf, Financial Times Associate Editor and Chief Economics Commentator. Please note that the meeting is by invitation only. To learn more, visit the Chatham House [website](#).

11 February, Washington, US. TPP SERIES: WHAT'S AT STAKE FOR AGRICULTURE? Organised by the Washington International Trade Association (WITA), this event will focus on the potential implications of the Trans-Pacific Partnership (TPP) Agreement for agriculture, and will feature as its guest speaker the US' chief agricultural negotiator, Ambassador Darci Vetter. Other speakers will include representatives from the US Dairy Export Council, Mead Johnson Nutrition, Cargill, the Australian Embassy, and the North Carolina Department of Agriculture and Consumer Services. More information is available [here](#).

30-31 March, Washington, US. FIRST CONFERENCE ON GLOBAL VALUE CHAINS, TRADE AND DEVELOPMENT. This conference is being organised jointly by the Centre for Economic Policy Research (CEPR) and the World Bank, with the goal of spurring debate and additional research on the relationship between global value chains, trade, and development. More information can be found at the [CEPR website](#); a call for papers is also underway.

Resources

E15 POLICY OPTIONS PAPERS. Published by the E15 Initiative (January 2016). On 22 January during the World Economic Forum's (WEF) Annual Meeting in Davos, the E15 Initiative – a joint endeavor by the WEF and the International Centre for Trade and Sustainable Development (ICTSD) – delivered a comprehensive set of policy options for improved governance of the global trade and investment system in the 21st century. The [policy options papers](#) were derived from the proceedings of fourteen thematic expert groups and three task forces between 2012 and 2015, covering areas ranging from agriculture and food security to competition policy and services, among various others. The related [Synthesis Report \(executive summary\)](#) summarises and interprets the significance of the policy options for progress on many of the international community's most important shared imperatives, while the [E15 Interactive Tool](#) allows for exploring the range of issues covered by 150 analytical papers published through the E15 process.

AFTER PARIS: FISCAL, MACROECONOMIC AND FINANCIAL IMPLICATIONS OF GLOBAL CLIMATE CHANGE. Published by the International Monetary Fund (January 2016). This paper reviews a series of issues relating to climate change's effects for economic policy, with a particular focus on how carbon taxes or trading systems can be used in the implementation of this past December's global climate deal, reached in Paris, France, during the 21st Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC). Other topics raised in the paper focus on steps to address insufficient private sector investment in adaptation as well as how to boost low-carbon investments. The paper is available [here](#).

WORLD DEVELOPMENT REPORT 2016: DIGITAL DIVIDENDS. Published by the World Bank (January 2016). This report reviews potential next steps for ensuring that digital technologies can provide greater development-related benefits, including through improved regulations and worker skills, among other policies. The report is available [here](#).

CAUSES AND REMEDIES FOR JAPAN'S LONG-LASTING RECESSION: LESSONS FOR THE PEOPLE'S REPUBLIC OF CHINA. Published by the Asian Development Bank Institute (ADBI) (December 2015). This publication examines Japan's recent economic history, reviewing the potential roots of the slowdown that the Asian trading giant experienced. Finding that structural problems were among the main causes, the authors aim to draw lessons both for China, which could potentially face similar difficulties, as well as for Japan itself as it works to move away from this prolonged history of stagnation. The paper is available [here](#).

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