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TRADE AGREEMENTS

TPP Countries Gear Up for Ratification Push After Auckland Signing Ceremony

Signatories to the Trans-Pacific Partnership (TPP) trade pact are ramping up their efforts to build domestic support for the agreement, as they prepare to launch their domestic ratification procedures.

Trade ministers from the 12 TPP countries signed the accord in Auckland, New Zealand, on Thursday 4 February, starting the clock on a two-year ratification window for all members to approve the deal.

While the agreement can still go into effect without all 12 ratifying in that space, at least six countries making up 85 percent of the group's GDP would need to do so. Otherwise, the entry into force would have to wait until enough countries ratify to pass that threshold.

"After more than five years of negotiations, we are honoured to be able to formalise our collective agreement of TPP which represents an historic achievement for the Asia-Pacific region," ministers said in a [joint statement](#) at the signing ceremony.

"The signing of the agreement signals an important milestone and the beginning of the next phase for TPP. Our focus now turns to the completion of our respective domestic processes," they added.

Rocky road ahead?

The 12 nations involved in the trade pact vary in size, economic heft, and political systems, with legislative processes varying depending on the country. Some countries are also involved in major political transitions, raising additional questions on the timing of ratification. However, some signatories have already stated their plans to advance the TPP approval process rapidly.

In Auckland, ministers from Australia and Mexico said that they aim to ratify domestically this year, with Australian Trade Minister Andrew Robb confirming plans to table the text in his country's parliament this week.

"Talking with the trade ministers last night I think most countries, if not all will have it ratified sometime during this year and now I would assume Australia will do the same," Robb [told ABC Radio](#) last week.

New Zealand Prime Minister John Key, in outlining his government's 2016 priorities to the parliament this week, also presented both the trade deal text and a related National Interest Analysis for review. Subsequent legislation for any domestic law changes required by the trade deal will soon follow, he said.

"TPP offers much better access to large and important markets for New Zealand's goods and services, and New Zealand has had to make relatively few concessions in return," he told lawmakers.

However, public sentiment in New Zealand has already proven to be mixed when it comes to the TPP, with the signing ceremony in Auckland prompting protests with over 1000 participants. Other members, most famously the US, have also seen some heated public opposition to elements of the trade deal.

Malaysia, for its part, has already approved the pact, though reportedly still needs to make some changes to domestic law.

Whether Canada will move to ratify the trade deal remains an open question, given that it saw a major political shift of its own with the entry of Justin Trudeau's government. Trade Minister Chrystia Freeland, who attended the Auckland ceremony to sign the TPP, stressed in [an open letter](#) to Canadians last month that "signing does not equal ratifying," and has pledged to have a "full and open" parliamentary debate. (See Bridges Weekly, [28 January 2016](#))

The 12 TPP signatories include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US, and Vietnam.

US election dynamics spark concern

The US presidential election has also raised questions over TPP's ratification prospects, particularly given that the North American nation is the largest economy in the trade deal. Bringing the TPP into force would therefore require US ratification to help meet the 85 percent threshold.

Should the agreement not come to a vote in Congress under US President Barack Obama, whose term ends in January 2017, it would fall to the next administration to decide whether to lobby Congress to approve the pact; to attempt renegotiating parts of the deal; or to put it aside altogether.

So far, the reactions from many top presidential contenders have largely been lukewarm or in outright opposition to the trade pact, in both the Democratic and Republican parties, though some have hinted that they might be more amenable to the trade deal if renegotiated.

"I did hope that the TPP, negotiated by this administration, would put to rest a lot of the concerns that many people have expressed about trade agreements," said Hillary Clinton, the former Secretary of State who is running for the Democratic Party nomination, [in a debate](#) against Vermont Senator Bernie Sanders last week.

"I waited until it had actually been negotiated because I did want to give the benefit of the doubt to the administration. Once I saw what the outcome was, I opposed it," she added, noting that past trade deals have been renegotiated to reach better outcomes – specifically, the US' trade agreement with South Korea.

The US-South Korea free trade deal was negotiated under former President George W. Bush, with the deal later re-opened under Obama in order to secure better terms on automobiles and beef. Congress then ratified the deal the following year. (See Bridges Weekly, [17 December 2010](#) and [12 October 2011](#), respectively)

Sanders, who is also vying for the Democratic Party nomination, opposes the TPP, [saying during the same debate](#) that the deal is one in a long line of trade pacts making it harder for US workers to compete against lower-priced goods from abroad.

"Workers today are working longer hours for lower wages. Trade is one of the reasons for that," he said, noting that while he does not oppose trade in principle, he does take issue with free trade compared to fair trade.

Republican Party candidates, for their part, have expressed mixed views on the trade deal. Real estate magnate Donald Trump, for his part, has openly lambasted the TPP, suggesting in [a CNN interview](#) this week that he would move to renegotiate US trade deals for better terms.

However, Ohio Governor John Kasich, who placed second among Republicans in Tuesday's New Hampshire primary, has spoken in favour of the TPP.

Many congressional leaders in the United States have already warned that securing TPP approval in Washington could be a long and difficult process, particularly in a year that also has the entire House of Representatives and one-third of the Senate up for election.

"No one should be under any illusions that, because the TPP is being signed today, an up or down vote on the agreement is imminent or that our oversight responsibilities are at an end," [said](#) Senator Orrin Hatch, the Utah Republican who chairs the Senate Finance Committee, last week.

Furthermore, Hatch noted, ratifying trade deals in the US Congress is often a prolonged process. "In fact, it's not an exaggeration – or even all that remarkable – to say that it can take years to get an agreement through Congress after it is signed."

China warns against "politicising" TPP

As TPP signatories work to build domestic buy-in for the trade pact, one of the key arguments that continues to be raised – mainly in the US – is that approving such a wide-reaching, comprehensive pact is essential for ensuring continued leadership in trade rule-making, particularly given China's own efforts in that respect.

China is involved in various other trade initiatives in the region, including a 16-country negotiation known as the Regional Comprehensive Economic Partnership (RCEP), which includes all 10 members of the Association of Southeast Asian Nations (ASEAN), as well as India, South Korea, and three TPP members – New Zealand, Australia, and Japan.

"TPP allows America – and not countries like China – to write the rules of the road in the 21st century, which is especially important in a region as dynamic as the Asia-Pacific," [said](#) Obama last week, reiterating similar comments on the subject. "Put simply, TPP will bolster our leadership abroad and support good jobs here at home."

[Speaking to reporters](#) on Friday, Chinese Foreign Ministry Spokesman Lu Kang countered such arguments publicly.

"We have never thought that China or any other specific country could decide by itself how to write the rules or agenda or global trade in the 21st century," he said, adding that countries should continue looking to the WTO for having a "leading role" in setting international trade rules.

"We understand that governments of some countries have to let the business circle and the public of their countries know the pros and cons about relevant free trade arrangements, then just give them the facts. There is no need to politicise the economic issue," the Chinese official said, warning that such suggestions would be both misleading and could harm Washington's ties with Beijing.

ICTSD reporting; "Trans-Pacific Partnership trade deal signed, but years of negotiations still to come," REUTERS, 4 February 2016; "Prime Minister John Key outlines the Government's priorities for the year," STUFF.CO.NZ, 9 February 2016; "Trump: 'I want to win New Hampshire, but I don't think I have to win it,'" CNN, 7 February 2016; "Guvs looking for win in N.H.," POLITICO, 9 February 2016.

TRADE AGREEMENTS

US, Italy Leaders Push for TTIP Outcome Amid Questions over Timeline

US President Barack Obama and Italian President Sergio Mattarella publicly urged for finalising a major trade and investment pact between the United States and the European Union, just weeks before the trading giants are set to hold their first negotiating round of the New Year.

"We agreed that joint and common action between the United States and Italy not only serves the interest of both our countries, but the broader transatlantic relationship that has underwritten so much peace and prosperity over the last several decades," [said](#) Obama following the bilateral meeting in Washington on Monday, citing the conclusion of trade talks as one way to boost such a relationship.

The Italian President, for his part, similarly stressed the two sides' past history of trans-Atlantic cooperation, adding that the economic and trade partnership in this respect "is a very important approach because it can help us to avoid in the future additional, new economic and financial crises."

Such crises, Mattarella warned, could in turn be devastating for some of the economic advances seen in developing countries, to the point whether these could "perhaps ward off or prevent any prosperity from being achieved in developing nations."

WH official: deal unlikely before end of Obama's term

The US and the EU have been negotiating a Transatlantic Trade and Investment Partnership (TTIP) since mid-2013, having launched the talks during a G-8 summit in Lough Erne, Ireland. During the early days of the negotiations, they had expressed hope of wrapping up a bilateral pact before the end of 2014. (See Bridges Weekly, [20 June 2013](#) and [18 July 2013](#))

That target has since been pushed back on repeated occasions, despite various attempts at reinvigorating the talks, which would cover the world's largest trading relationship. Top EU officials, such as Trade Commissioner Cecilia Malmström, have said in recent weeks that they would like to see a deal this year, given that Obama is set to leave office in January 2017. (See Bridges Weekly, [4 February 2016](#))

[Speaking to reporters](#) on Monday after the Obama-Mattarella meeting, however, White House Press Secretary Josh Earnest cast doubts on whether a TTIP deal would indeed be reached under that timeframe.

"I do not believe that we're going to reach a TTIP agreement before the President leaves office, but he's certainly interested in moving those negotiations forward, and in a direction where we can be confident that the economy of the United States can be enhanced through the completion of an agreement, hopefully, under the leadership of the next US president," said the White House official.

Earnest added that he did not have an updated timeline to share at this stage, while highlighting that TTIP is an Obama Administration priority.

TTIP Round 12: Investment proposal, public procurement

The [twelfth TTIP round](#) is set to take place from 22-26 February in Brussels, Belgium, with subsequent meetings planned for April and July. (See Bridges Weekly, [4 February 2016](#))

During this upcoming round, the two sides are expected to discuss their initial public procurement offers – the third pillar of the market access talks, which also includes goods tariffs and services – along with discussing for the first time the EU's proposal for an investment court, among various other topics. (See Bridges Weekly, [17 September 2015](#))

US officials have previously questioned the need for such a court, with Trade Representative Michael Froman noting in October that Washington's pacts are already of very high standard. (See Bridges Weekly, [12 November 2015](#))

"Because of the high standards and safeguards in our agreements, there have been very few cases against the US, and to date, the government has never lost," he told Reuters at the time, responding to questions over the EU's suggested investment court and appellate mechanism. "It's not obvious to me why you would want to give companies a second bite of the apple."

At the time, the EU had not formally tabled the proposal within the TTIP negotiating context. Now that it has, trade watchers will be looking to see how the US responds and whether the EU would be willing to revise aspects of the proposal, and if so in what way.

"We expect a constructive discussion," EU Commission spokesperson Daniel Rosario told Politico.

The EU proposal hit another hurdle last week, after the German Association of Magistrates published an opinion questioning the need for a special investment court; the implications for domestic courts in individual EU member states; and whether it would actually have a legal basis, among other concerns.

Investment protections and dispute settlement have not been the only controversial element of the EU-US talks. Indeed, the proposed trade pact has drawn significant public scrutiny, particularly in Europe, over questions on both the level of transparency in the talks, as well as whether the content could affect domestic public policies in areas such as environmental and food safety standards.

Trade officials, for their part, have repeatedly worked to assuage these concerns, [pledging](#) that nothing in the planned pact will jeopardise consumer protection, environmental, or health standards. Brussels has also worked to make more TTIP documents public, including factsheets, policy position papers, and all EU negotiating proposals.

Bernd Lange, the chair of the European Parliament's International Trade Committee, [said last week](#) regarding the continued controversy that it is necessary to "fight for a people's TTIP and make a decision based on a final text."

The German member of the Parliament's Socialists and Democrats (S&D) Group added that the final text should answer both US and EU interests. "If there is no ambitious deal on the table, there will be no deal," he said.

ICTSD reporting; "TTIP investor court illegal, say German judges," EU OBSERVER, 4 February 2016; "EU faces tough sell on TTIP compromise," POLITICO, 7 February 2016.

ENERGY

Obama Makes Clean Energy Push in Final Annual Budget Proposal

US President Barack Obama on Tuesday put forward a series of clean energy finance proposals as part of his final annual budget request before leaving office. The proposed US\$4.1 trillion fiscal budget includes a plan for a "21st century clean transportation system," to be funded by a new fee levied on oil, as well as a bid to double federal investment in clean energy research and development (R&D) from US\$6.4 billion to US\$12.8 billion by 2021.

The boost to R&D funds comes after the US and 19 other economies – making up 80 percent of global clean energy R&D budgets – committed to doubling their current investment in the sector during a UN climate meet held last December in Paris, France.

In Paris, 28 major investors also backed "[Mission Innovation](#)," as the initiative is known, pledging to invest patient capital in early-stage technology development from participating economies.

While the overall fiscal year 2017 (FY17) budget proposal was lambasted by Republican congressional leadership, who criticised the overall levels of federal spending, several commentators suggested that the document was not redundant and that some bipartisan support might be garnered for defence, cancer research, and certain anti-poverty measures. The US Congress can choose to advance some elements of the President's budget and not others, in what is usually a protracted – and often contentious – legislative process.

Several experts also suggested the clean energy R&D spending might make it through the legislative process, although many noted the oil tax for the green transportation plan was a non-starter. The plan has already attracted the ire of the oil industry who, reacting to a preview released last week, said it would raise the cost of petrol by 25 cents per gallon.

Oil levy details

Tuesday's budget proposal would increase American investments in green transportation infrastructure by roughly 50 percent. This includes plans to invest nearly US\$20 billion per year above current spending to reduce traffic through improving transportation options, another US\$10 billion annually on transforming regional transportation systems, and US\$2 billion per year for research on clean vehicles and aircraft.

Core funding for these investments would come from a new US\$10 per barrel fee on oil paid for by oil companies, gradually phased in over five years. One-time revenues from business tax reform are proposed as an additional revenue source. The plan would also provide assistance to families to relieve energy cost burdens where needed.

"By placing a fee on oil, the president's plan creates a clear incentive for private sector innovation to reduce our reliance on oil and at the same time invests in clean energy technologies that will power our future," read last week's [White House Factsheet](#) on the plan.

Transport accounts for around 30 percent of US greenhouse gas (GHG) emissions and 14 percent of the global total in 2010. Almost 95 percent of the world's transport energy [derives from](#) petroleum-based fuels and abatement in the sector has proved particularly challenging.

Questions have been raised on how exactly the tax will be levied and implications for the competitiveness of US exports.

Jeffrey Zients, Director of the National Economic Council and Assistant to the President for Economic Policy, told journalists last week that the tax would not be collected at wellhead and would not apply to exported oil products. Imports, however, will be charged. Further details on the clean transport vision would need to be resolved with Congress.

Although the plan is unlikely to get the green light, several experts have suggested it is primarily an effort to prompt political debate on the future of transportation and energy use, particularly in the context of this year's presidential race.

"Even if that proves impossible this year, President Obama has helpfully started a national conversation about how to deliver the clean energy economy, which polls suggest the American people strongly favour," said Nigel Purvis, head of consultancy Climate Advisers and a former White House staffer.

Some commentators have noted that continued low oil prices – which plunged to approximately US\$30 per barrel over the past month from over US\$100 nearly 18 months ago – could make Obama's plan easier to swallow at the consumer level. Beyond the US, several experts have argued that low oil prices offer a ripe opportunity to reform energy market incentives, switching support away from climate-warming fossil fuels towards low carbon alternatives.

Clean energy research

In order to fulfil the Mission Innovation pledge, the FY17 budget requests US\$7.7 billion in funding for clean energy R&D across 12 agencies, representing a 20 percent increase on this year's funds. The Obama Administration budget proposal makes the US the first Mission Innovation economy to outline plans to hit the clean energy R&D spending target.

The US Department of Energy (DOE) is set to receive the lion's share of this sum, with plans for around US\$5.85 billion to be spent on the creation of regional innovation centres and partnerships, investment in developing renewable energy technologies, support for R&D of nuclear energy, and plans to modernise electricity grids, among other things.

"Rather than subsidise the past, we should invest in the future," Obama [said](#) in his weekly address last Saturday previewing the budget release. "This will include new investments to help the private sector create more jobs faster, lower the costs of clean energy faster, and help clean renewable power outcompete dirty fuels in every state."

Ensuring a low carbon energy transition will be a major part of curbing climate-warming emissions, according to many experts, given that 80 percent of the world's current energy use relies on fossil fuels. UN Secretary-General Ban Ki-moon warned last month that clean energy investments were still below levels needed to achieve long-term global temperature limits, enshrined in the Paris climate deal, and urged investors to boost capital in this area.

The DOE budget also includes a US\$750 million request for the multilateral Green Climate Fund (GCF). Obama pledged in 2014 to contribute US\$3 billion by 2020 to the nascent UN institution, designed to help poorer countries transition to a low carbon future and adapt to climate change's negative impacts.

However, the US\$500 million pledge in Obama's budget request last year faced a rocky ride, with lawmakers agreeing only in late November not to block the payment.

A GCF informal board meeting in Cape Town, South Africa, last week focused on how to meet an aspirational target to invest US\$2.5 billion this year in green projects in developing

countries, a goal some stakeholders fear will be difficult to meet given the dearth of suitable project proposals put forward to date.

US Supreme Court halts clean power plan

The move to boost clean energy spending comes at the close of Obama's second term in office, which has been characterised by a strong focus on climate change at home and abroad. In a setback to his domestic efforts, however, the US Supreme Court on Wednesday agreed to halt the enforcement of the US Environmental Protection Agency's Clean Power Plan (CPP) until various legal challenges have been resolved.

The CPP is geared towards slashing emissions from the nation's power plants by 32 percent below 2005 levels by 2030. It allows states to define their own strategies for meeting the cuts, but 27 mostly Republican-led states have sought to block the federal rule, citing an alleged overreach of executive authority.

The court decision implies that states will not be required to file an implementation plan in September, as initially envisaged, but interested states can still do so.

A Washington, DC appeals court will hear oral arguments in June on whether the CPP is lawful, although some experts expect the case to stretch into next year, a process likely to be closely watched by the international community as an indication of the US' future climate action ambitions.

ICTSD reporting; "Clean energy growth too slow, warns UN," THE FINANCIAL TIMES, 28 January 2016; "Obama proposes \$10 per barrel oil tax," THE FINANCIAL TIMES, 5 February 2016; "Obama proposes \$4.1 trillion spending plan in final White House budget," REUTERS, 9 February 2016; "Obama outlines 'climate-smart economy' visions in final budget," CLIMATE HOME, 9 February 2016; "US Supreme Court stays EPA's Clean Power Plan in blow to Obama climate strategy," CARBON PULSE, 9 February 2016.

EUROPEAN UNION

Pressure Builds to Reach UK-EU Deal as Council Summit Approaches

Efforts to conclude a new settlement aimed at keeping the UK in the 28-member European Union are ramping up, as leaders prepare to meet next week to debate European Council President Donald Tusk's recent proposal on the subject.

"I deeply believe that our community of interests is much stronger than what divides us," said Tusk in a [letter](#) released together with the proposed reforms.

However, the European Council President warned that "challenging negotiations" are still to come, and that "nothing is agreed until everything is agreed." Tusk added that the proposal does much to address UK Prime Minister David Cameron's stated concerns – but that it does not go against "the principles on which the European project is funded."

The proposal came in response to Cameron's request for a series of reforms to the UK's existing membership terms with the European Union, with the premier calling for a "legally binding and irreversible" agreement that would provide his country with the flexibility it seeks in various areas. (See Bridges Weekly, [5 November 2015](#) and [3 December 2015](#))

On the table

The [2 February document](#) released by Tusk is set out in four parts, specifically on economic governance, competitiveness, sovereignty, and social benefits and freedom of movement. These are prepared as a "draft decision" for heads of state or government. The European Council chief also released a series of draft declarations associated with these separate sections.

Regarding economic governance, the document would prohibit currency-related "discrimination between natural or legal persons," along with ensuring any legal agreements "directly linked to the functioning of the euro area" will not pose a hindrance to intra-EU trade.

Non-euro area EU members will not be able to prevent laws that involve the Eurozone's functioning, in an apparent nod to concerns raised in some quarters that London would attempt to have veto power over euro-related decision-making.

The document also includes a specific mention of the EU's foreign trade agenda, stating that the 28-nation bloc "will pursue an active and ambitious policy of trade" as part of a larger competitiveness policy.

Also under this competitiveness heading is language referring to strengthening the internal market, while ensuring its responsiveness and adaptability; "concrete steps" aimed at cutting administrative burdens and costs; and keeping regulatory standards high while getting rid of "unnecessary legislation."

The section on sovereignty includes language aimed at answering concerns over increasing political integration, among other things. Cameron had asked, in his November letter to Tusk outlining requested reforms, that he wanted to end his country's "obligation to work toward an 'ever closer union' as set out in the Treaty."

Tusk's document says that the EU treaties "allow an evolution towards a deeper degree of integration among the Member States that share such a vision of their common future, without this applying to other Member States."

"It is recognised that the United Kingdom, in the light of the specific situation it has under the Treaties, is not committed to further political integration into the European Union," the text continues.

The final section, on social benefits and free movement, is likely to be among the most controversial, analysts say. Among other provisions, it includes a proposed change to the EU's regulation on free movement of workers that would allow for "an alert and safeguard mechanism" should there be a massive influx into one country of workers from other EU member states.

This is meant to "take account of a pull factor arising from a Member State's in-work benefits regime," with the country involved needing to notify both the Commission and the Council that an "exceptional situation" that meets certain criteria exists, including a strained social benefit system.

The Council would then need to approve authorisation for that country to restrict benefits for new workers from other EU member states for up to four years.

The road ahead

EU leaders are set to meet from 18-19 February, with Cameron and Tusk both aiming to finalise the settlement deal at that stage. The timing of reaching an agreement is key, given that a UK referendum on whether to stay in the European Union is currently planned for this June. Delaying a settlement until the next European Council meeting – set for late March – would potentially complicate this timing.

The days since Tusk's proposal was released have therefore seen a flurry of activity as the Council President and the UK leader try to build buy-in for the proposed settlement, both within the UK itself – where Euroscepticism is high – and with other EU member states.

"There are details that still need to be pinned down and intense negotiations to try and agree the deal with 27 other countries," Cameron [said last week](#) to the House of Commons. "But I do believe that with these draft texts – and with all the work that we have done with our European partners – Britain is getting closer to the decision point."

The UK premier has [already met](#) with Martin Schulz, President of the European Parliament, to discuss the proposed terms, and is set to meet with the heads of the Parliament's political groups on 16 February.

Cameron also discussed the proposals with Italian Prime Minister Matteo Renzi on Monday 8 February, according to a [Downing Street spokesperson](#), who said that the two leaders "agreed that the text put forward by the European Council President was a good basis for reaching agreement in all 4 areas at the February European Council."

ICTSD reporting; "EU referendum: UK renegotiation would be 'legally binding'," BBC, 9 February 2016; "EU referendum uncertainty not harming UK economy, Bank says," THE GUARDIAN, 5 February 2016; "EU referendum campaigning could affect business investment – Carney," REUTERS, 4 February 2016; "EU referendum: Tusk releases outline reform deal for UK," FINANCIAL TIMES, 2 February 2016; "David Cameron seeks to win round central Europe to EU deal," FINANCIAL TIMES, 2 February 2016.

AVIATION

UN Agency to Adopt Global, Binding Aircraft Emissions Standards

The UN's civil aviation organization announced on Monday that it had reached a deal on global, binding standards for airplane carbon dioxide emissions, bringing to a close a six-year negotiating process.

The news came during a [1-12 February meeting](#) of the International Civil Aviation Organization's (ICAO) Committee on Aviation Environmental Protection, which is also set to tackle topics such as aircraft noise, alternative aviation fuels, and technical issues regarding plans for a global market-based aviation measure.

The aircraft emissions standard will go to the Montreal-based agency's Governing Council for approval later this year. Individual member states would then need to incorporate the standard into their national laws or regulations.

"Every step taken in support of ICAO's full basket of measures for environmental improvement is an important one," [said](#) Olumuyiwa Benard Aliu, President of the ICAO Council, in announcing the news.

"Our sector presently accounts for under two percent of the world's annual CO2 emissions, but we also recognise that the projected doubling of global passengers and flights by 2030 must be managed responsibly and sustainably," Aliu continued. Other figures have placed aviation's share of global emissions at even higher, at three percent.

Starting dates

The standard [announced](#) on Monday will, once adopted, be fully applicable to all new plane designs starting in 2020; to planes currently in production from 2023, and to all planes produced from 2028 onward.

The ICAO expert committee stressed that the standard will apply to planes of all sizes and types. The standard would have the greatest implications for large aircraft, the committee added, given that they cause the vast majority of aviation emissions.

"[The] solution therefore comprehensively encompasses all technological feasibility, emissions reduction potential, and cost considerations," the committee's statement said.

A [report](#) on the ICAO standard by the International Council on Clean Transportation (ICCT), an independent non-profit that conducts analysis for environmental regulators, placed the cuts in expected cruise fuel consumption at four percent from 2028 onward, relative to 2015 deliveries. The ICCT also provides an overview of how the standard would work, which would include an evaluation of an aircraft's cruise fuel efficiency.

"In order to be certified under the standard and sold internationally, each aircraft/engine combination produced by a manufacturer will need to meet a MV limit, assigned as a function of its maximum takeoff mass (MTOM) and measured at three equally weighted gross weight test points," the report says, with MV limit a proxy for cruise fuel efficiency.

The White House, for its part, [said](#) that the proposed ICAO standard would slash carbon emissions by more than 650 million tonnes from 2020 to 2040. A long-time advocate for

setting such a standard, the US added that steps like these are necessary to slow emissions growth in this sector, arguing that these could otherwise rise by 50 percent if unaddressed.

Reactions

The proposed standard has generally been welcomed in principle as a much-needed step for climate action, given that the aviation sector has previously not been subjected to global emissions standards, despite earlier efforts to do so.

The UN climate accord reached in Paris, France, last December ultimately does not include mention of working with either ICAO or the International Maritime Organization (IMO) on tackling aviation or shipping emissions, respectively, after axing proposed language in earlier drafts. (See BioRes, [13 December 2015](#))

"Having more efficient aircraft take to the sky can help airlines begin to slow aviation's skyrocketing climate pollution. That's a positive step, and ICAO and the Obama Administration are to be commended for it," [said](#) Annie Petsonk, International Counsel at the US-based Environmental Defense Fund.

Aviation industry groups, such as the International Air Transport Association (IATA), which includes approximately 260 airlines, have also welcomed the planned standard.

"The CO2 Standard does not solve aviation's climate challenge on its own, but it is an important element in our comprehensive strategy for tackling carbon emissions," [said](#) Tony Tyler, the group's Director General and CEO.

However, some stakeholders say that the rules could have been far stricter, with [Earthjustice](#) among those warning that they will have a limited impact on emissions, both given their content and also since these apply to new planes and not those currently in use.

Eyes on autumn meet

While the planned efficiency standard has been praised as a potential harbinger of good things to come from ICAO's environmental-focused work in 2016, many say that an even greater challenge will be whether the UN agency's 191 members can also agree on a proposal for a market-based measure (MBM) for global aviation emissions.

After years of deliberations, the UN agency announced in 2013 that it would develop a proposal for such a scheme by 2016, specifically in time for ICAO's triennial meet, scheduled for 27 September to 7 October. The proposed MBM would, if agreed this autumn, take effect from 2020. (See Bridges Weekly, [10 October 2013](#))

In the lead-up to the September ICAO Assembly, the agency is set to hold a [high-level meeting](#) in May in order to discuss draft text for the planned MBM resolution.

"Today's agreement is an important signal that the international community is well-positioned to rise to the challenge of implementing a global market-based approach to reduce aviation emissions later this year," said a White House [factsheet](#).

The Obama Administration indicated that such a deal could potentially offset "several gigatonnes of carbon through 2035." IATA, meanwhile, has said that the aviation industry is hoping to see carbon emissions cut in half by 2050 as a result of the MBM.

ICTSD reporting; "UN agency proposes greenhouse-gas standard for aircraft," NATURE, 9 February 2016; "ICAO strikes deal on aviation CO2 standards, focus turns to market mechanism," CARBON PULSE, 8 February 2016; "U.N. Agency Proposes Limits on Airlines' Carbon Emissions," THE NEW YORK TIMES, 8 February 2016.

EVENTS & RESOURCES

Events

Coming Soon

15-19 February, Manila, Philippines. THE SECOND INCLUSIVE BUSINESS (IB) FORUM FOR ASIA. This forum is being organised by the Asian Development Bank (ADB) in order to explore various possibilities in which businesses can develop creative solutions to generate jobs for low-income and poor people, along with ways to better provide key goods and services. The multi-day meeting will also provide an opportunity for sharing experiences from different regions, namely Latin America and Asia. More details are available [here](#).

18 February, Washington, US. PROSPECTS FOR LOW INCOME DEVELOPING COUNTRIES. This event, held by the Carnegie Endowment for International Peace, will feature a discussion on the International Monetary Fund's (IMF) recent study on the outlook for low-income developing countries (LIDCs) and what the implications may be for such countries in economic and social terms. The participants will also review potential policy options. More information, including a speakers' list and details on registration, is available [here](#).

18 February, online. WEBINAR: FROM DATA TO MOBILIZING COMMUNITIES TO ACT ON CHALLENGES. This webinar, organised jointly by the International Institute for Sustainable Development (IISD) and the Canadian Sustainability Indicators Network (CSIN), will examine how information gathering can be used in better understanding community needs – in economic, social, and environmental terms – and in what ways such data may be lacking. Additional information, including details on registration, can be found at the IISD [website](#).

WTO Events

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

12 February: Dispute Settlement Body

17-18 February: Committee on Balance-of-Payments Restrictions

Other Upcoming Events

4 March, London, UK. BUILDING EUROPE'S DIGITAL ECONOMY. This Chatham House event will feature as its guest speaker Toomas Hendrik Ilves, the President of Estonia. The discussion will address the Estonian experience in transitioning toward a more digital market, both in the public and private sectors, along with discussing what prospects lie ahead for the broader European Union in this area, including a potential Digital Single Market. More information about the event is available at the Chatham House [website](#).

16 March, Geneva, Switzerland. UNCTAD EXPERT MEETING: TAKING STOCK OF IIA REFORM. This meeting, hosted by the UN Conference on Trade and Development (UNCTAD), will take place during UNCTAD's two-day "Multi-year Expert Meeting on Investment, Innovation, and Entrepreneurship for Productive Capacity-building and Sustainable Development" being held on 16-17 March. Participants will include investment

and development experts from governments, intergovernmental organisations, civil society, the private sector, and academia. To join either in person or via the live webinar, please e-mail WIF_IJA_Conference@unctad.org with either "In person attendance" or "Webinar attendance" in the subject line, respectively.

26-27 April, Manila, Philippines. INCORPORATING PRO-POOREST GROWTH IN THE SDGs: MOVING BEYOND THE MDGs. This two-day conference is being organised jointly by the Asian Development Bank (ADB) and the Chronic Poverty Advisory Network (CPAN). The meeting aims to review relevant research and determine policy options for how to ensure that "pro-poorest growth" is addressed in the efforts to implement the recently-adopted Sustainable Development Goals (SDGs). Additional details on the event, including session format and speakers, as well as the intended conference output, is available [here](#).

17-22 July, Nairobi, Kenya. FOURTEENTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT. This high-level UNCTAD conference will focus on the best ways for delivering the 2030 Agenda, agreed during the UN Sustainable Development Summit last year. The meeting is expected to draw leaders from government, business, civil society, and academia. More information is available [here](#).

Resources

PETERSON PERSPECTIVES INTERVIEW: MAKING SENSE OF MARKET MAYHEM. Published by the Peterson Institute for International Economics (January 2016). In this interview, senior fellow Ángel Ubide analyses the current growth outlook for China, along with the recent developments in global oil prices, and discusses how these may be affecting international markets. The audio interview can be listened to [here](#).

A PROFILE OF GENDER DISPARITIES IN THE G20: WHAT IS NEEDED TO CLOSE GAPS IN THE LABOUR MARKET. By Jeni Klugman for Chatham House (November 2015). This briefing note places a particular focus on the W20, which was launched under the 2015 Turkish Presidency of the G-20 to explore ways to grow and develop economic opportunities for women. The publication reviews the existing gaps in this area in G-20 member economies, examining which challenges are widespread and which are specific to different countries. The document is available for download [here](#).

PARLIAMENT AGENDA: S&D GROUP PRIORITIES FOR THE WEEK OF 8 FEBRUARY 2016. Published by viEUws (February 2016). This interview reviews what issues are high on the agenda of the S&D Group in the European Parliament in the coming week. These include, for example, the Trade in Services Agreement (TISA) under negotiation among over 20 WTO members, including the EU, as well as the UK referendum and the migration crisis. The full interview with S&D Press Officer Tim Allan can be watched [here](#).

ECONOMIC OUTLOOK FOR SOUTHEAST ASIA, CHINA, AND INDIA 2016. Published by the Organisation for Economic Co-operation and Development (OECD) (2016). This latest annual publication from the OECD reviews the economic growth seen in the Southeast Asian region, analysing the conditions in both China and India as well as the 10 members of the Association of Southeast Asian Nations (ASEAN). Other issues addressed in this year's edition include how regional integration has affected these economies, as well as what issues should be addressed in order to boost cooperation. The outlook is available [here](#).

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Chemin de Balexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

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please contact Andrew Crosby, Managing
Director at +41-22-917-8335.

Contributors to this issue are Sofia Alicia Baliño
and Kimberley Botwright. This edition of Bridges
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