

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 21, ISSUE 14, 27 APRIL 2017

GLOBAL ECONOMY

US Officials Eye Next Steps on Trade with Europe, Japan, NAFTA Partners1

GLOBAL ECONOMY

IMF-World Bank Spring Meetings Highlight Inclusive Growth, Trade Potential4

WORLD TRADE ORGANIZATION

New Chair of WTO Agriculture Negotiations Restarts Talks.....6

DISPUTES

WTO Arbitrator Gives Mexico Green Light for Countermeasures in Tuna Dispute8

EUROPEAN UNION

European Integration at the Fore as Election Season Picks Up Momentum.....11

GLOBAL ECONOMY

WTO Ministerial Prep: Argentine FM Makes Case for Multilateralism in Geneva Visit..13

TRADE AGREEMENTS

US Vice President: Washington Looking to Upgrade Korea Trade Deal.....15

EVENTS & RESOURCES

Events16
Resources18

GLOBAL ECONOMY

US Officials Eye Next Steps on Trade with Europe, Japan, NAFTA Partners

The past weeks have seen a flurry of trade activity in Washington and beyond, including a trip by US Vice President Mike Pence to Asia; meetings between top American and European trade officials; and an escalation in the US-Canada row over softwood lumber that could have implications for broader trade talks.

The developments seen over the last several days indicate that the coming months could see more momentum in efforts to negotiate or upgrade trade deals under the new administration of US President Donald Trump. The role of US Trade Representative is likely to be filled in the near future, with nominee Robert Lighthizer [advancing](#) out of the Senate Finance Committee this week and now awaiting confirmation by the full chamber.

Trade had been one of the high-profile items in earlier meetings between Trump and fellow leaders, with the new American president repeatedly stressing his concerns over reducing the US' trade deficit; pursuing an "America First" economic policy; and pledging to prioritise bilateral trade deals over larger multi-country agreements.

US, EU weigh trade negotiating future

EU Trade Commissioner Cecilia Malmström and US Commerce Secretary Wilbur Ross met in Washington this week to discuss next steps on deepening economic ties between the two trading giants, amid renewed speculation that the two sides may be moving towards renewing talks for an official trade deal.

The US and EU began talks for a Transatlantic Trade and Investment Partnership (TTIP) in 2013, following years of preparations. While negotiators held 15 official negotiating rounds, efforts to clinch a deal before US President Barack Obama left office in January were unsuccessful.

"For my part, there is still a case for an ambitious trade agreement between the EU and the US, the two largest economies in the world," [said](#) EU Trade Commissioner Cecilia Malmström in Washington on Monday before meeting with Ross.

"We both need a bit more time to see where we are. From the EU's side, we would also need to clarify that both sides share an ambition to find solutions to difficult issues," she added. Earlier this year, Malmström said that the TTIP talks were in the "deep freeze" pending additional information from the new Trump administration on how they would like to proceed. (See Bridges Weekly, [23 March 2017](#))

Prior to meeting with Malmström, Ross told the [Financial Times](#) that reducing the US' trade deficit with major economies outside the North American Free Trade Agreement (NAFTA) was essential, including with Europe, while at the same time noting that the NAFTA talks remain Washington's top objective.

When Trump met with German Chancellor Angela Merkel last month in Washington, he indicated that he would particularly like to change the nature of their bilateral trading relationship, while the German leader referred to the value of TTIP in creating mutual gains for both sides and urging for those talks to be resumed.

Media reports in the London Times the last week have suggested that Merkel's discussions with Trump may have helped pique his interest in the TTIP negotiations. The German chancellor told Reuters on Sunday that she was "encouraged" that the US may now be reviewing the prospects for a future trade deal. (See Bridges Weekly, [23 March 2017](#))

Pence suggests Japan bilateral deal

Meanwhile, US Vice President Mike Pence travelled to various countries in Asia and the Pacific last week for meetings with several national leaders.

Meeting with Japanese Deputy Prime Minister Tarō Asō, the two officials kicked off the first session of the new US-Japan Economic Dialogue, which was announced earlier this year following Trump's meeting with Japanese Prime Minister Shinzo Abe. (See Bridges Weekly, [16 February 2017](#))

According to the US Vice President, the two sides have now set out three "pillars" that will structure the economic dialogue's overall work: trade and investment; economic and structural policy; and sectoral cooperation.

On the first pillar, Washington will be looking for "trade that is free and we seek trade that is fair," according to Pence, who referred specifically to cutting back trade barriers.

"Today we're beginning a process of an economic dialogue, the end of which may result in bilateral trade negotiations in the future," [said](#) Pence. "These discussions are very much a reflection of the President's view that negotiating at arm's length on a bilateral basis with nations is the best path forward for the United States."

During the trip, which also included stopovers in Australia, Indonesia, and South Korea, the subject of the Trans-Pacific Partnership (TPP) was also raised by reporters, in light of the US' withdrawal from the pact earlier this year. Japan is also a member of the pact, and has hinted that a bilateral deal with the US may not be as beneficial to the latter country.

Pence, for his part, [referred](#) repeatedly to the TPP as "a thing of the past for the United States of America." The remaining 11 countries that form the TPP are continuing to assess alternatives for going forward, with officials having met last month on the sidelines of a larger Asia-Pacific summit held in Viña del Mar, Chile. (See Bridges Weekly, [16 March 2017](#))

Some countries, such as [Australia and Japan](#), are reportedly looking to build momentum for a "TPP-11," though what changes would be needed for this to work given the role the US played in the negotiations remain to be seen. APEC trade ministers are due to meet from 20-21 May in Hanoi, Vietnam, which is also slated to see a gathering of TPP ministers on the

sidelines. The latter meeting will be preceded by a meeting of senior trade officials from those countries. (See Bridges Weekly, [16 March 2017](#))

US, Canada face off on softwood lumber, dairy

In separate news, tensions between the US and Canada on softwood lumber and dairy have flared up this week, raising questions over what this means for the planned NAFTA reboot.

The US Department of Commerce confirmed preliminary countervailing duties on Canadian softwood lumber on Monday 24 April, deeming after an [investigation](#) that Canadian timber producers received unfair subsidies ranging between 3.02 to 24.12 percent. The duties are now being applied and are also being levied 90 days retroactively.

"It has been a bad week for US-Canada trade relations. Last Monday, it became apparent that Canada intends to effectively cut off the last dairy products being exported from the United States. Today, in a different matter, the Department of Commerce determined a need to impose countervailing duties of roughly one billion dollars on Canadian softwood lumber exports to us. This is not our idea of a properly functioning Free Trade Agreement," [said](#) Commerce Secretary Wilbur Ross in a formal statement released by his office, in an apparent reference to NAFTA.

The issue has already advanced to leaders' level, with Canadian Prime Minister Justin Trudeau and US President Donald Trump speaking by phone on Tuesday 25 April.

"On the issue of softwood lumber, the Prime Minister refuted the baseless allegations by the US Department of Commerce and the decision to impose unfair duties," said a [summary](#) of the call released by Trudeau's office.

The US and Canada previously had a deal governing trade in the timber, known as the Softwood Lumber Agreement (SLA), which was in place from 2006-2015 and had brought to an end years of litigation and hefty duties. Efforts to negotiate an updated version both before and after the SLA expired failed to bear fruit, and a standstill prohibiting the imposition of new trade remedies on Canadian softwood lumber expired in late 2016. (See Bridges Weekly, [6 April 2017](#))

The two sides have also been increasingly at odds over Canada's protections for its dairy sector. The phone call summary released by Trudeau's office also said that existing trade between them "heavily favours the US" and argued that its practices are in line with NAFTA and other international trade obligations.

While already having hefty milk and cheese tariffs in place, Ottawa previously did not charge such tariffs on ultrafiltered milk, which is used to make yoghurt and cheese. It has since worked to make it cheaper for domestic producers to use Canadian ultrafiltered milk instead of importing it, prompting outcry from US exporters and political leaders alike.

What this means for the NAFTA upgrade talks remains unclear. Reports that Trump is considering an executive order to start the withdrawal process from NAFTA emerged on Wednesday, drawing speculation that this would try to raise the pressure on Canada and Mexico in the upcoming talks – as well as criticism from some members of his own party.

ICTSD reporting; "US reopens door to reviving EU trade talks," FINANCIAL TIMES, 23 April 2017; "Germany's Merkel encouraged U.S. will consider EU free trade deal," REUTERS, 23 April 2017; "Trump's sudden preoccupation with Canadian milk, explained," WASHINGTON POST, 25 April 2017; "Trump: Dairy trade dispute with Canada a 'disgrace' caused by NAFTA," THE HILL, 20 April 2017; "Trudeau Defends Dairy Subsidies After Trump Vows U.S. Farmer Aid," BLOOMBERG, 20 April 2017; "Aso: TPP better for U.S. than bilateral deal," THE JAPAN NEWS, 22 April 2017; "Republicans tell Trump to hold up on NAFTA withdrawal," POLITICO, 26 April 2017.

GLOBAL ECONOMY

IMF-World Bank Spring Meetings Highlight Inclusive Growth, Trade Potential

Finance and development officials concluded the 21-23 April Spring Meetings of the International Monetary Fund (IMF) and World Bank Group (WBG), which saw discussions focus on topics such as trade, inclusion, and sustainable, continued economic growth.

While the high-level meetings in the American capital came after heartening news of an improving global economy, they were also taking place in a period of growing uncertainty, as debates continue over how to define terms such as free and fair trade; how to ensure that the results of trade and economic growth are better distributed both among and within nations; and how to address concerns over the potential adverse effects of globalisation.

Ahead of the Spring Meetings, the IMF released its semi-annual [World Economic Outlook](#) which gave promising signs of global economic growth for this year and the next. The Washington agency predicts that growth in 2017 will hit 3.5 percent in 2017 and 3.6 percent in 2018 – an improvement over last year's figures.

The two Washington-based agencies meet biennially, first at the Spring Meetings in April and again in October for their Annual Meetings. These events bring together two key steering bodies for the international financial institutions: the International Monetary and Financial Committee (IMFC) and the Development Committee.

The IMFC brings together 24 officials pulled from the Fund's larger membership, with these officials holding roles of finance minister, central bank governor, or similar. The Development Committee is a joint IMF-World Bank Group panel, featuring 25 officials that are either finance or development ministers from the organisations' membership.

Lagarde, Kim warn of risks for growth

Officials from both agencies have been quick to warn that the global economy is not yet free from danger and that more needs to be done.

"We need to make sure that this momentum is sustained and that we continue to have that growth and more, and, importantly, that that growth is shared more equitably," said IMF Managing Director Christine Lagarde in [comments](#) to reporters ahead of the meetings, flagging "political uncertainty" as one of the risks ahead.

Outlining the Managing Director's [Global Policy Agenda](#), she cited the following as the Fund's priorities: ensuring that growth continues strong; boosting productivity, including through trade; and making this growth more inclusive.

"On the question of trade, which is clearly on the minds of some, we are very pleased to see that trade is picking up. Is trade going to continue to increase and grow? We do think so. Is trade operating in a perfect environment, with a perfect setting? No. Is there room to improve that? Of course," said the IMF chief.

World Bank Group President Jim Yong Kim in his [opening remarks](#) to the event similarly warned of growth risks, saying it is time "to change the way we work" to tackle crises. Kim listed climate change, conflict, the refugee crisis, and the famine seen in some East African countries and Yemen as among the serious problems that give even more "agency" to the

World Bank's mission, calling for changes such as increasing public sector efforts to draw in private finance for projects.

"There are still many downside risks, however, and countries that have the fiscal space need to continue with structural reforms. This is vital to accelerating the sustainable and inclusive economic growth needed to end extreme poverty by 2030," said Kim.

IMFC priorities

The IMFC [communiqué](#) released on 22 April saw officials reaffirm earlier calls for achieving "strong, sustainable, balanced, inclusive, and job-rich growth" and to use all the tools at their disposal to do so.

They also repeated past pledges to avoid "competitive devaluations and will not target our exchange rates for competitive purposes," along with sharing information with each other on their planned policy approaches.

On trade, they said that they are "working to strengthen the contribution of trade to our economies," in language that mirrored that used in a communiqué from G20 finance ministers last month. (See Bridges Weekly, [23 March 2017](#))

They also pledged to "promote a level playing field on trade and taxation," as part of policies aimed at making today's international economy far more inclusive. That same section also referred to work supporting the implementation of the UN's Sustainable Development Goals (SDGs). The IMFC document also referred to topics of accommodative monetary policy; "growth-friendly" fiscal policy

"I would basically say that the mood in the room, in this meeting was of cautious optimism," said Augustín Carstens, Governor of the Bank of Mexico and current chair of the IMFC, at a [press briefing](#) following the meeting.

Carstens, responding to a question on the impacts of Brexit, the French elections, and the new US administration, flagged both the improvements and continued risks facing the global economy, and suggested that there had been a "balanced discussion" that recognised the "important assignments" still to come.

Development Committee calls for tackling inequality

The IMF-World Bank Development Committee [communiqué](#) similarly focused on inequality concerns, as well as poverty eradication, among other topics, stating that "reducing inequality is necessary to ensure long-term and sustainable growth."

"Technological change, trade, financial flows, and economic integration have helped boost incomes and have narrowed the economic gaps between countries. But these gains have not always been shared evenly within countries," said the committee, calling upon both the Bank and the Fund to ramp up their work on poverty eradication.

The rest of the Development Committee communiqué referred to topics such as dealing with and preventing crises; building the Bank's financial capacity; doing more to address famine and forced displacement; and advancing the "[Forward Look](#)" effort announced last year, which aims at helping the Bank in championing the 2030 Agenda for Sustainable Development while meeting its "twin goals" of poverty eradication and shared prosperity.

The IMFC and Development Committee will meet again in Washington from 13-15 October 2017.

ICTSD reporting.

WORLD TRADE ORGANIZATION

New Chair of WTO Agriculture Negotiations Restarts Talks

Kenyan Ambassador Stephen Karau told WTO members on Wednesday 26 April that he would seek to pick up talks on agricultural trade from where they had left off, in the first negotiating session he convened as the new chair on the topic.

WTO members agreed on 7 April that Karau would take over the role from New Zealand ambassador Vangelis Vitalis, who has returned to Wellington. (See Bridges Weekly, [13 April 2017](#))

"I am humbled by the confidence shown in me by the members and would like to assure you that I will carry out my tasks with determination and dedication," Karau told the meeting.

He also underscored the need for countries to intensify engagement immediately to lay the necessary groundwork for the upcoming ministerial conference in Buenos Aires, Argentina, this December.

"I know that there is no time to waste with the Buenos Aires ministerial meeting just around the corner," he said.

WTO members had previously been discussing options for potentially disciplining domestic agricultural support, with the prior chair reporting that the vast bulk of the organisation's membership is interested in seeing such a deal at this year's eleventh ministerial conference. (See Bridges Weekly, [24 November 2016](#))

Karau was among the [negotiating group chairs](#) who met with WTO Director-General Roberto Azevêdo and Argentine Foreign Minister Susana Malcorra earlier this week to discuss the ministerial preparations, given Argentina's role as conference host. (For more on Malcorra's visit to Geneva, see related story, this edition)

Consultations to begin at once

Sources familiar with the meeting told Bridges that Karau pledged to begin consultations immediately, with a view to convening an informal meeting open to all WTO members in mid-May.

Meanwhile, a meeting of the WTO's General Council is planned for 10-11 May. The General Council is the organisation's highest level of meetings outside of the ministerial setting.

The timeframe would allow the new chair to conduct an initial round of consultations ahead of a mini-ministerial meeting in Paris, which is scheduled for 8 June on the margins of an annual high-level event at the Organisation for Economic Co-operation and Development (OECD), one source said.

Another trade official said that Karau also encouraged negotiators to continue engaging directly with one another, underlining that his own role in the talks would be to serve as an impartial facilitator.

"I know that trust is absolutely essential in my new role as chair and I commit to working fairly, objectively, and transparently with all delegations," he told members.

With the chair discouraging delegates from taking the floor to offer congratulations on his appointment, only Benin spoke to emphasise the importance of reforms in the cotton sector. Karau is also due to chair related negotiations in the WTO sub-committee dealing with that commodity.

Building on Nairobi

The chair indicated he would continue to structure the talks along the lines that had been followed by Vitalis in the wake of the WTO's tenth ministerial conference in Nairobi, Kenya, in December 2015.

Karau had been among the senior officials whose role as a facilitator was credited for the successful outcome of the conference, which saw ministers strike a deal on a package of items, including on eliminating agricultural export subsidies. (See Bridges Weekly, [19 December 2015](#))

In addition to facilitating talks on agricultural trade reform, the new chair clarified that he would continue to hold dedicated sessions on a proposed new "special safeguard mechanism" which developing countries would be able to use to address sudden import surges or price depressions.

He also referred to plans for hosting dedicated sessions on the question of public food stockholding, where some developing countries have argued that current farm subsidy rules unfairly prevent them from pursuing their domestic food security objectives.

In Nairobi, members reaffirmed an earlier agreement from [November 2014](#) to establish a "permanent solution" to the problems countries face in this area, with the goal of doing so by the eleventh ministerial conference. Should this deadline not be met, the November 2014 agreement among members says that they will refrain from challenging these public stockholding schemes under the organisation's dispute settlement system.

This standstill – known in trade circles as a "peace clause" – would then continue until a permanent solution is reached. It does not specify an alternative date, leaving it effectively open-ended. (See Bridges Weekly, [27 November 2014](#))

A new negotiating [submission](#) from the G-33 group of developing countries, which includes China, India, and various other countries in Asia, Africa, and the Caribbean, called for a "comprehensive and development-oriented outcome" in the talks, including progress in these areas.

The group's paper argued that flexibilities for developed countries in the existing WTO rules "make their farmers and exporters artificially competitive," and singled out a number of policy instruments which the group said were responsible for doing so.

ICTSD reporting.

DISPUTES

WTO Arbitrator Gives Mexico Green Light for Countermeasures in Tuna Dispute

A WTO arbitrator has ruled that Mexico can request to "suspend concessions or other obligations" worth US\$163.23 million per year against the United States, in the latest development in their high-profile trade dispute ([DS381](#)) on "dolphin-safe" tuna labelling.

The [arbitration decision](#), released on Tuesday 25 April, means that Mexico will be able to ask the WTO's Dispute Settlement Body (DSB) for authorisation to move forward with these countermeasures, which are expected to affect a select list of US goods imports. The arbitrator's findings cannot be appealed.

Despite the approval of US\$163.23 million, Mexico had actually asked that the arbitrator endorse countermeasures at nearly three times that level, at US\$472.3 million per year. The US, for its part, had pushed for the arbitrator to approve a much lower figure, at US\$21.9 million annually.

The "suspension of concession or other obligations," in WTO jargon, means that a member can impose measures that would otherwise be in violation of trade rules, in response to another member having enacted WTO-illegal measures. Getting to the stage of imposing such countermeasures usually involves a long legal process at the global trade body.

At the WTO, an arbitrator is actually a three-person panel which reviews, among other issues, whether the requested countermeasures are equivalent to the level of "[nullification or impairment](#)" of benefits suffered by the complaining party – in other words, the lost benefits that they would otherwise have had as a WTO member if global trade rules had been followed.

The level of this loss is what then determines the suspension of concessions. These countermeasures are meant to be temporary, until the illegal measures are removed or the parties involved reach a "mutually agreed solution" in line with WTO rules.

The US and Mexico have sparred for years over the labelling policy, which has drawn the attention of trade lawyers, environmental groups, and consumer labelling advocates alike. The WTO's highest court, known as the Appellate Body, ruled in 2012 that the original US measure in place was in violation of global trade rules, on the grounds that it discriminated unfairly against Mexican tuna. (See Bridges Weekly, [16 May 2012](#))

The US issued changes to the labelling measure the following year. These then faced another challenge by Mexico, which argued that these updates were not enough to resolve the legal issues involved.

After another round of litigation, both a "compliance panel" as well as the Appellate Body agreed that Washington needed to revise the policy further to bring it in line with WTO rules. (See Bridges Weekly, [16 April 2015](#))

The US then announced another set of changes in 2016, which is the subject of another round of compliance panel proceedings. For the decision circulated on Tuesday, the US' 2013 tuna labelling policy was determined to be the basis for the arbitrator to assess the nullification or impairment of benefits, rather than the changes made last year.

Compliance proceedings continue

The last several months of the US-Mexico case have seen various legal proceedings on parallel tracks. Along with arbitration, there are two separate “compliance panel” processes currently underway, which are looking at whether Washington’s efforts to update its tuna labelling policy last year have gone far enough to address the aspects that were not compliant with the global trade body’s rules.

Should these proceedings find that the 2016 version of the policy have indeed resolved these compliance issues, Mexico has confirmed that it would have to end these countermeasures, according to sources familiar with the case. Compliance rulings are expected within the coming months.

The office of Mexico’s Secretary of the Economy said on Tuesday that it plans to ask for DSB authorisation immediately, while also taking the necessary steps domestically to prepare for suspending some US imports.

“Mexico will continue defending the interests of its industry and the thorough compliance of international commitments by its trading partners,” said a [statement](#) from the government agency’s website, which also referred to the country’s continued commitment to fisheries and oceans sustainability. A statement had not yet been released by the Office of the US Trade Representative by press time.

Understanding labelling impacts

The arbitration proceedings dealt with various issues, such as what type of econometric model to use in calculating the appropriate level of “nullification or impairment.” The central issue affecting that debate was what has caused reduced supply and demand in the United States for canned Mexican yellowfin tuna, along with what would happen to both should the labelling measure be removed.

In reviewing Mexico’s proposed economic model, the arbitrator looked at whether US consumers have a preference for canned yellowfin and whether US retailers would be willing to put those Mexican products in their stores should the labelling scheme be removed, among other underlying assumptions regarding the tuna market.

In this context, the two parties debated how to understand the preferences of American consumers – such as how they actually interpret the meaning of the “dolphin-safe” label on tuna sold in US grocery stores.

The arbitrator therefore reviewed arguments such as whether US consumers would respond more favourably to Mexican tuna if there were dolphin-safe labels that distinguished between “regulated” and “unregulated” setting on dolphins, which refers to the use of nets which temporarily “set” on dolphins in order to catch the tuna swimming underneath.

According to the arbitrator, Mexico had argued that US consumers would respond to labels which clarified whether the type of setting used actually affected dolphin injury or mortality – and that the type of setting used by Mexican fisheries is safe.

The United States, meanwhile, said that its consumers would not be responsive to these distinctions, and are instead more likely to differentiate between tuna caught via setting relative to other types of fishing.

The arbitrator ultimately deemed both arguments in this area “unpersuasive” in light of the survey evidence submitted by the parties and ruled them out when assessing consumer preferences.

The arbitrator also looked at US consumers' preferences between canned yellowfin tuna and albacore, given that Mexico had argued that yellowfin is a "premium" product while the US had countered that its consumers actually prefer the taste and texture of albacore.

After reviewing related questions, such as concerns over the mercury contents of different types of tuna, the arbitrator ultimately agreed with Mexico that US consumers consider yellowfin to be a "premium" type of tuna.

The arbitrator also looked at whether US retailers would be more likely to sell Mexican yellowfin tuna if the US dolphin-safe labelling policy were removed, examining case studies and statements from various companies, including the grocery multinational Walmart.

"We consider that there is no reason to assume that US retailers would not sell Mexican canned yellowfin after the withdrawal of the Tuna Measure, except those retailers accounting for 26.9 percent of total consumption of tuna products with respect to whom evidence on the record suggests that they would not sell tuna caught by setting on dolphins regardless of whether it carried a dolphin-safe label," said the arbitrator.

The arbitrator, along with determining that US consumers have a preference for canned yellowfin relative to other species of tuna and that the country's retailers would likely not have an issue selling it if the US policy were rescinded, also looked at whether removing the labelling measure would ensure that Mexico would be the biggest supplier to the US of this type of tuna.

Mexico's claim that it could be competitive in selling yellowfin to the US – and would not face greater competition from other countries that have also been affected by the labelling policy – was deemed "plausible." The arbitrator cited reasons such as the country's shared border with the United States and the terms of the North American Free Trade Agreement (NAFTA), a three-country deal that covers trade between the US, Mexico, and Canada, among others.

After finding the bulk of Mexico's arguments behind its economic model to be reasonable, the arbitrator calculated the level of "nullification or impairment" based on a revised version of the model.

ICTSD reporting.

EUROPEAN UNION

European Integration at the Fore as Election Season Picks Up Momentum

Election season in Europe has picked up momentum in recent weeks, with the news that Emmanuel Macron and Marine Le Pen will face off on 7 May in a decisive runoff in France, while the UK prepares for snap elections in June.

The electoral developments are being looked to closely for their implications on topics such as trade policy, European integration, and the Brexit negotiations, among a whole host of others. The EU is also slated to see elections in Germany this September.

Macron, Le Pen gear up for round two

The first-round victory on Sunday for the independent former banker Macron and far-right Le Pen, both "outsider" candidates, marks the first time in over 70 years that the Socialist Party (PS) and the Republican party were pushed out in the first round. Macron swiftly received the backing of the defeated socialist and republican candidates, Benoît Hamon and François Fillon.

"I have heard in the last months and again today the doubts, the anger, and the fears of the French people. Their desire for change as well. This is what led them tonight to push the two big parties that have governed it for more than 30 years away from responsibility," said Macron following the vote.

Other observers have pointed to the result as a potential sign of abatement in the perceived wave of populism and anti-globalisation sentiment that has been credited for helping US President Donald Trump win the White House and for last year's Brexit referendum.

The relationship of France, the Eurozone's second largest economy, with the EU is a key point of contention between Macron and Le Pen, such that Pierre Moscovici, the French EU Commissioner for economics, has framed the vote in terms of a "referendum" on EU integration.

"The good news is that there is a clear choice – two visions of society. An open society versus a closed one; an open economy versus a closed one," Moscovici said, according to the Financial Times.

Le Pen's [programme](#) includes promises to restore to the French people its monetary, economic, legislative, and territorial sovereignty, starting with a referendum on French membership in the EU following preliminary negotiations with Brussels.

"The objective is to achieve a European project respectful of the independence of France," and to "establish a true economic patriotism by freeing itself from European constraints," Le Pen's webpage reads.

Le Pen has also proposed a line of trade policy that she terms "intelligent protectionism," aimed at supporting French companies faced with "unfair" competition from overseas. Le Pen would also support the overhaul of the euro and the restoration of a French national currency, as "the lever of our competitiveness."

Meanwhile, Macron, whom Le Pen has called “the representative of unbridled globalisation,” has campaigned in support of the EU, promising to give a greater voice to the people by installing conventions for citizens throughout European member states, and to put in place a budget for the Eurozone overseen by a Eurozone Minister of Economy and Finance.

His website [proclaims](#) that “to want to weaken Europe is to let France face the threats of the present world alone.” Macron would rather protect European companies and ensure fair global competition, such as by strengthening anti-dumping instruments, opening up EU public procurement markets to companies with at least half of their production in Europe, and including binding social and environmental clauses in EU trade deals.

He has backed trade liberalisation as a route to a more competitive French economy and campaigned in favour of the Comprehensive Economic and Trade Agreement (CETA), the trade pact between EU and Canada currently gearing up for provisional application. (See Bridges Weekly, [6 April 2017](#))

UK elections in June

Across the channel, UK Prime Minister Theresa May has now called a snap election for 8 June, just weeks after triggering Article 50 to begin the Brexit process. The move to hold early elections has already received the official sign-off from UK lawmakers. (See Bridges Weekly, [6 April 2017](#)).

“Britain is leaving the European Union and there can be no turning back... We want a deep and special partnership between a strong and successful European Union and a UK that is free to chart its own way in the world,” [said](#) May in announcing her plans.

She also characterised her hopes for Britain's future, including on trade, while warning against division among UK legislators.

“We will be free to strike trade deals with old friends and new partners all around the world,” she said. “Division in Westminster will risk our ability to make a success of Brexit and it will cause damaging uncertainty and instability to the country.”

May's Conservative Party at present holds 330 of the 650 seats in the lower chamber of Parliament, but is expected to gain ground in a new election and consolidate her mandate for the Brexit negotiations.

The Labour Party, led by Jeremy Corbyn, has also promised to see through the result of the Brexit referendum but on different terms. It has recently seen flagging support, reaching record low levels in opinion polls and holding 229 seats. The Liberal Democrats, whose leader Tim Farron has called for finding a way to stay in the EU single market, were reduced to only nine seats in the House of Commons in a gruelling 2015 election outcome.

ICTSD reporting; “Theresa May calls for UK general election on 8 June,” THE GUARDIAN, 18 April 2017; “Everything you need to know about the UK's general election,” THE GUARDIAN, 24 April 2017; “General election 2017: Where UK's parties stand on Brexit,” BBC, 25 April 2017; “Theresa May Calls for New Election in Britain, Seeking Stronger ‘Brexit’ Mandate,” NEW YORK TIMES, 18 April 2017; “EU Commission throws weight behind Macron in French election,” ASSOCIATED PRESS, 24 April 2017; “European leaders cheer Macron victory in first round of French election,” THE GUARDIAN, 24 April 2017; “French election is ‘referendum’ on EU membership – EU commissioner Moscovici,” FINANCIAL TIMES, 24 April 2017.

GLOBAL ECONOMY

WTO Ministerial Prep: Argentine FM Makes Case for Multilateralism in Geneva Visit

Argentine Foreign Minister Susana Malcorra stressed the value of multilateralism during a trip to Geneva, Switzerland, this week, months before her country is due to host the WTO's Eleventh Ministerial Conference (MC11).

Her trip to the Swiss lakeside city included meeting with WTO Director-General Roberto Azevêdo and the chairs of the global trade body's negotiating groups on Tuesday 24 April.

"Minister Malcorra's presence here today is a strong sign of Argentina's commitment to our work and to a successful Ministerial Conference in December," said Azevêdo following the meeting with her and the group chairs.

"I have no doubt that all WTO members will be grateful for this, and that the opportunity for the host of the Conference to be briefed in full by the chairs of the negotiating groups will prove to be an important step in our preparations," he added.

WTO members are still working out which items might form a potential "package" of deliverables for the end-of-year meeting, which is scheduled for 11-14 December in Buenos Aires. Among the topics being looked at are domestic support in agriculture; disciplining harmful fisheries subsidies; trade in services, such as services facilitation; and e-commerce.

Malcorra also took part in a [ministerial meeting](#) of the "Friends of E-commerce for Development" – the first such event of its kind – which came in the middle of the UN Conference on Trade and Development's (UNCTAD) annual [E-commerce week](#).

Malcorra on MC11, G20

Speaking at the Graduate Institute on Monday 24 April, Malcorra told an audience of trade policymakers, journalists, academics, and students that her country is working to be a "new, energetic voice" in the multilateral system, noting that doing so is part of Argentina's larger strategy under President Mauricio Macri to reintegrate back into the world after years of inward-looking policies under the previous Kirchner administrations.

"We believe, coming from the south, that having a system that brings all of us together, that is rules-based, that prescribes how we need to connect with each other, is the best way to defend our views, our rights, our space, our capacity to participate," she said.

She noted also that the years of relatively isolationist policies under the previous administration – collaborating with "just a few that thought in identical terms" – has had painful effects on her country, with now one-third of the population under the poverty line. This was why Buenos Aires has lately invested so much "in coming back to the world, in all possible configurations."

Along with hosting this December's WTO ministerial conference, Argentina is also [due](#) to take on the G20 presidency, following Germany's turn. This year's G20 leaders' summit will be held on 7-8 July in Hamburg. Malcorra said on Monday that hosting the WTO gathering had been planned partly as a way to facilitate preparations for a successful G20 leaders' summit next year.

"We felt that this was a way to really create a virtuous path to a good G20. Now we've learned that the world is changing and now facing the challenge of hosting the ministerial conference in Buenos Aires and how to make it a successful one," said the Argentine official.

Among the issues flagged by Malcorra as areas that may have promise for an MC11 outcome were agriculture, services facilitation, and e-commerce, noting also the value of supporting micro, small, and medium-sized enterprises' efforts to integrate into the global marketplace (MSMEs).

All of these "should increase the pie of opportunities. We have to move away from the zero-sum game," she said, pledging that Argentina will push in the WTO discussions for stepping "backward from this brinkmanship that takes us, in our view, nowhere."

"We still have a long way to go with some of the pending issues, but we also have some new issues that will help us, if well-defined, build an agenda going forward that will be a 21st century agenda," she said.

She also referred to the debate over finding "creative" ways to negotiate multilaterally, given the difficulties seen in the past to reach deals at the global level. "Unless we put all of our energy into this and we really engage, and we overcome the incredible frustration which comes from trying to arrive to a consensus agreement – unless we overcome that, we run the risk of a world that goes backwards, and we know what it is to go backward."

Meanwhile, although Argentina is still determining which issues will formally be part of next year's G20 priorities, she did suggest that "jobs and education will be at the center," in light of the global context on trade, development, and inclusiveness, and said that Buenos Aires will work to bring in the "perspective from the south" to make the G20 discussion even broader.

ICTSD reporting.

TRADE AGREEMENTS

US Vice President: Washington Looking to Upgrade Korea Trade Deal

The US is hoping to launch negotiations with South Korea on upgrading their five-year-old trade deal, also known as the [KORUS FTA](#), according to comments made by US Vice President Mike Pence during a trip to Asia earlier this month.

Speaking in Seoul on 18 April, the US official suggested that doing so could help address areas "where our trade relationship is falling short," while noting that the two sides do have deep-seated economic ties.

"Our businesses continue to face too many barriers to entry, which tilts the playing field against American workers and American growth," [said](#) Pence to a group of business representatives. He also noted that Washington is looking over all of its existing trade deals to assess their level of benefits to the US economy vis-à-vis its trading partners.

Regarding the KORUS FTA, Pence noted an imbalance in trade, pointing to a "concerning" US trade deficit with South Korea of US\$27.7 billion. Along with meeting business officials, Pence also met with South Korean Acting President Hwang Kyo-ahn before continuing on his Asia trip. (For more on Pence's trade-related meetings in the region, see related story, this edition)

South Korean officials say that a US request to renegotiate the trade deal has not yet been formally submitted, according to comments reported by CNN.

Five years in

The KORUS FTA entered into force in March 2012, following years of negotiations and political wrangling to get the deal approved by each country's respective legislatures. (See Bridges Weekly, [29 February 2012](#))

The agreement was originally negotiated and signed on the US side under the administration of President George W. Bush. The deal was later re-opened under President Barack Obama to renegotiate some of the terms, specifically regarding automobiles and beef. Those talks were concluded in 2010, with the deal making its way through both countries' legislatures the following year. (See Bridges Weekly, [9 December 2010](#) and [12 October 2011](#))

According to a [fact sheet](#) published by the Office of the United States Trade Representative last year, American exports to South Korea have grown in various areas under the KORUS FTA, including manufactured and agricultural goods, automobiles, services, and intellectual property works.

The USTR figures also suggest that South Korea was the seventh largest goods export market and sixth largest supplier of goods imports for the US last year. In recent years, foreign direct investment has also grown in both directions.

ICTSD reporting; "US to renegotiate South Korea trade pact," FINANCIAL TIMES, 18 April 2017; "Pence: U.S. trade with Korea falling short and deficit is 'concerning,'" USA TODAY, 18 April 2017; "Pence says trade with South Korea must change," CNN MONEY, 18 April 2017.

EVENTS & RESOURCES

Events

Coming Soon

28 April, Geneva, Switzerland. G20 AND THE EVOLUTION OF THE GLOBAL TRADE AND INVESTMENT REGIME: FROM CRISIS MANAGEMENT TO VISION AND LEADERSHIP? This dialogue is jointly organised by the International Centre for Trade and Sustainable Development (ICTSD) and the Friedrich-Ebert-Stiftung (FES) Geneva office. The focus of the dialogue will be on the trade and investment agenda for the G20, first reviewing and reflecting on this year's agenda and then moving to the prospects for 2017 and 2018. The sessions will be followed by a roundtable discussion on the interlinkages between trade and climate policy, specifically within the context of the G20's work. Please note that attendance for this event is by invitation only. For more information, please visit the [ICTSD website](#).

2 May, London, UK. CHATHAM HOUSE PRIMER: THE VOTE FOR BREXIT. This Chatham House event will feature as its guest speaker Matthew Goodwin, co-author of "Brexit: Why Britain Voted to leave the European Union," to examine what factors motivated a majority of British voters to vote for leaving the EU. The talk will address topics ranging from the driving forces behind Euroscepticism and possible Brexit deals that would win the approval of those who voted to leave. To learn more and to register, please visit the [Chatham House website](#).

1-3 May, Yokohama, Japan. GLOBAL THINK TANK SUMMIT 2017. This two-day summit is jointly organised by the Asian Development Bank Institute (ADBI) and the Think Tanks and Civil Societies Program (TTCSP) of the University of Pennsylvania. This conference aims to bring together policymakers and think tank representatives from dozens of organisations across the world to discuss key policy issues of today. Please note that attendance is by invitation only. For more information on this summit, please visit the [ADBI 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.

28 April: Informal Negotiating Group on Rules (AD Technical Group)

2 May: Informal General Council – Heads of Delegation

2 May: Committee on Market Access

2 May: Informal Open-ended Negotiating Group on Rules

3 + 5 May: Trade Policy Review Body – Mozambique

3 May: Council for Trade in Services – Special Session

Other Upcoming Events

10 May, Geneva, Switzerland. 10TH ANNUAL UPDATE ON WTO DISPUTE SETTLEMENT. This event will be held at the Graduate Institute and will consist of an overview session followed by a roundtable discussion. The event will cover the WTO's dispute-related activities and developments over the past year. Its speakers will include WTO Deputy Director-General Karl Brauner, South African WTO Ambassador and Dispute Settlement Body Chairperson Xavier Carim, and Appellate Body Chairperson Thomas Graham, among others. To learn more and to register, please visit the Graduate Institute [website](#).

11 May, London, UK, and online. REFUGEES: ARE JOBS THE ANSWER? This event is organised by the Overseas Development Institute (ODI) and will feature an expert panel to discuss the creation of economic opportunities for refugees. Specifically, the panel will discuss the possibility of creating Special Economic Zones (SEZ) where business and trade laws could be revised to allow refugees to work within the zone. This event is open to the public and will be streamed online. To learn more and register, or watch online, visit the ODI [website](#).

19-20 May, Singapore. THIRD CONFERENCE ON GLOBAL VALUE CHAINS, TRADE AND DEVELOPMENT. This conference is being organised by the Centre for Economic Policy Research (CEPR) and the World Bank Group and will feature as its guest speakers Shang-Jin Wei from the Columbia Business School and CEPR and David Chor from the National University of Singapore. The aim of this conference will be to foster new ideas and research on the subject of global value chains. To learn more and to register, please visit the World Bank [website](#).

23 May, Stockholm, Sweden. TRADE AND CLIMATE ACTION POST-PARIS: LEVERAGING SYNERGIES. This event is being organised jointly by the International Centre for Trade and Sustainable Development (ICTSD) and Sida, Sweden's development policy agency. The event will examine the relationship between trade, sustainable development, and climate action in the context of the UN's Paris Agreement on climate change. The objective is to have a discussion over ways trade policy can support climate action, along with ensuring that efforts to support the latter objective do not have overly trade-distorting effects. For more information, including an event programme, please visit the ICTSD [website](#).

26-28 September, Geneva, Switzerland. WTO PUBLIC FORUM 2017. This year's edition of the WTO's outreach event will have as its theme "Trade: Behind the Headlines." The meeting will aim to look at the real-life implications of trade, as opposed to rhetoric, and will also look at how trade can support the 2030 Agenda for Sustainable Development and related issues. A call for proposals is currently open for those who wish to organise sessions at this year's forum, with a due date of 4 June 2017. To learn more, please visit the WTO [website](#).

Resources

NEGOTIATING GLOBAL RULES ON AGRICULTURAL DOMESTIC SUPPORT: OPTIONS FOR THE WTO'S BUENOS AIRES MINISTERIAL CONFERENCE. Published by the International Centre for Trade and Sustainable Development (ICTSD) (April 2017). This new research paper outlines a series of approaches that governments could take in negotiating a new multilateral deal on domestic agricultural support. The authors have prepared this paper in the context of the WTO's upcoming ministerial conference, scheduled for December 2017. The document is available for download [here](#).

UNCTAD E-COMMERCE WEEK 2017. Published by the Geneva Internet Platform Digital Watch and the Internet Society (April 2017). These event reports summarise the various sessions that have taken place over the 24-28 April "E-Commerce Week" hosted by the UN Conference on Trade and Development. The event reports are available [here](#).

AGRICULTURAL POLICIES, TRADE AND SUSTAINABLE DEVELOPMENT IN EGYPT. By Isin Tellioglu and Panos Konandreas for the International Centre for Trade and Sustainable Development (ICTSD) (April 2017). This study focuses on the performance of Egypt's farm sector in areas ranging from production to trade. The authors also look at this subject in the context of agricultural sustainability and food security, among other concerns. To download this paper, please visit the ICTSD [website](#).

INVESTMENT POLICY MONITOR – SPECIAL ISSUE. Published by the UN Conference on Trade and Development (UNCTAD) (April 2017). This special edition of UNCTAD's Investment Policy Monitor is entitled "Promoting investment in the digital economy" and presents the findings of two studies, focusing on financing needs and investment promotion for digital development. The monitor is available for download [here](#).

IIA MAPPING PROJECT UPDATE. Published by the UN Conference on Trade and Development (UNCTAD) (April 2017). This latest update of UNCTAD's database includes updated information on various international investment agreements, with new information provided on hundreds of these treaties. The updated database is available [here](#).

EFFECTS OF CONSUMPTION TAXES ON REAL EXCHANGE RATES AND TRADE BALANCES. By Caroline Freund and Joseph Gagnon for the Peterson Institute for International Economics (PIIE) (April 2017). This working paper analyses border-adjusted consumption taxes in 34 advanced economies from 1970 through 2015, looking at what this means for real exchange rates and trade, particularly in light of recent proposals by US Congressional Republicans. To download the full document, please visit the PIIE [website](#).

OECD ECONOMIC SURVEYS: JAPAN 2017. Published by the Organisation for Economic Co-operation and Development (OECD) (April 2017). This annual economic survey discusses the effects of Japan's population decline and demographic landscape on areas ranging from labour supply and productivity to income and gender inequality. The paper provides assessments of the country's recent macroeconomic performance, while looking at future opportunities and challenges in the areas of productivity and inclusive growth. To access the full survey, visit the [OECD iLibrary](#).

EXPLORE THE TRADE AND SUSTAINABLE DEVELOPMENT
WORLD FURTHER WITH ICTSD'S BRIDGES NETWORK

BIORES

Analysis and news on trade and environment for a global audience
<http://www.ictsd.org/bridges-news/biores>
English language

BRIDGES AFRICA

Trade and sustainable development news and analysis on Africa
<http://www.ictsd.org/bridges-news/bridges-africa>
English language

PUENTES

Latin America-focussed analysis and news on trade and sustainable development
<http://www.ictsd.org/bridges-news/puentes>
Spanish language

МОСТЫ

CIS-focussed analysis and news on trade and sustainable development
<http://www.ictsd.org/bridges-news/МОСТЫ>
Russian language

PONTES

Analysis and news on trade and sustainable development for the Portuguese-speaking world
<http://www.ictsd.org/bridges-news/pontes>
Portuguese language

桥

Analysis and news on trade and sustainable development for the Chinese-speaking world
<http://www.ictsd.org/bridges-news/桥>
Chinese language

PASSERELLES

Africa-focussed analysis and news on trade and sustainable development
<http://ictsd.org/news/passerelles>
French language

PUBLISHED BY



International Centre for Trade
and Sustainable Development
Chemin de Balexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

Bridges Weekly Trade News is made possible
through generous contributions of donors and
partners including

DFID - UK Department for
International Development

SIDA - Swedish International
Development Agency

DGIS - Ministry of Foreign Affairs
Netherlands

Ministry of Foreign Affairs, Denmark

Department of Foreign Affairs and Trade,
Australia

Copyright ICTSD, 2017. Readers are encouraged
to quote and reproduce this material for
educational, non-profit purposes, provided the
source is acknowledged.



This work is licensed under a Creative Commons
Attribution-NonCommercial-NoDerivatives 4.0
International [License](https://creativecommons.org/licenses/by-nc-nd/4.0/).

Your support to BRIDGES and the BRIDGES series
of publications is most welcome; if interested,
please contact Andrew Crosby, Managing
Director at +41-22-917-8335.

Contributors to this issue are Sofia Alicia Baliño,
Emily Bloom, Jonathan Hepburn, and Elizabeth
Stephani. This edition of Bridges Weekly Trade
News Digest is edited by Sofia Alicia Baliño.

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

ISSN 1563-003X

