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GLOBAL ECONOMY

G7 Leaders Call for "Free, Fair" Trade at Taormina Summit

Leaders from the G7 nations met in the Sicilian town of Taormina from 26-27 May, with hot-button issues such as trade, inequality, the global economy, and climate change featuring on their agenda.

This year's G7 summit was held under the Italian presidency, whose theme was "Building the Foundations of Renewed Trust."

This mission, [according](#) to this year's hosts, developed as a result of increasing public concern and scepticism over "their governments' ability to deliver on issues that affect their daily lives" – requiring that these governments look to revamp their approach to policy in order to better serve their constituents.

This dynamic has played out in various contexts, most publicly in the elections seen in the US and some EU member states over the past year, along with the Brexit referendum from June 2016. This year's G7 summit was therefore built around three pillars – citizen safety, sustainability and tackling inequalities, and innovation and labour – with various associated target areas.

The two-day summit came during US President Donald Trump's first major trip overseas since taking office in January. Other leaders who were attending the summit for the first time included French President Emmanuel Macron, elected last month; Italian Prime Minister Paolo Gentiloni; and UK Prime Minister Theresa May.

The members of the G7 include Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. The European Union is also involved in this process as a "non-enumerated" member.

Trade, labour, innovation

Heading into the Taormina meeting, speculation was rife over how leaders might address their views on trade and protectionism, given the debates seen at earlier G7 ministerial-level meetings over how to approach the issue.

Just weeks ago, G7 finance ministers had avoided including language on protectionism in their communiqué, and instead referred to their work “to strengthen the contribution of trade to our economies.” (See Bridges Weekly, [18 May 2017](#))

The language ultimately agreed on at the Taormina meeting this weekend did include pledges to tackle protectionism, while also noting the group's broader approach to trade, jobs, and growth.

“We acknowledge that free, fair, and mutually beneficial trade and investment, while creating reciprocal benefits, are key engines for growth and job creation. Therefore, we reiterate our commitment to keep our markets open and to fight protectionism, while standing firm against all unfair trade practices,” said leaders in their [final communiqué](#).

Leaders also called for tackling “all trade-distorting practices,” including within this definition “dumping, discriminatory non-tariff barriers, forced technology transfers, subsidies, and other support by governments and related institutions that distort markets.”

Regarding the WTO, leaders also referred to the value of the “rules-based international trading system,” and lent their backing to the global trade body, including trade rule enforcement. They also pledged to work together to support the organisation's next ministerial conference in Buenos Aires, Argentina, this December.

WTO members are negotiating in a series of areas, such as fisheries subsidies and domestic agricultural support, in a bid to reach outcomes in time for the Buenos Aires meet later this year. (See Bridges Weekly, [24 May 2017](#))

G7 leaders also discussed the broader state of the global economy, noting some positive signs for economic growth, while also cautioning that risk remains and that more must be done to increase growth levels.

“Our top priority is to raise global growth to deliver higher living standards and quality jobs. To this end, we reaffirm our commitment to use all policy tools – monetary, fiscal and structural – individually and collectively to achieve strong, sustainable, balanced and inclusive growth,” they said.

Leaders also endorsed the “Bari Policy Agenda” adopted by finance ministers a few weeks ago, which outlined various approaches that could be used to address different forms of inequality both within their countries and at the international level.

Aside from the communiqué, G7 leaders in Taormina also adopted other documents built around the meeting's themes, including a “[people-centred action plan on innovation, skills, and labour](#)” as well as a “[roadmap for a gender-responsive economic environment](#),” among others.

The above-mentioned action plan outlines a series of areas where leaders have directed their ministries to pursue continued work. For example, they call for finding ways to make it easier for small and medium-sized enterprises (SMEs) to participate in the “innovation-driven economy,” along with referring more broadly to the need for greater connectivity.

The action plan also discusses the “future of work,” such as supporting “inclusive and sustainable innovation-driven growth,” along with the need to boost research capacity for addressing major shifts in production that result from today's shifting technological landscape.

The latter roadmap features recommendations for supporting an increased role for women not just in economic terms, such as by creating a more supportive system for female entrepreneurs and facilitating the participation of women in the workforce, but also by backing more female participation in political settings, including the G7 process itself.

The roadmap also calls for acknowledging the economic contributions made by women working in the “unpaid care economy” and in domestic work, as well as backing “social infrastructure” efforts that would make such care work less burdensome and facilitate greater female participation in the paid workforce.

The eight-page document also discusses the need to account better for gender when studying and addressing poverty, and backs policy efforts towards ensuring equal pay for women, among other issues.

Climate stance

Coming forward with a unified stance on tackling climate change – including through the UN’s Paris Agreement – was also expected to be one of the summit’s key challenges.

Under the heading of “climate and energy,” leaders in Taormina ultimately endorsed shared language in their communiqué on “collective energy security” as well as “open, transparent, liquid, and secure global markets for energy resources and technology.” The document further refers to the value of clean technology in supporting jobs and growth.

Regarding the Paris Agreement, however, leaders openly acknowledged in their communiqué that they would be unable to take a unified position at this time, given the current lack of clarity on the US’ next steps under the new administration.

“The United States of America is in the process of reviewing its policies on climate change and on the Paris Agreement and thus is not in a position to join the consensus on these topics,” they said. (For more on the US and the Paris Agreement, see related story, this edition)

The other leaders involved all gave their “strong commitment to swiftly implement the Paris Agreement,” in line with earlier pledges on the subject.

ICTSD reporting; “Japan needs ‘bargaining leverage’ as U.S. likely to push for bilateral trade deal,” JAPAN TIMES, 29 May 2017; “Trump Advisers Wage Tug of War Before Decision on Climate Deal,” THE NEW YORK TIMES, 30 May 2017; “Scoop: Trump is pulling U.S. out of Paris climate deal,” AXIOS, 31 May 2017.

CLIMATE CHANGE

Speculation Grows Over US' Future Approach to Paris Climate Agreement

The future of the US' involvement in the UN's Paris Agreement on climate change has been hotly debated over the past several weeks, amid expectations that an announcement from President Donald Trump is imminent.

Earlier on Wednesday, various media reports suggested that Trump was ready to withdraw the United States – one of the world's top emitters – from the UN's Paris Agreement on climate change.

Media site [Axios](#) broke the story, citing unidentified sources close to the president, with other news outlets such as [CNN](#) and [Politico](#) following suit with articles also referring to conversations with unidentified White House officials or other Trump associates.

However, no public announcement had been made at press time – nor was it clear what legal route the White House would take if Trump chooses to pull the US out of the climate deal, with CNN and others reporting that this process was still being debated internally.

Meanwhile, Trump [said](#) on social media site Twitter the same day that his announcement on the US' future involvement in the deal is still forthcoming.

"I will be announcing my decision on the Paris Accord over the next few days," he wrote within hours of the Axios story going online, with Trump following that statement with his political slogan of "Make America Great Again," all in caps.

He later announced that he would be making an [announcement](#) on Thursday, at 3 PM EDT/9 PM CEST. (*Editor's note: Bridges will release a longer follow-up in a later edition, once the decision has been confirmed.*)

As a candidate, Trump campaigned against the Paris Agreement, pledging that should he win the November 2016 election he would "cancel" the US' involvement in the deal. After the election, he said that he would keep an "open mind," with reports since emerging that his cabinet and advisers were deeply divided over their approach to the landmark climate agreement.

In the months since Trump took office, conflicting reports have emerged over his stance, along with the timing and approach for such a decision. The US leader previously suggested that he would make an announcement on his country's future in the accord known in time for the G7 leaders' summit in Taormina, Italy, on 26-27 May – later saying he would postpone the decision for a few days longer.

At that gathering, fellow leaders from the group – Canada, France, Germany, Italy, Japan, the United Kingdom, and the EU – all reaffirmed their strong backing to the Paris Agreement, while acknowledging that internal deliberations on the US remain ongoing. (For more on the G7, see related story, this edition)

International debate

During the US president's travels abroad last week, government and private sector leaders continued their efforts to lobby Trump to keep Washington in the climate deal, citing the

economic benefits of staying – along with the economic, environmental, geopolitical, and societal risks of a withdrawal.

Aside from the discussions in Taormina, Trump also met with Pope Francis last week when visiting the Vatican, where the pontiff spoke extensively about the importance of addressing climate change.

Since returning to Washington, the domestic and international debate has heightened amid the expectation of a final decision. Nearly [two dozen](#) US Republican senators publicly called for a US exit from the Paris deal last Thursday – arguing that staying in the accord would complicate efforts to undo the Obama-era Clean Power Plan.

Meanwhile, various private sector leaders, civil society groups, foreign government officials, several US Democratic senators, some US House Republicans, and the head of the United Nations have been among those openly urging Trump to keep the United States in the accord and calling for continued global unity around the climate challenge.

"If any government doubts the global will and need for this accord, that is reason for all others to unite even stronger and stay the course," [said](#) UN Secretary-General António Guterres in New York on Tuesday 30 May.

Guterres also pledged that "my door is open to all who wish to discuss the way forward, even those who might hold divergent perspectives," and said he would take a series of steps to build an even greater international momentum behind the Paris Agreement, including a climate summit in 2019 for reviewing its implementation.

The Paris Agreement was adopted in late 2015 in the French capital, and entered into force the following year. The US signed and ratified the accord under then-President Barack Obama. (See Bridges Special Update, [6 November 2016](#))

Earlier this month, UN negotiators met for nearly two weeks to advance discussions on a Paris rulebook for the deal's implementation, among various other topics, at their mid-year meeting in Bonn, Germany. The US did send a delegation to these discussions. Climate negotiators will be holding their annual "Conference of the Parties" (COP) under the UN Framework Convention on Climate Change (UNFCCC) this November. (See Bridges Weekly, [24 May 2017](#))

ICTSD reporting; "Scoop: Trump is pulling U.S. out of Paris climate deal," AXIOS, 31 May 2017; "Trump expected to withdraw from Paris climate agreement," CNN, 31 May 2017; "Trump Is Hearing Plenty About the Paris Climate Deal. Who Will Have the Last Word?" THE NEW YORK TIMES, 31 May 2017; "Trump to withdraw from Paris climate deal," POLITICO, 31 May 2017.

AGRICULTURE

US Administration Proposes Cuts to Farm Subsidies, Food Stamps, and Overseas Aid

The US Administration has [proposed](#) deep cuts to farm subsidies, along with domestic and international food aid, as part of its larger budget proposal published late last month.

While farm organisations have publicly disagreed with the suggested cuts, other groups have criticised reductions in both domestic and international food aid. The budget proposal, along with covering farm subsidies, also covers a host of other topics, including public education, environmental protection, and health-related entitlements such as Medicaid.

Although the responsibility for writing the US budget lies with Congress, the proposals from the White House are designed to send a signal of the Administration's political priorities, and are the first step in a long legislative process. US President Donald Trump will have to sign the final budget – often a series of appropriations bills – which Congress eventually puts forward, or veto it if the spending plans do not tally with White House priorities.

Congressional representatives and industry groups are also sceptical about the underlying assumptions in the budget on economic growth projections and tax revenues, sources said.

Agriculture committees respond

The Administration's proposals regarding farm subsidies and nutritional assistance programmes are expected to face pushback from the crucial House Agriculture Committee, which along with the Senate Agriculture Committee is responsible for drafting the next Farm Bill, succeeding the existing 2014-2018 legislation.

US Trade Representative Robert Lighthizer and Agriculture Secretary Sonny Perdue, met with the House committee on 24 May to discuss the Administration's plans for the agricultural sector.

"Given that agriculture is one of the few areas where the US enjoys a positive balance of trade, we're eager to work together to continue building on our hard-fought gains," said House Agriculture Committee chair Michael Conaway in a [statement](#) released after the meeting. Conaway is a Republican from the US state of Texas.

Separately, Conaway also released a joint statement with Senate Agriculture Committee chair Pat Roberts, a Kansas Republican, hinting at their own priorities relative to the proposed budget.

"As we debate the budget and the next Farm Bill, we will fight to ensure farmers have a strong safety net so this key segment of our economy can weather current hard times and continue to provide all Americans with safe, affordable food," they [said](#) on 23 May.

"Also, as a part of Farm Bill discussions, we need to take a look at our nutrition assistance programmes to ensure that they are helping the most vulnerable in our society," they added.

Meanwhile, Debbie Stabenow, the Michigan Democrat who serves as the ranking member on the Senate's Agriculture Committee, [warned](#) at a hearing on 25 May that the proposed cuts from the White House would "make a five-year Farm Bill nearly impossible to pass."

She also warned that suggested reductions to crop insurance, food stamps, and rural development programmes would hurt smaller communities and towns in American farming states the most. A separate [statement](#) released on 30 May raising these concerns has drawn the support of nearly 30 Senate Democrats. It also questioned a separate move at the US Department of Agriculture (USDA) to eliminate the Under Secretary for Rural Development position, though the senators welcomed the creation of an Under Secretary role for trade.

"Both agricultural trade and rural development functions at USDA deserve and require high-level, accountable, and singularly focused leadership to ensure their missions' success. We do not believe that enhancing agricultural exports has to come with a demotion for the rural development activities," the Senate Democrat group said.

At the WTO, many countries have argued that trade-distorting farm subsidies can create an unfair competitive advantage for producers that benefit from this spending. (See Bridges Weekly, [24 May 2017](#), [2 February 2017](#), and [24 November 2016](#))

Farm subsidies "hard to justify," White House says

The White House proposes capping subsidies to farmers with incomes over US\$500,000, and limiting "each farmer or entity" to US\$40,000 in crop insurance premium subsidies. "It is hard to justify to hardworking taxpayers why the federal government should provide assistance to wealthy farmers with incomes over a half million dollars," the proposal says.

It states that in 2013 only 2.1 percent of farmers had adjusted gross incomes above the US\$500,000 threshold, despite farm incomes being unusually high in that year. The cap on crop insurance premium subsidies will also "reduce the generous federal subsidies that this programme has been providing," the proposal says.

The White House says that in 2011, 26 farm businesses received more than US\$1 million in crop insurance premium subsidies, and that the proposed new limit would have affected 3.9 percent of all participating farms in that year.

Conservation programmes could also be hit by the proposed cuts, as the Trump Administration proposes "eliminating funding" to those schemes that have not "shown positive outcomes."

The analysis put forward by the White House indicates that the proposed cuts could save US\$15 billion over the 2018-22 period. Other cuts to the USDA budget would affect services such as food safety and inspection programmes and rural economic development schemes.

Groups share mixed reactions

Along with the reactions from lawmakers, the budget proposal has also drawn scrutiny from interest groups across the spectrum, from agriculture lobby organisations to environmentalists.

A [statement](#) released by the American Farm Bureau Federation was critical of the proposed cuts, with Farm Bureau President Zippy Duvall warning that the reductions "would gut federal crop insurance, one of the nation's most important farm safety-net programmes."

Environmental groups also raised concerns over the plans. "If adopted by the Congress, Trump's budget would increase hunger, reduce farm income, increase rural poverty, make farmworkers less safe, increase farm pollution, and make our food less safe," said Scott Faber, Vice President of Government Affairs at Environmental Working Group (EWG), in a [statement](#).

Other advocates of farm subsidy reform nonetheless welcomed the proposals.

"The administration's proposals to terminate the Harvest Price Option programme and to cap crop insurance premium subsidies are grounded in good economic sense," [wrote](#) Vincent Smith, a professor of economics at Montana State University and director of agricultural policy studies at the American Enterprise Institute, in an online commentary.

The Harvest Price Option is a particular type of "revenue insurance policy," an extra type of coverage that farmers can choose in order to limit risks from unexpectedly low prices.

However, policy analysts also warned that the Administration's proposals were best seen as an opening gambit in a longer process of shaping policies and establishing priorities.

"You're not going to get cuts in farm subsidies by an appropriations bill," said Joe Glauber, Senior Fellow at the International Food Policy Research Institute (IFPRI), in remarks to Bridges. He noted that as the current US Farm Bill applies through the end of the 2018 fiscal year, any successor legislation was most likely to begin taking shape after the end of 2017.

Food aid cuts domestically, abroad

Another US\$64 billion would be cut from the domestic food aid programme known as the Supplemental Nutrition Assistance Program (SNAP), which is aimed at ensuring that low-income households in the US can afford to buy food. The scheme is more commonly known as "food stamps" in the United States, and makes up the vast majority of Farm Bill spending.

The Trump Administration says that its reforms aim at targeting SNAP benefits to the neediest households, "and encouraging work among able-bodied adults without dependents." The cuts would be done partly by reducing eligibility criteria at the federal level, and partly by requiring states to cover more of the costs. The White House says that the latter would "increase state incentives to create economic paths to self-sufficiency."

However, SNAP already includes a work requirement, which can only be waived in particular cases, such as if that person has a disability, or is a child or senior citizen. The USDA [notes](#) that the majority of people receiving food stamps do work, and that those "able-bodied adults without dependents" can only benefit from SNAP for a short period if not working.

The proposed budget also cuts US\$1.7 billion in international food aid under the PL 480 Title II programme, which provides in-kind delivery of commodities in emergency situations. The White House argues that food aid delivered under this programme is inefficient, slow, and costly compared to other schemes, such as aid delivered under the International Disaster Assistance (IDA) account. It also argues in favour of other approaches such as cash vouchers to deliver aid more efficiently and effectively in humanitarian crisis situations. Longer-term food security and nutrition programmes would continue to receive support through the Economic Support and Development Fund and the Global Health Fund.

Aid agencies expressed concerns that the proposals could have devastating effects, given famine and severe food crises across various countries in Africa and the Middle East struggling with the combined effects of drought and conflict or post-conflict reconstruction. (See Bridges Weekly, [9 March 2017](#))

"The net impact would be a huge cut to international food assistance," said Gawain Kripke, Policy Director at Oxfam America, in remarks to Bridges. A [statement](#) from Oxfam also warned that the budget, if enacted, would bring "untold misery" to millions of people around the world.

ICTSD reporting.

GLOBAL ECONOMY

US, EU Officials to Examine Next Steps for Trade Ties

The US and the EU are planning to develop a "joint action plan" on trade, reports suggest, after leaders met in Brussels, Belgium, late last week.

US President Donald Trump met with European Council President Donald Tusk and European Commission President Jean-Claude Juncker in the Belgian capital. The meeting came as part of a larger trip that the new American president was making overseas, which also included attending the G7 leaders' summit in Taormina, Italy, among other stops. (For more on the G7 meeting, see related story, [this edition](#))

"My feeling is that we agreed on many areas. First and foremost, on counterterrorism, and I am sure that I do not have to explain why. But some issues remain open, like climate and trade," [said](#) Tusk following his discussions with the American leader.

Meanwhile, Juncker told journalists that officials from both sides would meet again over the next several weeks, in a bid to examine what options may lie ahead. "We insisted on the importance of having free and fair competition," said the EU Commission chief, according to comments reported by EurActiv.

The meetings, he said, are needed "because we estimated that there are too many divergences in approach and analysis between these two big economic blocs."

Implications for TTIP unclear

However, what was not clear after the Brussels discussions was whether the two trading giants would be moving towards reviving their existing trade deal negotiations, known as the Transatlantic Trade and Investment Partnership (TTIP).

The TTIP talks were launched in 2013 under the administration of then-US President Barack Obama. Negotiators held 15 formal rounds in the years since, seeking to address issues such as market access and regulatory coherence, among others. The negotiations were put on hold in late 2016, pending additional clarity from the Trump Administration on its stance. (See Bridges Weekly, [13 October 2016](#))

The EU's top trade official has repeatedly raised the issue of TTIP, noting that while the new American leadership will need more time to settle in, the proposed trade and investment accord remains of great interest to Europe – so long as the talks yield ambitious outcomes. (See Bridges Weekly, [27 April 2017](#))

"Our Transatlantic Trade and Investment Partnership, TTIP, was left in the freezer in January. We have seen protectionist measures from the US," [noted](#) EU Trade Commissioner Cecilia Malmström in Brussels last week, adding that the European Union would need to see how new US Trade Representative Robert Lighthizer approaches these issues.

Lighthizer was confirmed by the Senate in May to serve as the US' top trade official. (See Bridges Weekly, [18 May 2017](#))

However, US Secretary of Commerce Wilbur Ross told CNBC this week that TTIP could still be a viable option for Washington going forward. Ross is expected to also play a large role in US trade negotiations.

"The EU is one of our largest trading partners, and any negotiations legally must be conducted at the EU level and not with individual nations... Thus, it makes sense to continue TTIP negotiations and to work towards a solution that increases overall trade while reducing our trade deficit," said the US official.

Other open questions include how upcoming US-EU discussions might address concerns Washington has raised regarding trade deficits with key trading partners in the 28-nation bloc – along with tensions over potentially protectionist tendencies by the new US Administration. Whether differences in other policy areas – such as monetary issues – might spill over into the discussions also remains unclear.

Trump for his part, [said](#) on social media site Twitter on 28 May that the European trip was "a great success for America. Hard work but big results!" Two days later, he [tweeted](#) that the United States has a "massive" trade deficit with respect to the EU's largest economy, Germany, putting the word in all caps.

"Very bad for US. This will change," he said, while arguing that Berlin does not contribute sufficiently to the North Atlantic Treaty Organization ([NATO](#)), the military alliance between the US, Canada, and 26 European nations that dates back nearly 70 years.

Trump had raised the same concerns on prior occasions, including upon Chancellor Angela Merkel's visit to Washington, where she noted that the EU has many mutually beneficial trade deals – and that legally Germany cannot conduct trade talks on its own, as the European Commission negotiates for all EU member states. (See Bridges Weekly, [23 March 2017](#))

Brexit talks

Meanwhile, the formal negotiations for Brexit are expected to kick off shortly, following the 8 June elections in the United Kingdom. The EU-UK negotiations going forward are expected to be deeply complex, both in terms of extricating the UK from the European Union, along with hammering out the terms of their future trading relationship.

The United Kingdom will also have to rework its agreements on myriad issues – including trade – with non-European countries. The Financial Times this week published [a database](#) suggesting that the United Kingdom will have nearly 760 agreements to resolve with external partners as a result of Brexit.

While Trump was a supporter of Brexit as a candidate, EU officials said last week that they spoke to him about the value of avoiding another member state exit. Trump also met with UK Prime Minister Theresa May last week, and had already discussed at a prior gathering the prospects of boosting bilateral trade between their two countries – with the UK leader indicating her interest in a future trade agreement. (See Bridges Weekly, [2 February 2017](#))

A spokesperson for the UK leader confirmed to the Reuters news agency that the discussions with Trump last week did include the prospects of a "post-Brexit trade deal."

ICTSD reporting; "With major deal frozen, EU, U.S. look to cooperate on trade," REUTERS, 25 May 2017; "Donald Trump and EU leaders air differences at Brussels meeting," FINANCIAL TIMES, 25 May 2017; "The Brexit treaty renegotiation checklist," FINANCIAL TIMES, 30 May 2017; "May and Trump reaffirm UK-U.S. trade commitment: May's spokesman," REUTERS, 26 May 2017; "Ross open to reviving US, EU deal," THE HILL, 30 May 2017; "EU says Trump agrees that Brexit 'an incident, not a threat,'" REUTERS, 26 May 2017.

TRADE AGREEMENTS

Australia, Peru Kick Off FTA Talks

Australian and Peruvian trade officials announced last week the start of formal talks towards reaching a free trade agreement (FTA), with the first negotiating round scheduled for July.

The news was announced by Australia Trade Minister Steven Ciobo and Peruvian Trade Minister Eduardo Ferreyros on 24 May, with the two high-level officials noting that the possibility of an FTA has been under discussion since last year's Asia-Pacific Economic Cooperation (APEC) leaders' meeting in Lima, Peru. (See Bridges Weekly, [24 November 2016](#))

Speaking to [reporters](#) in Canberra last Thursday, Ciobo and Ferreyros both cited services and investment as key areas for a "comprehensive" future trade deal. In the area of services, Ciobo [indicated](#) that improved market access would be one of Canberra's objectives going forward, naming sectors including finances, mining, and tourism, among others.

He also flagged Peru's strong economic growth prospects, as well as its role in the Latin American region, as other valuable gains for Australia.

"We see real growth potential in Latin America and being able to build on the Chile free trade agreement with this – a comprehensive, ambitious free trade agreement with Peru – will provide another opportunity for Australian businesses to engage," he told reporters, noting also that the Andean nation has trade deals with large economic powers such as the US, Canada, and the European Union.

Peru is also a member of the Pacific Alliance, a regional grouping that also includes Chile, Colombia, and Mexico, which is increasingly looking to develop deeper trade ties with other countries and blocs.

Over the past year, officials from that group have held meetings on those subjects with several counterparts in the Asia-Pacific, along with officials from the European Union and South American customs bloc Mercosur. (See Bridges Weekly, [9 February 2017](#), [16 March 2017](#), and [13 April 2017](#))

According to Australia's [Department of Foreign Affairs and Trade](#) (DFAT), the Oceanic nation is also interested in seeing the future trade deal with Peru – known otherwise as the PAFTA – include provisions on digital trade and competition policy, though it does not go into further specifics on those subjects.

Market access in goods was also raised as an area of interest for the two sides, as were measures related to food safety and plant and animal health.

"This trade deal will allow preferential access for Peruvian products to a market with strong buying capacity. Similarly, it will help make sanitary and phytosanitary trade requirements more transparent and efficient," said Ferreyros in a [statement](#) released by his office.

While the officials did not commit to any set date for concluding the trade talks, both suggested that this could occur by December.

According to DFAT statistics, bilateral goods and services trade hit A\$504 million (US\$375 million) in 2015-2016 – which the agency noted was a one-fifth boost from just one year before.

TPP timing

Australia and Peru are already members of APEC, the 21-country regional coalition. The two economies are also signatories to the Trans-Pacific Partnership (TPP), a comprehensive trade deal that was negotiated over several years and signed in early 2016. (See Bridges Weekly, [11 February 2016](#))

In a factsheet describing the planned Peru deal, Australia's DFAT flagged the uncertainty over TPP's future as one of the drivers behind the two countries' push for an FTA.

The United States, one of the TPP's original signatories, withdrew earlier this year, with the remaining 11 countries now looking at how and whether they can move forward with the trade agreement. (See Bridges Weekly, [11 February 2016](#))

"With the TPP currently unable to enter into force in its current form, Australia's trade relationship with Peru, Australia's trade relationship with Peru remains governed by Peru's obligations under the World Trade Organization (WTO) Agreement," according to the agency [factsheet](#), which noted that the South American nation does have improved terms of trade with other countries under different trade pacts.

Officials from both sides also say that having spent years working together to reach a final TPP, their countries are now well familiar with each other – both in terms of economic priorities and negotiating approach.

Regarding the TPP itself, on Australia's side trade officials have backed moving ahead with a "TPP-11" deal, though Canberra has not yet ratified the accord domestically. In Peru, the deal is also pending ratification in its own national legislature.

"We are having conversations at a ministerial level on how to work to make this agreement enter into force. Every country has their own procedures, in Peru we have a domestic procedure that we have to go through Congress," Ferreyros told reporters.

TPP trade ministers recently agreed to come up with possible options for consideration in time for the APEC leaders' meeting in November. A meeting among TPP officials is planned for Japan next month, according to the Kyodo news agency, in a bid to move those efforts along. (See Bridges Weekly, [24 May 2017](#))

ICTSD reporting: "TPP chief negotiators to meet in Japan in mid-July," KYODO NEWS, 30 May 2017.

TRADE AGREEMENTS

Indian, German Leaders Renew Push for Deeper EU-India Trade Ties

Indian Prime Minister Narendra Modi and German Chancellor Angela Merkel met in Berlin this week, calling for renewed efforts towards boosting trade ties between New Delhi and the European Union.

"It's important for us to proceed with the German-Indian – or rather, the EU-Indian – free trade agreement," said the German leader on Tuesday 30 May in Berlin, according to comments reported by Reuters. Merkel was referring a decade-old process to establish an accord between the two sides.

"We will do a major push in Brussels to ensure that these negotiations progress again," she added in a speech to business representatives.

Separately, Merkel told reporters at a [joint press conference](#) that the two leaders discussed issues such as how to support the implementation of the UN's Paris Agreement on climate change.

Following his meeting with Merkel on Monday, Modi flagged on [Twitter](#) the discussions he had with his German counterpart on "ways to expand cooperation between our nations in areas such as trade, security, infrastructure, and energy."

In a post on social media site [Facebook](#) prior to the event, Modi said that he hoped India and Germany would "chart out a future roadmap of cooperation with focus on trade and investment, security and counter-terrorism, innovation, and science [and] technology."

Furthermore, Modi added that "Germany is [India's] leading partner in trade, technology and investment," and that he is "confident that this visit will open a new chapter in [their] bilateral cooperation."

The Indian leader has expressed an interest, for example, in greater participation of small and medium-sized companies in his country, including through the "[Make in India](#)" initiative launched nearly three years ago to draw greater foreign investment.

The visit to Berlin was one stop in a larger trip by the Indian leader to other EU member states, namely Spain and France.

A decade of talks

A bilateral trade and investment agreement between the EU and India has been in the works since 2007.

However, the process has slowed significantly in recent years, amid disagreements on topics such as intellectual property protections and their implications for pharmaceuticals; visa rules and the freedom of movement for workers; and market access, among other topics.

Other problems that have emerged include the lapse of various bilateral investment treaties between India and some individual EU member states, despite calls for new arrangements in order to provide a more secure environment for greater investment flows.

The EU is India's largest trading partner, while the Asian nation ranked as the bloc's ninth largest trading partner last year, according to European Commission [data](#). Major goods traded between them are engineering products, jewellery, industrial products, textiles, and chemicals.

Services trade is also a major component of the bilateral trading relationship, reaching over €28 billion two years ago – a nearly three-fold increase from a decade previously.

The United Kingdom, which is currently preparing to exit the European Union, has expressed its own interest in potentially inking a trading accord with India, with its population of over one billion people.

UK Prime Minister Theresa May met with Modi last November on the subject, highlighting the value of deeper commercial ties while noting that the two sides will need to resolve disagreements on issues such as immigration. (See Bridges Weekly, [17 November 2016](#))

ICTSD reporting; "Germany pushes for post-Brexit EU trade deal with India," POLITICO, 30 May 2017; "'Good Interaction' Says PM Narendra Modi After Meeting with Angela Merkel," NDTV, 30 May 2017; "Germany's Merkel calls for faster progress on EU-India trade deal," REUTERS, 20 May 2017; "A year after Brexit, Narendra Modi is flying in to charm Europe," QUARTZ, 29 May 2017.

EVENTS & RESOURCES

Events

Coming Soon

2 June, Geneva, Switzerland. SUSTAINABLE DEVELOPMENT CHARACTERISTICS FOR INVESTMENT. This event is being jointly organised by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum (WEF), building on the work of the E15 Initiative. The meeting will focus on the relationship between sustainable development objectives and international investment agreements. Please note that attendance to this event is by invitation only. To learn more, visit the ICTSD [website](#).

5 June, New York, US. BUILDING DISCIPLINES ON FISHERIES SUBSIDIES: PROGRESS AND PROSPECTS. This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and the New Zealand Permanent Mission on the sidelines of the UN Ocean Conference. The meeting will look specifically at the WTO negotiations on fisheries subsidies, applying a political, economic, and environmental lens. More information is available at the ICTSD [website](#).

6-9 June, New York, US. THE OCEAN CONFERENCE. This high-level UN event will focus specifically on the implementation of Sustainable Development Goal (SDG) 14, which deals with life below water. Among other objectives, the event aims to determine ways to support putting this SDG into practice, along with providing an opportunity for different stakeholders in this field to form new partnerships and exchange lessons learned so far. To learn more, please visit the Ocean Conference [website](#).

5-8 June, Manila, Philippines. ASIA CLEAN ENERGY FORUM 2017. This event is being jointly organised by the Asian Development Bank (ADB), the United States Agency for International Development (USAID), and the Korea Energy Agency. The aim of this forum will be to share best practices in policy, technology, and finance regarding clean energy, energy efficiency, and energy access, with the event having as its theme "The Future is Here: Achieving Universal Access and Climate Targets." To learn more and to register, please visit the event [website](#).

7 June, online. SD TALKS SPECIAL SERIES ON CLIMATE ACTIONS: NATIONAL CLIMATE PLANS (NCDS): BLUEPRINTS FOR A GLOBAL TRANSFORMATION. This webinar is being organised by the UN System Staff College, with speakers from the UN Framework Convention on Climate Change (UNFCCC). The project focuses on the potential of the Nationally Determined Contributions (NDCs) submitted under the Paris Agreement on climate change to yield greater economic opportunities, along with helping address the climate challenge on multiple levels. To learn more and to register, please visit the UN System Staff College [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.

2 June: Informal Committee on Agriculture – Special Session

6 June: Informal Open-ended Negotiating Group on Rules

6 June: Trade Dialogues Lecture Series: Trade talks and trade wars: How high are the gains and the costs?

6 June: Council for Trade in Services – Special Session

6 June: Information session on the on-line Agriculture notification system

7-8 June: Committee on Agriculture

Other Upcoming Events

12 June, Geneva, Switzerland. DISCIPLINING FOSSIL FUEL SUBSIDIES: A CONTRIBUTION OF THE TRADE SYSTEM TO CLIMATE MITIGATION AND SDGS. This roundtable is being organised by the International Centre for Trade and Sustainable Development (ICTSD) as part of the E15 Initiative, which is jointly implemented with the World Economic Forum (WEF). The focus of this event will be on trade tools for transitioning away from fossil fuels and tackling fossil fuel subsidies. The meeting will include both WTO negotiators and experts in the field. Please note that attendance is by invitation only. To learn more, visit the ICTSD [website](#).

14 June, London, UK. BREXIT, TRUMP AND THE FUTURE OF THE TRANSATLANTIC ALLIANCE. This Chatham House event will examine the implications of Brexit and the election of US President Donald Trump for the bilateral relationship between the United Kingdom and the United States. The event's guest speaker will be Sir Nigel Sheinwald GCMG, who is a Visiting Professor at King's College London Department of War Studies, and was previously the UK's ambassador to the United States and the UK's permanent representative to the European Union. Please note that attendance is by invitation only. To learn more, visit the Chatham House [website](#).

30 June – 2 July, Geneva, Switzerland. FIFTH GLOBAL REVIEW OF AID FOR TRADE: "REDUCING TRADE COSTS FOR INCLUSIVE, SUSTAINABLE GROWTH." This biennial WTO event will feature over 50 sessions focusing on the Aid for Trade Initiative, as well as how to address the issue of trade costs in the context of the UN's Agenda 2030 for Sustainable Development and the related Sustainable Development Goals (SDGs). Please note that registration closes on 26 June. To learn more, please visit the WTO [website](#).

26-28 September, Geneva, Switzerland. WTO PUBLIC FORUM 2017: "TRADE: BEHIND THE HEADLINES." 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

OPTIONS FOR WTO NEGOTIATIONS ON AGRICULTURE DOMESTIC SUPPORT. Published by the International Centre for Trade and Sustainable Development (ICTSD) (May 2017). This new information note outlines a series of alternatives that could be pursued in negotiating new trade rules on domestic support for agriculture. The authors draw on recent proposals tabled at the WTO, along with what these and other options could mean in practice. The brief is available for download at the ICTSD [website](#).

HOW DO TRADE DISTORTIONS AFFECT MARKETS FOR FARM GOODS? Published by the International Centre for Trade and Sustainable Development (ICTSD) (May 2017). This new information note looks at government policies' implications for agricultural markets at the international level. The publication was prepared in the context of the ongoing WTO negotiations on agricultural domestic support and other farm trade topics. The brief is available for download at the ICTSD [website](#).

GLOBAL INVESTMENT TREND MONITOR, NO. 26. Published by the UN Conference on Trade and Development (UNCTAD) (May 2017). This latest report analyses global investment trends, and looks especially at foreign direct investment in the context of least developed countries (LDCs), land-locked developing countries (LLDCs) and small island developing states (SIDS). The monitor was prepared in the context of the recent High-Level Forum on Finance for Development. To download the full report, please visit the UNCTAD [website](#).

INVESTING IN CLIMATE, INVESTING IN GROWTH. Published by the Organisation for Economic Cooperation and Development (OECD) (May 2017). This report aims to provide insights into how governments can balance economic growth objectives with climate action efforts, including under the Paris Agreement on climate change. The authors prepared the report in the context of Germany's G20 presidency. To download the full report, please visit the OECD [iLibrary](#).

AFRICAN ECONOMIC OUTLOOK 2017. Published by the Organisation for Economic Co-operation and Development (OECD), the African Development Bank (AfDB), and the United Nations Development Programme (UNDP) (May 2017). This report provides an overview of the economic developments across the African continent, along with estimating the future prospects for the next two years. This sixteenth edition's theme is entrepreneurship and industrialisation in the African continent. To download the full report, please visit the OECD [iLibrary](#).

STRUCTURAL REFORM PACKAGES, SEQUENCING, AND THE INFORMAL ECONOMY. By Magnus Saxegaard and Zsuzsa Munkacsi for the International Monetary Fund (IMF) (May 2017). This working paper explores the macroeconomic impacts of labour and product market deregulation. The authors look at implications for output, unemployment, exports, and competition. To download the working paper, please visit the IMF [website](#).

CENTRAL AND EASTERN EUROPE AND SUB-SAHARAN AFRICA: PROSPECTS FOR SUSTAINED RE-ENGAGEMENT. By Stefan Cibian for Chatham House (May 2017). This research paper analyses the prospects for greater engagement between Central and Eastern European countries with Sub-Saharan African nations. The author looks into areas such as trade and investment, while also noting the potential difficulties towards establishing stronger ties. To download this publication, please visit Chatham House's [website](#).

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