

# BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 21, ISSUE 21, 15 JUNE 2017

## GLOBAL ECONOMY

Globalisation, Inclusive Societies in Focus at OECD Ministerial Meeting.....1

## FISHERIES

UN Ocean Conference Signs Off on "Call for Action" To Protect World's Marine Resources .....4

## AGRICULTURE

Export Subsidies in the Spotlight at WTO Agriculture Committee Meeting .....7

## DISPUTES

WTO Panel Rules on US Compliance in Boeing Aircraft Subsidies Case.....9

## CLIMATE CHANGE

G7 Ministers Discuss Environment, Climate Change in Wake of Trump Decision.....12

## GLOBAL ECONOMY

Merkel, Macri Discuss EU-Mercosur Trade Deal Progress, G20 Preparations.....14

## EVENTS & RESOURCES

Events .....16  
Resources .....18

## GLOBAL ECONOMY

### Globalisation, Inclusive Societies in Focus at OECD Ministerial Meeting

The debate over how to address globalisation and its ramifications took centre stage last week at the Organisation for Economic Co-operation and Development's (OECD) annual forum and ministerial meeting.

The OECD gatherings, held at the organisation's Paris headquarters, are high-profile events on the international trade and investment calendar, bringing together government officials, along with representatives from international organisations, civil society, the private sector, and the academic world.

This year's forum was held on 6-7 June, while the OECD's Ministerial Council Meeting (MCM) took place on 7-8 June. The forum had as its theme "Bridging Divides," with the agenda touching upon topics such as the future of work, the idea of a universal "basic income," and the digital economy, among various others.

The meeting comes at a time of continued tensions over how to address concerns over globalisation's potential downsides, and what steps should be taken to address these issues, including through trade and domestic policies.

"We're beyond quick fixes to address the discontent of citizens. There is no returning to the past. Too many things are not working for too many people. The only way forward is not to patch up globalisation, but to shake it up," said OECD Secretary-General Angel Gurría in an [article](#) released the day prior to the meetings.

"We are faced with a paradox: never before in the course of human history have we enjoyed better standards of living, working, and health as we do in this present period of globalisation – and still many people turn against globalisation. Why?" said Danish Prime Minister Lars Løkke Rasmussen in a [statement](#) published prior to the event.

The Danish leader, whose country held the chairmanship of this year's MCM, called for policymakers to work towards "bridging this gap" between those people who have benefited the most from the current landscape, and those who have experienced job losses and other difficulties.

The Paris-based agency also released its [economic outlook](#) last week, predicting “modest” improvements to global growth, while cautioning that risks remain. Growth is now likely to hit 3.5 percent this year and 3.6 percent in the following, according to its estimates.

The World Bank had issued its own forecasts earlier in the week, which saw the Washington-based institution similarly predict that global economic growth is due to see improvement this year, due partly to increased trade flows. (See Bridges Weekly, [8 June 2017](#))

### **Ministerial Council Meeting: various statements**

Notably, the 2017 MCM saw ministers issue several statements: one from the chair, one from ministers as a consensus document, and a third solely on behalf of the United States.

The [chair's statement](#) referred to areas that appeared to have consensus among ministers present – along with which areas instead had “near consensus.” It focused specifically on the areas of international trade, investment, and climate change.

On trade, the “near consensus” section highlighted the value of “a strong commitment to rules-based free international trade and investment,” and the centrality of the WTO in the multilateral trading regime. It also included language on “the importance of reaffirming standstill and rollback commitments to resist all forms of protectionism, and to stand firm against unfair trade practices and urge all countries to abide by international trade rules.”

Along with various other points on trade, the “near consensus” part of the document also calls the UN's Paris Agreement on climate change a “historical” accord that serves as a “cornerstone for effectively and urgently tackling climate change and for implementing the 2030 Agenda.”

US President Donald Trump confirmed his plans to pull his country out of the Paris Agreement earlier this month. (See Bridges Weekly, [1 June 2017](#) and [8 June 2017](#))

The chair's statement notes that nearly all participants reaffirmed that they will push for the “effective implementation” of their domestic climate plans under the Paris Agreement, which are known as “nationally determined contributions,” with the plan to scale up both mitigation and adaptation efforts in the years to come.

Officials afterwards suggested that the need for a chair's statement reflecting a divergence of views should not be considered surprising, given the current international policy landscape.

“Of course there are going to be tough discussions, no doubt about that. There are different opinions around the world right now, but we're going to move ahead... doing things even better than we have done before,” said Anders Samuelson, the Danish Minister of Foreign Affairs who served as MCM chair, in the [closing press conference](#).

At the same event, Gurría told reporters in response to questions regarding the US stance that there was no “confrontation,” suggesting that diverging views at these OECD events are not uncommon. He also noted that since there were “known differences” among members among certain issues, such as climate change, that this result was to be expected.

Meanwhile, the US statement was issued as a “response” to the chair's statement, touching upon issues ranging from trade's unequal effects on societies, to the need to address barriers of multiple types, along with the value of the international order with regards to trade.

“The United States believes that free and fair trade and international investment can lead to economic growth and job creation. At the same time, we acknowledge that trade has not always worked to the benefit of everyone, given that unfair trade practices on the part of some countries disadvantage workers, farmers, ranchers, and businesses in global

markets and can result in large, persistent trade imbalances," said the US [statement](#) issued after the meeting.

That same statement also referred to tackling market access barriers and addressing "trade-distorting practices," making a specific reference to the use of "WTO-consistent trade remedies" as part of a broader enforcement strategy.

There is also language specific to the WTO. "The United States recognises the importance of international trading systems, including WTO-consistent trade agreements," the statement said, including by taking steps to address challenges with the organisation's functioning, backing ministerial conference preparations, and referring to the importance of "effective and timely enforcement of the WTO agreements as negotiated."

The separate MCM consensus [statement](#) was entitled "Making Globalisation Work: Better Lives for All." While noting the separate chair's statement on international trade, investment, and climate change, it does include a section on "other norms and standards" which the group did agree were especially valuable for supporting "inclusive and sustainable trade and investment."

These included addressing competition and market failures; tax avoidance and evasion; responsible business conduct; digitalisation; and illicit trade and corruption.

The countries and groups represented at the MCM included Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States, and the European Union.

### **Trade ministers' meeting**

Another highlight of the annual OECD week was a meeting of trade ministers on the event's sidelines, hosted by Australian trade minister Steven Ciobo.

The Paris trade ministers' meeting, while informal, is looked to closely by the trade community, given the potential signals these gatherings can send regarding the negotiations at the Geneva-based World Trade Organization.

WTO members are currently preparing for their eleventh ministerial conference, scheduled for this December in Buenos Aires, Argentina. Among the areas being discussed for possible deliverables at this year's meeting are a deal on disciplining harmful fisheries subsidies and how to address the thorny issue of domestic agricultural support, among other topics.

Prior to the Buenos Aires gathering, various trade ministers are now due to gather in October in Marrakech, Morocco, sources said, in a bid to set the stage for the December WTO event and get a better sense of what will be possible at that time.

"I think that, by early October, we should be in a position to tell what is achievable by MC11, and then we can plan accordingly," [said](#) WTO Director-General Azevêdo at last week's trade ministers' meeting.

"Whatever the scenario is in December, MC11 should provide a strong platform for future work," he said.

ICTSD reporting.

---

## FISHERIES

---

### UN Ocean Conference Signs Off on "Call for Action" To Protect World's Marine Resources

The UN Ocean Conference drew to a close on Friday 9 June, with government leaders and representatives endorsing a "call for action" aimed at supporting international efforts to protect the world's oceans and their resources – including by tackling fisheries subsidies that exacerbate overfishing and overcapacity.

The 5-9 June event, held at United Nations headquarters in New York, was hailed by many as a landmark gathering, bringing together thousands of participants across different levels of government and other stakeholder groups.

The full name of the event was the UN Conference to Support the Implementation of Sustainable Development Goal (SDG) 14, referring to the goals adopted in the same city nearly two years ago.

Sustainable Development Goal 14 commits governments to "conserve and sustainably use the oceans, seas, and marine resources for sustainable development," and features various associated targets and indicators geared towards meeting this goal, including reducing marine pollution; tackling overfishing and illegal, unreported, and unregulated (IUU) fishing; and banning harmful fisheries subsidies by the year 2020, among others.

"Looking forward, the conservation and sustainable use of oceans can be achieved only if we manage to address effectively the threats that oceans face. This requires collaboration at all levels and across many sectors," said UN Secretary-General António Guterres in a [statement](#) on 8 June for World Oceans Day, which fell on the penultimate day of the conference.

#### Call for action

The "[call for action](#)" adopted on Friday was developed over several months of consultations, and features over a dozen points that highlight the value of oceans and marine resources for areas ranging from maritime trade to biodiversity – along with the current challenges facing ocean health. (See Bridges Weekly, [4 May 2017](#))

Officials throughout the event warned that protecting ocean health is critical to protecting individuals and communities that rely on such resources for their livelihoods and food security, with implications for potentially billions of people. At the global level, ocean health also has [implications](#) for climate change, given the role oceans play in turning carbon dioxide into oxygen – providing at least half of the world's oxygen – and taking in excess heat.

"We are committed to halting and reversing the decline in the health and productivity of our ocean and its ecosystems and to protecting and restoring its resilience and ecological integrity. We recognise that the wellbeing of present and future generations is inextricably linked to the health and productivity of the ocean," leaders said in their political call to action.

On trade, the same document makes a specific reference to acting "decisively" to tackle harmful fisheries subsidies that "contribute to overcapacity and overfishing" and those which facilitate IUU fishing – along with "accelerating" work towards a WTO deal on the subject.

With regards to the latter, this includes “recognising that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of those negotiations,” the document says.

According to [media reports](#), the US and Russia both dissociated themselves from the paragraph related to the WTO talks, citing sensitivities and the need to keep those negotiations independent.

WTO members have been working to negotiate new disciplines on fisheries subsidies for several years, and recent months have seen an uptick in momentum ahead of this year's eleventh ministerial conference (MC11) in Buenos Aires, Argentina. The WTO negotiations on this subject are continuing this week in Geneva, Switzerland, where the global trade body is headquartered.

The commitment outlined in SDG 14 – specifically under SDG 14.6, which sets a 2020 goal for disciplining such subsidies – has been credited by many members with providing an additional push towards advancing such negotiating efforts under the WTO context. (See Bridges Weekly, [24 May 2017](#))

Along with the UN conference's main events, which included plenary sessions and partnership dialogues devoted to various themes – such as sustainable fisheries and marine pollution – the UN gathering also featured a host of side events. Among these was a meeting on 5 June on disciplining fisheries subsidies, hosted by the International Centre for Trade and Sustainable Development (ICTSD) and the Permanent Mission of New Zealand. (*Editor's note: ICTSD is the publisher of Bridges.*)

New [research](#) released by the University of British Columbia this week at the above-mentioned side event showed that the vast bulk of fisheries subsidies end up going to larger-scale fishing fleets – particularly through the provision of fuel subsidies – as opposed to smaller fisheries, despite data indicating that the latter is responsible for employing approximately 22 million people.

### **UNCTAD, FAO, UNEP pledge**

Among the commitments announced in New York last week was a pledge by three UN agencies aimed at facilitating the reduction or eradication of harmful fisheries subsidies. The voluntary commitment was submitted by the UN Conference on Trade and Development (UNCTAD), the UN Food and Agriculture Organization (FAO), and the UN Environment Programme (UNEP).

“These SDG 14 targets represent a comprehensive avenue for addressing unsustainable practices in the fisheries sector. Among the targets, the issue of addressing and removing harmful fisheries subsidies has been a complicated and thorny one,” said the three organisations in their [joint commitment](#).

The UN entities outlined four “outcomes” that would form part of this commitment, including removing such subsidies and preventing the introduction of new ones, along with improving notifications of such state aid and supporting the needs of developing nations.

Their efforts will particularly focus on deliverables involving technical assistance and capacity building in this area, with the agencies noting that “trade and trade-policies can facilitate the transition to sustainable ocean-based economies by increasing resource efficiency, improving the environment, enhancing inclusiveness and creating new green business opportunities.”

## Voluntary commitments

Along with the UNCTAD-FAO-UNEP pledge, over 1370 [voluntary commitments](#) from actors ranging from the international to the public sector spheres had been recorded at press time, with more trickling in even after the conference's close.

These pledges must meet a series of requirements, such as featuring "means of implementation" aimed at meeting the commitment itself; producing measurable deliverables on a clear timeframe; and supporting SDG 14's implementation, among others.

Pledges that dealt specifically with target 14.6 on disciplining harmful fisheries subsidies also included national commitments from governments such as [Argentina](#) and [New Zealand](#), among various others.

For example, New Zealand referred specifically to its negotiating proposals made in the context of the preparations for MC11, while Argentina, as the host of the December WTO event, cited at the broader level its efforts to support this process.

## Coming up

Aside from the WTO process, the outcomes of last week's event are meant to feed into this year's [High-level Political Forum](#) (HLPF), which is scheduled from 10-19 July, with a ministerial-level meeting planned for the HLPF's last three days.

SDG 14 is among the goals that will be under review at the 2017 HLPF, along with SDGs 1-3, 5, and 9, which address the eradication of poverty and hunger; health and well-being; gender equality and women's empowerment; and resilient infrastructure.

The HLPF will be held under the overarching theme of "Eradicating poverty and promoting prosperity in a changing world," with the UN platform serving as the key mechanism for the "follow up and review" process established to support the implementation of the 2030 Agenda for Sustainable Development and the SDGs themselves. This event will include, for example, voluntary national reviews and thematic reviews.

Meanwhile, a separate UN effort is underway to develop an international treaty for protecting marine biodiversity in areas under national jurisdiction.

The next and final set of meetings of the "[preparatory committee](#)" tasked with recommending to the UN General Assembly the possible components of a draft text is planned for 10-21 July – two years after the initiative to develop such a treaty under the larger framework of the UN Convention on the Law of the Sea (UNCLOS) was approved. (See Biores, [23 June 2015](#))

ICTSD reporting; "UN Ocean Conference Concludes with Call For Action and 1,300 Commitments," IISD, 13 June 2017.

---

## AGRICULTURE

---

# Export Subsidies in the Spotlight at WTO Agriculture Committee Meeting

Eighteen months after WTO members agreed to eliminate agricultural export subsidies at the global trade body's tenth ministerial conference in Nairobi, Kenya, the organisation's regular committee on agriculture met for its special annual review of progress in this area.

A detailed [document](#) prepared by the WTO secretariat highlighted Australia's [decision](#) in May to revise its legally-binding "schedules of commitments" to renounce its entitlement to use export subsidies for farm goods – the first such country to do so.

The committee also heard that, of the 18 WTO members with these types of entitlements, New Zealand and Panama have already phased out their use of this instrument. Canada, Israel, South Africa, and Switzerland indicated that they would follow Australia in modifying their legal commitments at the WTO.

The elimination of export subsidies was one of the targets agreed under Sustainable Development Goal (SDG) 2, which focuses on tackling hunger and ensuring food security, among other related issues. Along with SDG 2, there are 16 other [Sustainable Development Goals](#), which were adopted by UN member states in September 2015.

In addition to ending hunger and malnutrition by 2030, the goals set out a suite of shared objectives ranging from overcoming poverty and inequality to supporting gender equality, climate action, ocean conservation and sustainable use, and measures to support sustainable production and consumption patterns. (See Bridges Daily Update, [19 December 2015](#) and [30 September 2015](#), respectively)

The committee chair, Norwegian trade official Alf Vederhus, told the meeting that he urged all members "to make all possible efforts" to provide accurate and timely information to help improve the dedicated discussions in this area.

Separate addenda to the secretariat's background document provided in-depth information on export subsidies and three related areas: export finance, international food aid, and exporting state trading enterprises. All three topics have been seen as affecting local producers and international markets in ways that are comparable to the use of export subsidies.

### Compliance with WTO rules

The regular committee meeting also reviewed WTO members' compliance with other aspects of their agriculture-related commitments.

The discussion came just days after a separate negotiating session of the committee, which explored options for advancing negotiations on new disciplines on agricultural domestic support, market access, and export competition, alongside other issues such as export restrictions. (See Bridges Weekly, [8 June 2017](#))

Canada's policies for dairy products prompted numerous questions from trading partners, who worry that a new milk ingredient class could unfairly disadvantage producers elsewhere. Australia, New Zealand, and the US reportedly tabled over 80 [questions](#) on the scheme.



Canada has argued that its new milk class initiative is essentially a private sector scheme, in which the government has no direct role. The scheme establishes agreed prices for classes of ingredients such as protein concentrates, skimmed milk, and milk powder.

Officials familiar with the discussion told Bridges that Canada has faced a sustained surplus of skimmed milk, due to high demand from butter manufacturers for butterfat.

Trading partners have also questioned Ottawa's policies on cheese and butter. The dairy, egg, and poultry industries together constitute Canada's "supply management" system for farm products, with those goods [benefitting](#) from higher levels of border protection, minimum price guarantees, and domestic production controls.

Along with a long-running trade dispute over softwood lumber, and the new US administration's stated intention to renegotiate the North American Free Trade Agreement (NAFTA), questions over dairy have recently contributed to heightened tensions over trade between Washington and Ottawa. (See Bridges Weekly, [27 April 2017](#))

### **India price support draws scrutiny**

Responding to questions from Australia and the US, India provided the committee with more details about wheat procured as part of its public food stockholding programmes, specifically under a system of "minimum support prices." The exchange built on questions and answers in the committee earlier this year regarding the disparity between Indian wheat prices and those seen on global markets. (See Bridges Weekly, [30 March 2017](#))

The issue is of particular interest to trade negotiators because of an impending December target date for reaching a "permanent solution" to the problems some developing countries say they face in this area under WTO farm subsidy rules. (See Bridges Weekly, [8 June 2017](#))

Many countries have argued that more transparency is needed so that WTO members can fully understand the problems that developing countries face and design a solution accordingly.

Developing countries that have argued in favour of more flexibility in this area agree that transparency is important, but caution this should not lead to unduly burdensome new requirements being placed on them.

The next meeting of the regular committee on agriculture is slated for 17-18 October.

ICTSD reporting.



---

## DISPUTES

---

# WTO Panel Rules on US Compliance in Boeing Aircraft Subsidies Case

A WTO panel circulated its report ([DS353](#)) on Friday 9 June on whether the US has taken enough steps to bring its subsidies to aerospace giant Boeing in line with global trade rules, in the latest move in the long-running row between the US and the EU over support to their respective aviation industries.

The compliance panel specifically deemed that the US has not yet brought into compliance one of its governmental support schemes, while disagreeing with various aspects of the EU's other claims.

### Thirteen years in

This ruling marks the latest development of the large civil aircraft saga, which began nearly 13 years ago when the US asked for WTO consultations ([DS316](#)) in 2004 regarding state aid from the EU and some of its member states for Airbus, which together with Boeing has dominated the commercial aircraft manufacturing scene for decades.

Brussels launched the current dispute one year later, raising its own concerns over various types of state aid being provided to Boeing. The two cases eventually advanced to the Appellate Body stage, with the WTO's highest court deeming that each side had violated certain aspects of the organisation's subsidy rules.

Challenges were later lodged by both sides on whether enough had been done to bring these measures in line with WTO rules, eventually advancing to compliance proceedings.

After a mixed ruling by the compliance panel in the Airbus case last September, Brussels and Washington each notified their appeals. The Boeing case was still at its compliance panel stage until the report was circulated last week. A separate case is underway between the US and EU, also on Boeing-directed subsidies ([DS487](#)). (See Bridges Weekly, [1 December 2016](#))

While these cases date back just over a decade, the trade row between the two sides dates back far longer, and ultimately led to the establishment of a bilateral deal governing state aid for civil aircraft in the 1990s. The US then [left](#) the accord in 2004 – a move that was followed by the EU's Airbus challenge that same year.

### Subsidies remaining

Under the WTO's Subsidies and Countervailing Measures (SCM) Agreement, subsidies are defined as a public financial contribution meant to provide a benefit.

That same agreement governs those subsidies that are directed towards specific companies, sectors, and territories, for example.

In cases where this state aid negatively impacts another WTO member and violates these rules, the member being challenged must take action to either eliminate this support or address its effects.

Brussels claimed that the US' changes to its earlier policies did not amount to a subsidy withdrawal, while arguing that the North American country has permitted or kept

"additional, closely related" subsidies despite its compliance obligations from the original proceedings.

The panel examined only some of the new and revised subsidies cited by Brussels, rejecting the rest for various procedural and substantive reasons. It also found that some of the alleged government support did not constitute "specific subsidies" under WTO rules – while noting that some of the US' prior subsidies have not been withdrawn.

The EU had argued that the US has failed to address the adverse effects of the "unwithdrawn" subsidies, and said that these various types of state aid together constitute a "genuine and substantial cause" of "serious prejudice" such as "significant lost sales," hindering US-bound and other exports, and "significant price suppression" suffered by Airbus.

For the bulk of the subsidies, the panel said there is no evidence backing the claim that they have affected Boeing's ability to develop new products, and its European rival's sales or prices.

However, the panel deemed that Washington state's multi-million dollar cut to a business and occupancy tax rate for Boeing led to reduced sales and other negative trade implications for equivalent models of Airbus planes in certain markets, thus violating WTO rules.

### **Officials, industry respond**

Government representatives from both sides welcomed certain aspects of the ruling, with officials and industry players also calling for the prolonged dispute – which involves a multi-trillion dollar industry – to soon come to a close.

"It is time for the EU to stop making excuses and instead to join us in negotiating a settlement to remove all WTO-inconsistent subsidies so that our world-class aircraft manufacturers can compete on a level playing field," [said](#) US Trade Representative Robert Lighthizer.

His counterpart in Brussels, EU Trade Commissioner Cecilia Malmström, also deemed that the ruling was a "victory" for the bloc and its manufacturers. "The panel agrees that the US has simply ignored existing WTO rulings and has continued to subsidise Boeing," she [said](#).

Fabrice Bregier, COO of Airbus, [said](#) that "over the course of this seemingly never-ending dispute with Boeing, it has become very clear that Boeing is using these cases for [public relations] and lobbying purposes rather than enabling a serious discussion on a level playing field in the commercial aircraft sector."

The Airbus official also referred to other trade rows currently underway within the civil aviation industry, including an ongoing investigation under the US International Trade Commission regarding allegedly unfair practices involving Canadian producer Bombardier, with Bregier calling for "healthy competition" to be brought to this sector.

While the aviation industry has long been dominated by the Boeing-Airbus duopoly, companies such as Bombardier have lately been making significant inroads into that market. Brazilian-headquartered Embraer and Russia's Tupolev round out the [top five](#).

Boeing General Counsel J. Michael Luttig, for his part, [said](#) that the WTO ruling demonstrated that the US "is virtually in full compliance with its obligations and the WTO's rulings. It is past time for the EU and Airbus to comply with the WTO's rulings."

### Next steps

The rulings are [expected](#) to be appealed, with WTO procedures requiring them to do so within a 60-day window. Should this occur, a bilateral [agreement](#) reached in 2012 commits both sides to cooperate to enable the Appellate Body to circulate its report to members within 90 days.

Nonetheless, one day before the panel report, the Appellate Body chairman [highlighted](#) the problem of delays that is currently affecting the organisation's dispute settlement arm, referring to difficulties such as the increasing number of disputes that advance to the appeals stage, along with their scale and complexity, and calling for "broad, systemic solutions."

ICTSD reporting.

---

## CLIMATE CHANGE

---

# G7 Ministers Discuss Environment, Climate Change in Wake of Trump Decision

Differences between the US and other G7 members over how to approach international climate action returned to the fore this week, as Washington opted out of a climate pledge in a joint statement issued by the coalition's environment ministers.

At a meeting in Bologna, Italy, from 11-12 June, the environment chiefs of Canada, France, Germany, Italy, Japan, the UK, and the EU reaffirmed their commitment to the UN's Paris Agreement on climate change.

"Implementing the Paris Agreement, coherently with and in the context of the 2030 Agenda, is essential and can provide us with significant opportunities for modernising our economies, for enhancing competitiveness, and stimulating employment and growth, while securing social inclusion," they said.

However, the US delegation opted out of the [statement](#)'s climate section, saying in a footnote that the move is a reflection of President Donald Trump's recent announcement to withdraw the US from the Paris Agreement.

"We the United States of America continue to demonstrate through action, having reduced our [carbon] footprint as demonstrated by achieving pre-1994 [carbon] levels domestically. The United States will continue to engage with key international partners in a manner that is consistent with our domestic priorities, preserving both a strong economy and a healthy environment," said the footnote.

Trump [said](#) earlier this month that his country would leave the agreement, stop implementing Washington's nationally determined contribution, and end financial support for a UN climate fund. In addition, he said that he would start "negotiations to re-enter the Paris accord or a new transaction on terms that are fair to the United States." (See Bridges Weekly, [8 June 2017](#))

He has also moved to undo a series of climate and environment-related executive actions taken under the administration of previous President Barack Obama, and has repeatedly derided what he has termed "job-killing regulations," despite concerns raised by critics that these same regulations could yield valuable environmental benefits. (See Bridges Weekly, [30 March 2017](#))

At the G7 meeting, Trump's Paris-related announcement was echoed by US Environmental Protection Agency (EPA) Administrator Scott Pruitt, who [said](#) that Washington is "resetting the dialogue to say Paris is not the only way forward to making progress."

European leaders have [disagreed](#) with Trump before over his assertion that the climate deal can be redrafted. This was reportedly reaffirmed this week by the host, Italian environment minister Gian Luca Galletti.

According to comments reported by Reuters, the Italian official told journalists that "a dialogue had been kept open with the US to see if there were the conditions for Washington to re-enter the Paris accord. But one thing is clear, the accord is irreversible, non-negotiable and the only instrument for fighting climate change."

Along similar lines, EU Commissioner for Environment, Maritime Affairs, and Fisheries Karmenu Vella [said](#) that “the European Union will not renegotiate the Paris Agreement” and Canadian Environment and Climate Change Minister Catherine McKenna told Reuters that “the US is now left as a footnote to climate action and that's very sad.”

In the run-up to the summit, German Environment Minister Barbara Hendricks met with California Governor Jerry Brown to demonstrate Berlin's interest in collaborating with individual US states and other sub-national actors on climate action going forward, despite the decision made at the federal level.

This cooperation would be under the framework of the “Under 2 Coalition,” referring to the goal of limiting global temperature rises to two degrees Celsius relative to pre-industrial levels.

In addition to the climate section of the communiqué, the US also abstained from a paragraph on multilateral development banks and their role in supporting the Paris Agreement and the 2030 Agenda. The new US leadership has also confirmed that it will not be following through with various climate finance commitments made under the previous administration.

### **Other environment outcomes**

Apart from climate change, the environment ministers also discussed issues such as the 2030 Agenda for Sustainable Development, sustainable finance, resource efficiency, fossil fuel subsidies, environment policies and employment, and marine litter – areas where they ultimately agreed to a consensus text.

While at last year's G7 leaders' summit, the group committed to eliminating inefficient fossil fuel subsidies by 2025, the language on this subject is slightly different in the new environment ministers' communique. Instead, their language on fossil fuel subsidies refers to the “intent to contribute” to the 2025 commitment.

Ministers also reaffirmed their support of two other climate-related deals reached last year, saying that they “welcomed” the Kigali amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer relating to hydrofluorocarbons and the deal to offsetting aviation emissions under the UN's International Civil Aviation Organization (ICAO). (See Bridges Weekly, [20 October 2016](#) and [13 October 2016](#))

They also lent their backing to ongoing efforts under the UN's shipping body, the International Maritime Organization, to address related carbon emissions.

ICTSD reporting; “U.S. left as 'footnote' in G7 climate talks,” REUTERS, 12 June, 2017; “Germany and California agree joint fight against climate change,” DEUTSCHE WELLE, 10 June 2017.

---

## GLOBAL ECONOMY

---

# Merkel, Macri Discuss EU-Mercosur Trade Deal Progress, G20 Preparations

German Chancellor Angela Merkel met with Argentine President Mauricio Macri late last week, discussing a host of issues including the ongoing efforts to clinch an EU-Mercosur trade deal.

Negotiations between the EU and the four original members of trading bloc Mercosur, which involve Argentina, Brazil, Paraguay, and Uruguay, finished their [27<sup>th</sup> round](#) of talks in late March 2017 with plans for additional meetings throughout the year in a bid to advance the talks. (See Bridges Weekly, [30 March 2017](#))

Talks for an Association Agreement, which would encompass a trade accord, date back 18 years, and have since advanced sporadically. The two sides have previously struggled to come to terms with differences in the agricultural sector – a sensitive area for both sides – among other issues. (See Bridges Weekly, [23 March 2017](#))

However, the past year has seen a scale-up in activity, including the long-awaited exchange of market access offers in goods and services last year, and subsequent negotiating rounds and intersessional meetings. (See Bridges Weekly, [19 May 2016](#))

EU Trade Commissioner Cecilia Malmström also [told](#) civil society representatives in late May that the progress and ambition seen on both sides of the table in recent months could mean that they can reach a “comprehensive, balanced, beneficial” accord – potentially by year’s end.

The EU is also [looking](#) to see whether an updated deal with Mexico and a new agreement with Japan could be reached in 2017, at least in principle.

Macri also expressed optimism about the deal’s prospects last week, telling reporters that his fellow Mercosur members all share the desire to reach an agreement with the European Union – while noting some of the negotiating sensitivities that remain.

“I believe Chancellor Merkel is going to have more work with the protectionists in the EU agricultural sector than we will in Mercosur,” said Macri, according to comments reported by Euractiv.

Meanwhile, the German leader reportedly acknowledged that the EU will need to make some compromises should it wish to advance a deal.

Merkel’s visit was part of a [larger trip](#) which also included a visit to Mexico to meet with President Enrique Peña Nieto, with the German leader expressing her support for an update to the North American Free Trade Agreement (NAFTA) – a decades-old deal that includes Canada, Mexico, and the United States.

“I hope those talks are a big success,” said the German leader, according to comments reported by Reuters. She also welcomed the assurances of her Mexican counterpart that the needs of German companies will be “taken into consideration” going forward.

## G20 preparations

Merkel also suggested last week that clinching an accord and enhancing their collaboration on the multilateral stage could be a valuable signal on trade in the current international context, where trade liberalisation and globalisation are increasingly facing scrutiny.

"No one country, no one person alone is able to resolve the problems. We must all cooperate and we both work for a world that is free and open," [said](#) Merkel.

Merkel also praised Argentina for its "courageous reform path" and pledged to support the South American nation as it takes the helm of the G20, following the conclusion of the current German presidency. This year's G20 leaders' summit is slated for early July in Hamburg.

Macri took office on a platform of undoing his predecessor's more inward-focused policies, particularly in light of the financial problems affecting the country, and his team has repeatedly stated that the change in policy approach includes plans to ramp up Argentina's involvement in multilateral affairs. (See Bridges Weekly, [27 April 2017](#))

"The process of isolationism in Argentina only deepened poverty, we want intelligent integration with the world and we hope to take our experience to international forums including the G20 summit," said Macri, in comments reported by CGTN.

Buenos Aires is also due to host the WTO's eleventh ministerial conference this December, with negotiators at the organisation's Geneva headquarters currently working to determine what trade areas could form the contents of a final package of deliverables. Among the items under negotiation are a deal on disciplining harmful fisheries subsidies and a series of agriculture-related topics.

ICTSD reporting; "Merkel in Argentina hopes for Mercosur trade deal," EURACTIV, 9 June 2017; "Merkel and Macri underscore multilateral ties ahead of the G-20," CGTN, 8 June 2017; "Germany's Merkel lends support to Mexico over NAFTA," REUTERS, 10 June 2017.



---

## EVENTS & RESOURCES

---

# Events

### Coming Soon

16 June, London, England. GLOBAL COMPETITION POLICY. This annual conference will be hosted by Chatham House. The conference will look at how major developments over the past year – including the change of leadership in the United States and the planned start of Brexit talks – might mean for competition policymaking frameworks. To learn more, visit Chatham House's [website](#).

19-20 June, London, England. ILLEGAL LOGGING UPDATE AND STAKEHOLDER CONSULTATION MEETING NUMBER 27. This event will be hosted by Chatham House and will focus on the ongoing work at multiple levels to address illegal logging and forest governance, including on transparency and timber trade regulations. To learn more, visit Chatham House's [website](#).

20 June, Brussels, Belgium. INTERNATIONAL FORUM ON WOMEN AND TRADE. This event is being hosted jointly by the European Commission and the International Trade Centre, bringing together stakeholders from a range of backgrounds with the goal of building support for empowering women through trade. To register, click [here](#).

### WTO Events

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

16 June: Council for Trade in Services

16 June: Informal Open-Ended Negotiating Group on Rules

19 June: Dispute Settlement Body

20-21 June: Committee on Trade and Environment

21 June: Informal Committee on Government Procurement

21 June: Committee on Trade and Development

21 June: Committee on Trade and Development – Dedicated Session on the Monitoring Mechanism on Special and Differential Treatment

22 June: Committee on Budget, Finance, and Administration

### Other Upcoming Events

21 June, Brussels, Belgium. BCA: TODAY, TOMORROW,... EVER? This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and the European Roundtable on Climate Change and Sustainable Transition (ECRST), looking

at the issue of border tax adjustments and border carbon adjustments in relation to international climate action efforts. An event agenda and other information is available at the ICTSD [website](#).

26-27 June, Budapest, Hungary. 2017 CONFERENCE ON THE GLOBAL FORUM ON PRODUCTIVITY. This conference, hosted by the Organisation for Economic Co-operation and Development (OECD), will explore the subject of global value chains (GVC) in relation to productivity, globalisation, digitalisation, and more. To learn more, visit OECD's [website](#).

27 June, Geneva, Switzerland. TRADE AND DEVELOPMENT BOARD, 65<sup>TH</sup> EXECUTIVE SESSION. This event will be hosted by the United Nations Conference on Trade and Development (UNCTAD), with a focus on the agency's Africa-related development work over the past year, looking at what this has meant for areas such as competitiveness and economic transformation. To learn more, visit UNCTAD's [website](#).

11-13 July, Geneva, Switzerland. SIXTH GLOBAL REVIEW OF AID FOR TRADE: "PROMOTING TRADE, INCLUSIVENESS AND CONNECTIVITY FOR SUSTAINABLE DEVELOPMENT." This biennial WTO event will feature over 50 sessions focusing on the Aid for Trade Initiative, as well as how to support 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, visit the WTO [website](#).

25-27 September, Geneva, Switzerland. TRADE FOR SUSTAINABLE DEVELOPMENT FORUM 2017. This annual event by the International Trade Centre (ITC) will examine the topics of voluntary sustainability standards and sustainable value chains, looking specifically at partnerships and collaboration in this field. To learn more and to register, visit the ITC [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, visit the WTO [website](#).

9-19 October, Chambéry, France. UNIVERSITY OF EASTERN FINLAND – UN ENVIRONMENT COURSE ON MULTILATERAL ENVIRONMENTAL AGREEMENTS. This two-week course on international environmental law and diplomacy is designed for participants from governments, NGOs, the private sector, and academia. This year's course has as its theme "Trade and Environment." The course objectives include teaching the necessary tools for current and future negotiators of multilateral environmental agreements (MEAs). Please note that the application deadline is 4 August. To learn more and to apply, visit the University of Eastern Finland [website](#).

12-13 November, Dubai, United Arab Emirates. ANNUAL MEETING OF THE GLOBAL FUTURE COUNCILS. The World Economic Forum will host its annual meeting of the Global Future Councils, convening its network's various members to discuss topics ranging from energy to infrastructure and technology. To learn more, visit the World Economic Forum's [website](#).

---

## Resources

PROTECTING TRADITIONAL KNOWLEDGE: THE WIPO INTERGOVERNMENTAL COMMITTEE ON INTELLECTUAL PROPERTY AND GENETIC RESOURCES, TRADITIONAL KNOWLEDGE AND FOLKLORE. Edited by Daniel Robinson, Ahmed Abdel-Latif, and Pedro Roffe. Published by Routledge (June 2017). This new book reviews the World Intellectual Property Organization's (WIPO) Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge, and Folklore (IGC), looking at the various thematic areas treated under this framework. For more information, please visit the International Centre for Trade and Sustainable Development (ICTSD) [website](#).

WORLD INVESTMENT REPORT 2017: INVESTMENT AND THE DIGITAL ECONOMY. Published by the UN Conference on Trade and Development (UNCTAD) (June 2017). This latest edition of UNCTAD's flagship report examines the new developments in the field of foreign direct investment, with this year's theme examining the implications of an increasingly digital economy. The report is available for download [here](#).

IIA ISSUES NOTE: PHASE 2 OF IIA REFORM. Published by the UN Conference on Trade and Development (UNCTAD) (June 2017). This new edition of UNCTAD's issues note regarding international investment agreements (IIAs) examines various alternatives for upgrading IIAs currently in place, evaluating benefits and disadvantages. The issues note is available [here](#).

COSTS OF POLLUTION IN CANADA. By Robert Smith and Kieran McDougal for the International Institute for Sustainable Development (IISD) (June 2017). This report summarises studies on Canadian pollution costs – including for consumers – to help inform decision making in the public and private sectors. To download the report, please visit the IISD [website](#).

TRUMP'S PARIS AGREEMENT WITHDRAWAL: WHAT IT MEANS AND WHAT COMES NEXT. By William A. Glaston, Samantha Gross, Mark Muro, Timmons Roberts, Rahul Tongia, David Victor, Philip A. Wallach, Rebecca Winthrop, Christina Kwauk, Nathan Hultman, Todd Stern, and Vinod Thomas for the Brookings Institution (June 2017). This blog posts includes the analysis of various Brookings experts regarding the implications of US President Donald Trump's announcement that he will be withdrawing the country from the UN's Paris Agreement on climate change. To view this blog, please visit the Brookings [website](#).

SERVICES TRADE POLICIES AND THE GLOBAL ECONOMY. Published by the Organisation for Economic Co-operation and Development (OECD) (June 2017). This book synthesises recent work by the OECD on services trade policies, reviewing the impact of regulations and other measures. The publication is geared towards public and private sector officials. To access this book, please visit the OECD [iLibrary](#).

BUILDING INCLUSIVE LABOUR MARKETS IN KAZAKHSTAN: YOUTH, OLDER WORKERS AND PEOPLE WITH DISABILITIES. Published by the Organisation for Economic Co-operation and Development (OECD) (June 2017). This report reviews labour market and social policies that could help Kazakhstan develop more inclusive markets for workers while at the same time shoring up economic growth, and provides associated recommendations. To access the full report, please visit the OECD [iLibrary](#).

PACIFIC ENERGY UPDATE 2017. Published by the Asian Development Bank (ADB) (June 2017). This ADB institutional document provides an overview of the organisation's activities in the Pacific region over the past two years, specifically those related to energy access and renewables. To download the full document, please visit the ADB [website](#).

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](http://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 Sofía Alicia Baliño,  
Yaxuan Chen, Björn Dupong, Jonathan Hepburn,  
Emilia Hull, and Elizabeth Stephani. This edition  
of Bridges Weekly Trade News Digest is edited by  
Sofía 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

