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GLOBAL ECONOMY

Lighthizer Lays Out US Trade Policy Agenda, NAFTA Hearings Get Underway

US Trade Representative (USTR) Robert Lighthizer discussed with lawmakers the Trump administration's trade policy priorities for the coming year, covering areas such as the renegotiation of the North American Free Trade Agreement (NAFTA) and the upcoming WTO ministerial conference.

The first hearing was held under the Senate Finance Committee on Wednesday 21 June, with another hearing held under the House Ways and Means Committee on Thursday 22 June. These meetings came just days ahead of the USTR [public hearings](#) on NAFTA, which are [taking place](#) this week from 27-29 June.

Lighthizer has been in office since May, after his confirmation by a Senate majority of 82-14. (See Bridges Weekly, [18 May 2017](#)).

While his office released the annual [President's Trade Policy Agenda](#) in March, in line with existing statutes, Lighthizer had not been confirmed at that stage, and the document included a caveat to that effect which promised a more detailed report later in the year. (See Bridges Weekly, [2 March 2017](#))

Along with outlining how the administration is approaching trade policy, Lighthizer also asked lawmakers for an increase in the Office of the USTR's resources to address trade enforcement and related needs.

"To advocate for and defend US economic interests... USTR is preparing to take significant action far beyond that taken by previous administrations, including, for example, self-initiated litigation in defence of US workers, farmers, ranchers, and businesses," said Lighthizer in his prepared testimony for the Senate panel.

NAFTA: Negotiating objectives expected in July

The administration is preparing for the NAFTA talks to launch as early as 16 August, Lighthizer confirmed, once the 90-day consultations period mandated under US trade laws is completed.

The Office of the USTR is already in talks with Canadian and Mexican negotiators to prepare for those negotiations to kick off.

Lighthizer confirmed that there have been well over 12,000 public responses since the comment period opened for NAFTA. He also said that his office will be releasing a detailed summary of NAFTA negotiating objectives by 17 July, in line with requirements under Trade Promotion Authority, the legislation which delegates the authority for negotiating international trade deals to the US executive branch and outlines the terms for doing so. (See Bridges Weekly, [2 July 2015](#))

The new USTR also confirmed that, in his view, there is no formal deadline for concluding the upcoming NAFTA talks, countering media reports that have emerged in recent weeks that the parties may be aiming to clinch an updated accord before the end of the year – which would essentially give them just over four months to do so.

The administration is aiming for a “good agreement, one that is transformative, and that is a very high-standard agreement,” he said in response to questions from lawmakers over whether the administration might accept a lower ambition deal to meet an “artificial accelerated timeframe.”

Lighthizer also pledged to consult regularly with lawmakers going forward, including if the talks hit a “stalemate.”

Some US senators raised questions over whether a NAFTA upgrade would include enforceable currency disciplines in a revised trade accord, while acknowledging that currency manipulation is not a problem with Canada or Mexico.

“I have been an outspoken critic of currency manipulation over the years,” said the USTR, noting its potential long-term effects. “We’re still debating the issue” on whether to include currency provision, Lighthizer added, while suggesting that “generally it is not a problem” and that the trade negotiations could provide the “great opportunity... to put together what is a model agreement.”

Throughout the hearing, Lighthizer repeatedly suggested that NAFTA could indeed serve as a “model agreement” on various issue areas, such as intellectual property protections, and fielded questions on how the administration may address labour provisions, energy, and other areas of interest within the tri-country grouping.

EU-US discussions ongoing

Another issue raised during the hearings was how the US would address its trading relationship with the European Union. The US and EU were previously engaged in negotiations for a Transatlantic Trade and Investment Partnership (TTIP) under the former Obama administration, but those talks have been on hold since late last year pending clarity on approach from the new leadership.

Lighthizer has already met with EU Trade Commissioner Cecilia Malmström during his time in office, with the US trade chief describing the meeting as one where the two sides reviewed “areas of common concern and a way forward on a US-EU economic dialogue” – with the details of the latter still being hammered out.

“We know that there are areas where we can ally ourselves with our European trading partners to address issues such as non-economic capacity and non-market economy status for certain countries,” he told Senate and House lawmakers in his prepared testimony for both hearings.

Lighthizer [told legislators](#) in the House committee on Thursday that TTIP is one of the proposed trade deals under review by his office, and that "TTIP is an area where there are a lot of very positive reasons to go forward in that."

He also cited "electoral processes" in the EU as a factor that may end up holding the 28-nation bloc back, suggesting that renewed US-EU talks might need to wait until after the German national elections this autumn.

However, tensions between the EU and US have also flared in recent weeks in light of Washington's ongoing "Section 232" investigations into steel imports – which involve the possibility of trade actions on that sector using a national security investigation. An announcement on those duties is expected within days, and a similar probe is also ongoing for aluminium.

Malmström [told reporters](#) in Brussels this week that the investigations were a matter of "concern" to the EU and its member states, and that numerous officials have reached out to the US on the subject. She also warned that, should the EU face steel duties as a result of this investigation, then Brussels will act in response.

"We are a friend and ally of the United States, and we think that we would be unjustifiably hit by this. We would have to see if that measure is in compliance with WTO, of course, and if it hits us, like it could, we will of course retaliate," she said, while adding that she would not describe specifics in terms of the type or timing of a response at this stage.

WTO: Dispute settlement, MC11 prospects

Lighthizer also outlined to US lawmakers last week how the Trump administration will be approaching WTO matters, flagging the global trade body's dispute settlement arm as an area where Washington will be seeking changes.

"In Paris, I had the opportunity to participate in candid discussions among parties, many of which showed the significant differences among members," he said in his prepared remarks to both congressional panels, referring to talks with other officials during the Organisation for Economic Co-operation (OECD) Ministerial Council Meeting and Forum. (See Bridges Weekly, [15 June 2017](#))

The new USTR added that his office will be seeking "meaningful changes to maintain the relevance of the system" when it comes to dispute settlement.

He also described briefly what Washington's plans for the WTO's Eleventh Ministerial Conference (MC11) will be.

That event is scheduled for 10-13 December in Buenos Aires, Argentina, and is the global trade body's highest-level meeting. Negotiators at the organisation's Geneva headquarters have been working to craft a deal disciplining harmful fisheries subsidies, along with looking at whether deliverables can also be developed in agriculture, among other areas. (See Bridges Weekly, [22 June 2017](#))

"Looking ahead to December, we are pursuing [a] successful ministerial in Buenos Aires this December that reinvigorates the WTO. We do not advocate a meeting that seeks major deliverables or significant negotiated outcomes," said Lighthizer in his prepared remarks.

Interest in TiSA?

The new US administration is also considering how to address the multi-country services trade negotiations for a Trade in Services Agreement (TiSA), Lighthizer said.

"That [agreement] certainly is an important one and I don't expect it to fall by the wayside. We're doing an evaluation right now across the board, and when that is done, we'll move forward," said Lighthizer in response to questions about TiSA.

The TiSA includes 23 WTO members, who have spent the past few years working to develop a trade deal that would address both market access and the development of rules across various areas, such as telecoms and financial services.

Negotiators for this services liberalisation agreement attempted to reach a political deal before the end of last year. However, those efforts were put on hold after disagreements on some substantive issues and uncertainty over the new US leadership's approach. (See Bridges Weekly, [24 November 2016](#))

ICTSD reporting.

TRADE AGREEMENTS

EU, Japan Trade Negotiators Ramp Up Efforts to Conclude "Political Agreement"

Negotiators from the EU and Japan are ramping up their work to clinch a bilateral trade agreement, with reports suggesting that the two sides are tentatively hoping to have a political deal in place by this year's G20 leaders' summit.

The two trading giants have been negotiating since 2013 – a move that was greeted in itself as an "historic" achievement, given the size of the economies involved, the commitments made in lowering non-tariff and tariff barriers, and the potential to ramp up foreign direct investment. (See Bridges Weekly, [27 March 2013](#))

Since then, they have held 18 negotiating rounds towards reaching a trade deal, with the EU-Japan accord referred to as both a free trade agreement (FTA) and an economic partnership agreement (EPA). The agreement that they are envisioning would tackle goods and services market access, regulatory cooperation, intellectual property, non-tariff measures, rules of origin, competition policy, sustainable development, sanitary and phytosanitary measures, procurement, and investment, among other topics.

"I have my chief negotiator for Japan in Tokyo, [with] instructions to stay as long as it is needed to try to get this deal done. We are in a very intense phase of our negotiation and hope to close an agreement in principle very soon," [said](#) EU Trade Commissioner Cecilia Malmström on Monday 26 June.

The EU trade chief also spoke on the phone last week with Japanese Foreign Minister Fumio Kishida, according to the Japanese Foreign Ministry. The 21 June phone discussions focused on the importance of clinching a high-ambition political agreement in the near term, according to a [press statement](#) released afterward.

Should a political deal be reached when EU and Japanese leaders meet ahead of the 7-8 July G20 leaders' summit, the two sides will still need to resolve "technical" issues, along with conducting a legal review and other final procedural steps before moving on to signature and ratification.

However, trade officials say that the substance will ultimately drive the timeframe, and that if a deal cannot be reached in that space, they will not sacrifice ambition for speed.

Malmström: deal focused on "values"

[Speaking to reporters](#) upon the launch of a new [EU report](#) on trade and investment barriers, Malmström described the planned deal with Japan as one that "will help us shape globalisation in line with our values."

She also said that the deal could help stave off "protectionist" pressures, particularly given the EU's and Japan's positions among the world's top traders. Malmström added that "openness," along with trade and investment, are essential tools for helping direct globalisation in favour of sustainability and economic growth.

"This will be a European trade agreement following our new, state-of-the-art model, containing the same guarantees for EU values as in the CETA, the Canadian agreement, for instance, meaning that principles like transparency, EU standards when it comes to social,

environment, consumer protection will be there, the right to regulate, sustainable development – these things are not up to negotiation, and they will be enshrined in the final text," she said.

The acronym CETA refers to the EU-Canada Comprehensive Economic and Trade Agreement (CETA), a comprehensive accord that will soon be provisionally applied on both sides.

Supporters have heralded the agreement as being the most ambitious either side has ever negotiated, with the final version including an investment court system (ICS), along with greater public procurement market access, the protection of various geographical indications, and several other commitments. (See Bridges Weekly, [18 May 2017](#))

Furthermore, Malmström suggested that the final EU-Japan deal could serve to promote a host of sustainable development objectives, including shared commitments on climate change and provisions tackling illegal logging.

"The trade agreement with Japan will be an excellent opportunity, together with our Japanese friends, to confirm our joint support and work on the Paris climate agreement, and [there] will be a direct reference to this," she said on Monday.

Regarding illegal logging, Japan has come under scrutiny for not having legislation in place to prevent timber sourced illegally from entering the country, particularly given [its status](#) as a major importer of tropical wood – though it has taken voluntary steps aimed at promoting legal timber trade.

A [Sustainability Impact Assessment](#) requested by the Commission flagged this as an important issue for negotiators, warning that such disparities in their approaches could lead to a greater influx of illegal imported timber into the EU – while also providing an opportunity for the two sides to increase their cooperation in tackling this problem.

The EU, for its part, has in place its Action Plan for Forest Law Enforcement, Governance, and Trade (FLEGT) to help address such issues, including through the negotiation of Voluntary Partnership Agreement (VPAs) with countries that produce and export timber. It also has had the EU Timber Regulation, to a similar end.

The final deal will also feature a commitment by the parties aimed at address illegal logging, Malmström said this week.

Remaining issues

As negotiators press on, they will still have a series of topics to address before leaders can announce the conclusion of a deal.

For example, the two sides are still negotiating on how to treat investment protection in a final accord. The EU has been pushing to include its new investment court system in its newer trade agreements, and has already done so in the trade deals negotiated with Canada and Vietnam.

Doing so, European officials say, would set the stage for a future multilateral investment court – another Commission objective that is also being discussed with stakeholders from various sectors as well as officials from other country governments, though that process is still in the early stages. (See Bridges Weekly, [2 March 2017](#))

Malmström confirmed on Monday that efforts to reach an agreed outcome in this area are ongoing, while noting that the prior mechanism of investor-state dispute settlement (ISDS) is "from our point of view, dead."

"We want the new system to be in all our new trade agreements. That chapter is not done yet with the Japanese. We have spent a lot of time talking about it, but... we're not ready yet. But of course, this is the clear mandate from our member states and the wish of the European Union, so that has to be in," she told reporters.

Whether this will be finalised for the political agreement now, or included later on in the final technical discussions, remains unclear.

Other issues include agriculture, such as how Japan treats imported EU beef, with the Jiji Press news outlet citing unidentified sources as suggesting that Tokyo may set a tariff-rate quota for the good. Other areas reportedly being hammered out in this intense negotiating phase include Japanese and EU agricultural market access across various products, along with EU tariffs on imported cars from the Asian archipelago.

ICTSD reporting; "Japan may set tariff-free quota for EU beef under EPA," JIJI PRESS, 22 June 2017; "Europe and Japan Near Trade Deal as U.S. Takes Protectionist Path," THE NEW YORK TIMES, 23 June 2017; "EU's agri-food market revels at prospect of Japanese trade deal," POLITICO, 23 June 2017.

COMPETITION POLICY

EU Commission Officials Announce Multi-Billion Euro Fine in Google Antitrust Case

EU officials announced on Tuesday 27 June that they had issued tech powerhouse Google with a fine amounting to €2.42 billion, following an investigation that began nearly seven years ago.

The European Commission, which is the bloc's executive arm, also told the internet company to revise its "conduct" within a window of 90 days. Otherwise, the company will face a hefty fee amounting to five percent of Alphabet's average "daily worldwide turnover," which would mean a daily fine of around over €10 million.

Alphabet, Inc., is the holding company which serves as the "parent" to Google, along with other subsidiary businesses. Google itself is by far the dominant search engine within the 31 countries that together make up the European Economic Area (EEA), with estimates placing its market share at approximately 90 percent or higher.

While the antitrust case was not directly about Google's dominance as a search engine, it did touch on how the relationship between that search engine and Google's online shopping works. More specifically, the European Commission had looked into whether the company's "Google Shopping" system for ranking products for online sale via its search engine put other comparison sites at a competitive disadvantage – to the point where it would constitute a breach of EU antitrust rules.

The case had been brought by nearly 20 companies based in Europe and the United States, including Yelp and Microsoft, along with consumer groups such as the European Consumer Organisation ([BEUC](#)). The issue is also one of three that the European Commission's antitrust team is investigating regarding Google's business practices.

These proceedings were formally [launched](#) in 2010, with officials explaining at the time that they would be looking at violations of Article 102 of the Treaty of the Functioning of the European Union (TFEU).

That [provision](#) specifically states that "any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between member states," and provides a series of examples of what that abuse may entail.

International landscape

Google has been the subject of multiple antitrust investigations on both sides of the Atlantic, though the probe it faced in the United States via its Federal Trade Commission (FTC) ultimately had a different scope and [did not](#) violate US competition laws nor result in a fine. Google instead agreed to a settlement with US regulators to make some changes in its company approach to online ad campaigns and competitors' access to patents.

[Currently](#), there are no enforceable global systems that address differences and disparities in competition policies across countries, despite steps taken to improve cooperation on various fronts. For example, there are [cooperation mechanisms](#) in place between the US and the EU, though at the domestic level they approach competition policy through different legal means.

Competition policy chapters are becoming an increasingly common feature in free trade agreements. For example, the US and the EU had been looking at negotiating a chapter on competition policy in the Transatlantic Trade and Investment Partnership (TTIP), though those talks are currently frozen.

The EU had published its own [textual proposal](#) on competition policy in that process, including on how the two sides might deal with anti-competitive practices such as abuse of market power in both their national legislation and in bilateral cooperation. That proposal would not have been subject to TTIP dispute settlement.

Consumer choice, innovation

The high-profile case, which has now led to the largest antitrust fine ever levied in the European bloc's history, also raised questions of consumer choice, along with how to balance innovation and product development with the need to ensure a level playing field in the digital space.

"Google has come up with many innovative products and services that have made a difference to our lives. That's a good thing," said Margrethe Vestager, the EU Commissioner for Competition, in announcing the decision on Tuesday.

"But Google's strategy for its comparison shopping service wasn't just about attracting customers by making its product better than those of its rivals. Instead, Google abused its market dominance as a search engine by promoting its own comparison shopping service in its search results, and demoting those of competitors," she argued.

In other words, the Commission was concerned that Google was driving artificially web traffic – and therefore consumers and their choices – in favour of its own services. The investigation did examine, for example, how internet traffic flows changed in response to the listings produced by Google's search engine, as part of antitrust regulators' larger assessment.

Vestager therefore said that Google's practices were not just bad for other companies in the field, but also for consumers. The EU's antitrust authorities ultimately deemed that Google had erred by making "Google Shopping," its service for ranking products for online sales, the priority search engine result compared to other options.

Google must now take steps to address these concerns, though crafting the details of that solution will be up to the company.

Google weighs options

Google's legal team responded swiftly to the case, noting that it was weighing its options going forward and questioning what the decision means for consumers, along with why Amazon has not been subject to the same scrutiny by the European Commission.

"We believe the European Commission's online shopping decision underestimates the value of those kinds of fast and easy connections," said Kent Walker, SVP and General Counsel, in a Google [blog post](#) defending the company's system for determining ad placements.

"When you use Google to search for products, we try to give you what you're looking for. Our ability to do that well isn't favouring ourselves, or any particular site or seller – it's the result of hard work and constant innovation, based on user feedback," he added.

The company intends to examine the possibility of an appeal, according to Walker – a move that is widely expected by analysts, and which would likely drag out litigation over another few years, at least.

Tech rivals, business groups respond

The EU executive arm's decision has been welcomed by various tech companies, including those which were the complainants in the actual probe, given the expectation that it could help level the playing field in online shopping – along with potentially clarifying related questions over Google's leading role in other online services.

FairSearch, a business coalition that [describes](#) itself as being “united to promote economic growth, innovation, and choice,” issued a [statement](#) calling the move a “powerful precedent” that could extend to other digital services, such as search engines for travel-related purposes.

“The Commission's decision will finally put a stop to that abusive conduct, and it will enable those competitors that have survived despite Google's behaviour, as well as new entrants, to compete on the merits and offer results that serve European consumers and not just Google,” said Thomas Vinje, the organisation's spokesperson and legal counsel.

Like various other tech companies and groups, FairSearch argued that the Commission move had nothing to do with “anti-American sentiment,” referring to some criticisms that the intense scrutiny by Brussels could be motivated by growing tensions over protectionism and potential interest in supporting EU industries.

“The European Commission pursues US tech companies because they are the ones who dominate their industry. In industries where European companies dominate – for example energy, transportation, and often financial services – the Commission pursues them, not American companies,” said Vinje.

ICTSD reporting; “Google fined record €2.4bn by EU over search engine,” THE GUARDIAN, 27 June 2017; “Google to Face EU Antitrust Fine as Soon as Tuesday,” BLOOMBERG, 26 June 2017; “EU fines Google \$2.7 billion in first antitrust case,” REUTERS, 27 June 2017; “Margrethe Vestager's Google decision risks messy endgame,” POLITICO, 27 June 2017.

GLOBAL ECONOMY

China's Li Keqiang Highlights Commitment to Free Trade, Climate Change

Chinese Premier Li Keqiang called for continued support in favour of free trade and globalisation, amid the ongoing international debate over how to address concerns of fairness, inclusion, and sustainability.

[Speaking](#) in Dalian, China, at an annual World Economic Forum event, the Chinese official also made the case for supporting continued climate action, while describing Beijing's continued efforts towards advancing its economic growth goals.

The speech comes just as leaders from the G20 economies are preparing to descend upon the German city of Hamburg, where Chancellor Angela Merkel has pledged to make trade and open markets a centrepiece of her agenda as this year's host.

Merkel has publicly affirmed that achieving as "broad an agreement on this as possible" will be her goal, while noting that bringing the US on board will be a challenge, given the current leadership's approach to these issues. (See Bridges Weekly, [22 June 2017](#))

Value of globalisation

The Chinese premier repeatedly highlighted the value of economic globalisation and the benefits that could be drawn from the "[Fourth Industrial Revolution](#)," the term used by some to describe the current era of massive technological innovation, particularly in the digital sphere.

"The world is making continued progress against the backdrop of globalisation," he told the Dalian audience in giving the event's keynote address. He called the developmental opportunities that have emerged in this context unprecedented – while warning of the geopolitical and structural challenges that remain.

"But I believe... as long as we stand committed, we will be able to respond and prevail" to such pressures, he said. Ensuring greater stability would require innovation and reform, he added.

Various analysts have already compared the speech to a similar address given by Chinese President Xi Jinping this January at the World Economic Forum's meetings in Davos, Switzerland, which also featured a defence of globalisation and climate action. Li himself referred to Xi's speech in his remarks. (See Bridges Weekly, [19 January 2017](#))

Li also suggested that economic globalisation has not only helped smaller businesses become players in a competitive international marketplace, but it has also helped countries such as China make significant strides, including in "opening up."

He also warned against attributing all the problems that have faced countries across the economic spectrum in recent years solely to globalisation – while referring repeatedly to the value of free trade in this context.

"But just like when we sprain our ankle when walking on the road, we should not blame the uneven road and just stop walking," he said.

"Free trade as the foundation for economic globalisation is the precondition for fair trade. Restricting free trade will lead to unequal trade," he said, in a nod to the free/fair trade debate that has dominated international policy circles over the past several months.

Domestic policies, international climate action

He instead called for doing more to "steer and adapt to economic globalisation, promote trade and investment liberalisation and facilitation, and at the same time reform and strengthen international trade rules to ensure equal rights, equal opportunities, and equal rules for all countries."

Among his other recommendations were taking domestic policy actions to address income gaps and poverty at home, including through education, in recommendations similar to those issued by international agencies over the past year. (See Bridges Weekly, [6 April 2017](#))

The speech also touched upon China's own efforts at advancing domestic growth and opening markets; its work at promoting fair competition; its role as a major trader; its continued work to address industrial overcapacity, including in steel; and its efforts to advance international infrastructure and connectivity projects such as the Belt and Road Initiative, along with the business opportunities this could yield. (See Bridges Weekly, [18 May 2017](#))

The Chinese leader also affirmed his country's continued commitment to tackling the climate challenge, referring to it as a "common responsibility of the international community," while noting the Asian economy's situation as a developing country and the challenges associated therein.

While US President Donald Trump announced his intention to withdraw the United States from the Paris Agreement on climate change in early June, officials from around the world, including China, have affirmed that their commitment to the landmark UN accord will not waver. (See Bridges Weekly, [8 June 2017](#))

ICTSD reporting; "Li Says China to Meet Growth Goals, Vows Free Trade Support," BLOOMBERG, 27 June 2017; "China's Premier, Li Keqiang, Praises Free Trade, in Contrast to Trump," THE NEW YORK TIMES, 27 June 2017; "Countries must safeguard economic globalisation for inclusive growth: Premier Li," XINHUA, 27 June 2017; "Chinese PM Li defends free trade, promises more reforms," DEUTSCHE WELLE, 27 June 2017.

NORTH AMERICA

US Commerce Dept Announces Anti-Dumping Determination for Canadian Softwood Lumber

The US Department of Commerce [confirmed](#) on Monday 26 June that Washington has made a preliminary anti-dumping determination on imported Canadian softwood lumber, with a final determination slated for early September.

In describing the move, US Commerce Secretary Wilbur Ross [said](#) that Washington will "vigorously apply" anti-dumping (AD) and countervailing duty (CVD) legislation, while [noting](#) the agency's decision to exclude softwood lumber products from Canada's Atlantic provinces, namely Newfoundland and Labrador, Nova Scotia, and Prince Edward Island.

"The United States is committed to free and fair trade, as seen today with the preliminary decision to exclude softwood lumber from the Canadian Atlantic Provinces in the ongoing antidumping and countervailing duty cases," he added.

The duties confirmed on Monday would range from 4.59 to 7.72. Combined with preliminary countervailing duties determined in late April, this could total between 17.41 and 30.88 percent in duties on Canadian lumber producers. (See Bridges Weekly, [27 April 2017](#))

The probe followed complaints by US lumber industry that Canadian producers are selling softwood lumber below market value in the US, a practice known as "dumping," and claims that the Canadian softwood producers are benefiting from unfair state aid.

The subsidy-related concern specifically involves government-set "stumpage fees" for harvesting the timber, which US producers have long argued are artificially low.

Canadian response

While Canadian officials lambasted the new duties, they did welcome the move to remove some products from the investigation's coverage, and suggested that the same should be done for the maritime province of New Brunswick.

Canadian Minister of Natural Resources Jim Carr and Minister of Foreign Affairs Chrystia Freeland issued a [statement](#) that expressed disappointment in the US Commerce Department's decision to levy "unfair and punitive" anti-dumping duties.

The officials highlighted the "flawed rationale that is damaging to workers, communities and consumers" in both countries and pledged to continue their defence of Canadian lumber producers. For example, Canada intends to invest several hundred million dollars to support the sector, while pledging that this aid will "comply fully with our international trade obligations," they affirmed.

Private sector response

The US Lumber Coalition had [previously](#) criticised the Canadian government's [announcement](#) that it would be undertaking new investments in domestic softwood, which includes steps like better loan guarantees, among other options.

The US lumber group called the move an act that “further tilts the trade scale in Canada’s favour” and claimed that this would put thousands of US jobs in jeopardy.

However, US companies who require the timber for construction purposes have warned that trade remedies on Canadian imports could increase US consumer costs and hurt upstream producers.

In a 26 June [statement](#), the National Association of Home Builders’ Chairman Granger MacDonald opposed the duties as “basically another tax on the American home builders and home buyers that will jeopardise affordable housing in America.”

Despite the escalated tensions, government officials from both sides have [reiterated](#) their interest in concluding a negotiated settlement. The softwood lumber debate dates back years, with disputes under both the WTO and the North American Free Trade Agreement (NAFTA), among other legal forums.

The row had been put to rest for nearly a decade after the two sides clinched the Softwood Lumber Agreement (SLA) in 2006 and later moved to extend it through 2015. The deal had helped manage trade in the timber while ending litigation.

The current phase of lumber disputes between the US and Canada began in late 2016 when US lumber producers requested the probes. This came after the end of a one-year “standstill” on trade remedy investigations, which had been in place following the expiry of the SLA. (See Bridges Weekly, [1 December 2016](#))

The new anti-dumping and countervailing duty probes have raised tensions between the neighbouring economies, which are due to begin negotiations this summer with each other and with Mexico to update the North American Free Trade Agreement (NAFTA). (See Bridges Weekly, [11 May 2017](#))

Canada is the largest exporter of softwood lumber to the US, totalling US\$5.66 billion in 2016, according to US government statistics. However, its share of the US lumber market reportedly fell from 31 to 27 percent over the past year, according to data reported by Canada.

ICTSD reporting; “U.S. slaps dumping duties on Canadian wood, Ottawa vows to fight,” REUTERS, 26 June 2017; “America expected to play hardball with second round of softwood lumber duties today,” FINANCIAL POST, 26 June 2017.

GLOBAL ECONOMY

Countries Press On in Efforts to Join WTO Public Procurement Deal

The WTO's Government Procurement Agreement (GPA) may soon see some new additions, with Australia reportedly close to the negotiating finish line, nearly two years after it launched its bid to join the plurilateral accord.

Canberra announced that it would begin negotiating with current GPA parties two years ago, with the talks formally beginning in September 2015. Since then, it has submitted both initial and revised market access offers for parties to consider. (See Bridges Weekly, [11 June 2016](#))

The progress seen in the market access offer could mean that Australia reaches a deal "in principle" to join the GPA by year's end, according to a [press release](#) from the global trade body. However, this would depend on whether Canberra and the current parties resolve differences on areas such as which sub-central government entities are included in the market access offer, along with other issues such as the minimum values for such public procurement to qualify for GPA coverage.

According to Australia's [Department of Foreign Affairs and Trade](#) (DFAT), the motivation behind joining the public procurement deal is manifold, being driven partly by the improvements seen under the revised GPA that entered into force three years ago. The original GPA dates back to 1996. (See Bridges Weekly, [10 April 2014](#))

The Oceanic nation has public procurement provisions in various bilateral trade agreements, and its market for government tenders is linked with that of neighbouring New Zealand. The latter country is a party to the GPA.

The GPA currently has 19 parties, counting the EU and its member states as one. Australia is one of 10 WTO members that are currently in talks to sign onto the deal. The GPA's structure is that of a plurilateral agreement, with only those WTO members that have signed onto the accord bound by its disciplines.

The GPA aims to improve market access when it comes to public tenders for goods, services, and capital infrastructure, along with including provisions focused on good governance, due process, and transparency.

Emerging markets

When the revised GPA was adopted in 2011, one of the major benefits that was touted by proponents was the expectation that it could facilitate the accession of China, which has a large public procurement sector, along with other [major emerging markets](#) which also have multi-billion dollar sectors.

Australia and others have [previously cited](#) the prospect of a GPA including China as a major draw for joining on themselves, given the Asian economy's massive procurement market. While estimates vary, some place the annual dollar value of China's market in the trillions.

Over the years, China has submitted various market access offers for GPA parties to consider, with parties welcoming the efforts to expand coverage while at the same time pressing Beijing to go further. According to the WTO, officials in Geneva last week urged

China to continue its efforts towards developing an updated offer for negotiation, with the Asian economy confirming that it is working to do so. Earlier offers had prompted requests from GPA parties, for example, that Beijing cover more provinces and state-owned enterprises. (See Bridges Weekly, [24 September 2015](#))

Notably, Russia is now in the process of negotiating its GPA accession, in line with the commitments made when joining the WTO in 2012. WTO members reportedly gave feedback on its first market access offer last week, welcoming the move while urging that Moscow take on greater coverage in subsequent offers.

Russia is another procurement market whose value has been estimated in the billions, as have other economies within the [BRICS coalition](#) – in other words, Brazil, Russia, India, China, and South Africa. (See Bridges Weekly, [25 July 2012](#))

Other countries in the region are also working to join the GPA, including Tajikistan and Kyrgyzstan, which are both said to be well advanced in the process. Updated offers are reportedly forthcoming in both cases.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

4 July, London, UK, and online. CHALLENGING THE BACKLASH AGAINST GLOBALISATION. This event will be hosted by the Overseas Development Institute (ODI), and will focus on the relationship between trade, sustainability, and technology, along with the related challenges when working to shape globalisation. The meeting will include the launch of a Commonwealth Secretariat-ODI report called "Future Fragmentation." To learn more and to register, visit the ODI [website](#).

5-6 July, Tokyo, Japan. FINANCING OF CLIMATE CHANGE MITIGATION AND ADAPTATION IN DEVELOPING ASIA AND THE PACIFIC. This conference, hosted by the Asian Development Bank (ADB) will include various government officials from developing economies in the Asia and Pacific region. The meeting will focus on climate finance issues, including how to bring in more financial support from the private sector to support climate change mitigation and adaptation. To learn more, please visit the ADB [website](#).

6 July, London, UK. TRUMP'S FIRST G20 SUMMIT. This discussion, hosted by Chatham House, will focus on the upcoming G20 leaders' summit, with a specific focus on the new US administration and its approach to the global economy and international cooperation. To learn more, please visit the Chatham House [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.

29-30 June: Committee on Regional Trade Agreements

29 June: Trade Dialogues Lecture Series: Trade in Ideas as New Development Policy

29 June: WTO Informal Dialogue on Micro, Small, and Medium Enterprises

30 June: Council for Trade in Goods

5 + 7 July: Trade Policy Review Body – European Union

5 July: Working Party on Domestic Regulation

Other Upcoming Events

7-8 July, Hamburg, Germany. G20 LEADERS' SUMMIT. The leaders of the G20 coalition of major advanced and emerging economies will meet in Germany this year to discuss trade and open markets; progress on meeting the 2030 Agenda for Sustainable Development; international climate action; and options for supporting sustainable economic growth within the African continent. To learn more, visit the G20 [website](#).

13 July, Geneva, Switzerland. DIGITAL TRADE-RELATED PROVISIONS IN REGIONAL TRADE AGREEMENTS. This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB) within the context of the RTA Exchange. The event will examine trade deal provisions that involve or affect the digital economy, along with what lessons can be learned from these experiences. To learn more, visit the ICTSD [website](#).

10-19 July, New York City, US. HIGH-LEVEL POLITICAL FORUM ON SUSTAINABLE DEVELOPMENT (HLPF) 2017. This forum, convened under the UN Economic and Social Council (ECOSOC), will focus on the progress made towards achieving the 2030 Agenda for Sustainable Development and the related Sustainable Development Goals (SDGs). The selected SDGs for this year are Goals 1, 2, 3, 5, 9, and 14, and 17. To learn more, please visit the UN's Sustainable Development [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 on how this initiative can 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 other 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. 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](#).

14 December, Buenos Aires, Argentina. FORUM ON MIGRATION, TRADE, AND THE GLOBAL ECONOMY. This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and the Fundación Foro del Sur, with a view to understanding the interlinkages between trade and migration. The forum is slated to bring together public and private sector participants, along with representatives from civil society and academia. A call for papers will soon be opened. To learn more, visit the ICTSD [website](#).

Resources

JOINT ACP-UNCTAD GUIDING PRINCIPLES FOR INVESTMENT POLICYMAKING. Published by the UN Conference on Trade and Development (UNCTAD) and the African, Caribbean, and Pacific (ACP) Secretariat (July 2017). This new, non-binding set of principles have been developed by UNCTAD and the ACP Secretariats with the goal of supporting support various aspects of investment-related policymaking, while also accounting for sustainable development concerns. The document and a related summary are available at the UNCTAD [website](#).

CITIES – THE ENGINES FOR IMPLEMENTING THE SUSTAINABLE DEVELOPMENT GOALS. Published by the International Institute for Sustainable Development (IISD) (June 2017). This briefing note aims to provide an overview of Canada's efforts and achievements to date in advancing the implementation of the Sustainable Development Goals (SDGs). The authors have also set up the data and analysis to facilitate comparisons across Canadian cities. To download the full briefing note, please visit IISD's [website](#).

TRADE BALANCES AND THE NAFTA RENEGOTIATION. By C. Fred Bergsten for the Peterson Institute for International Economics (PIIE) (June 2017). This policy brief explores the Trump administration's approach to the North American Free Trade Agreement (NAFTA) negotiations, along with what this approach may mean in practice. To download the full policy brief, please visit PIIE's [website](#).

BUILDING INCLUSIVITY IN CÔTE D'IVOIRE? PROMOTING SUSTAINABLE GROWTH THROUGH INFRASTRUCTURE DEVELOPMENT. Published by Chatham House (June 2017). This research paper looks at Côte d'Ivoire's economic trajectory, along with areas for improvement, such as in infrastructure investment, transparency and reduced bureaucracy, and youth employment. To download the full report, please visit Chatham House's [website](#).

STREAMLINING RULES OF ORIGIN IN NAFTA. By Caroline Freund for the Peterson Institute for International Economics (PIIE) (June 2017). This policy brief explores whether the rules of origin under North American Free Trade Agreement (NAFTA) should be revised, and if so in what way, to facilitate the development of more efficient regional supply chains. To download the full document, please visit PIIE's [website](#).

2016 IGF ANNUAL REPORT. Published by the International Institute for Sustainable Development (IISD) (June 2017). This annual report looks at the Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development (IGF) and how the various nations involved are working to incorporate sustainable development concerns into their respective mining sectors. To download the full report, please visit IISD's [website](#).

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