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UNITED STATES

Trump Begins Setting US Trade Policy Course During First Week in Office

The first week of Donald J. Trump's presidency of the United States has included both executive action and plans for meetings focused on trade, giving some early signals of the possible direction of the White House trade agenda and other policy priorities.

Trump took the oath of office on Friday 20 January, giving a brief yet heated [inaugural address](#) that called for pursuing an "America First" policy and claiming that the US of today is suffering from an "American carnage" that he attributed to an allegedly prolonged economic decay, excessive deference to foreign interests and needs, and heightened levels of domestic crime.

"We've made other countries rich while the wealth, strength, and confidence of our country has disappeared over the horizon. One by one, the factories shuttered and left our shores, with not even a thought about the millions upon millions of American workers left behind," he said at the time, with the remainder of the speech along similar themes.

TPP: US withdrawal

As one of his first acts in office, Trump issued a [presidential memorandum](#) to the US Trade Representative (USTR) on Monday 24 January, directing him to "withdraw the United States as a signatory of the Trans-Pacific Partnership (TPP), to permanently withdraw the United States from TPP negotiations, and to begin pursuing, wherever possible, bilateral trade negotiations to promote American industry, protect American workers, and raise American wages."

"It is the policy of my Administration to represent the American people and their financial well-being in all negotiations, particularly the American worker, and to create fair and economically beneficial trade deals that serve their interests," said the memorandum.

Trump made the TPP one of his major targets on the campaign trail last year, repeatedly calling it a "potential disaster" for the US. The 12-country accord had been

one of the Obama Administration's top priorities, both in terms of advancing trade rulemaking and in cementing deeper ties with the Asia-Pacific region.

Though the TPP negotiations were finalised and the Agreement signed almost exactly a year to the date of Trump's reversal, the deal proved to be a source of heated controversy with American politicians and the public, particularly throughout the electoral campaign. The nature and tone of the debate ultimately raised scepticism in some quarters over whether the current version could get ratified in Washington at all. (See Bridges Weekly, [11 February 2016](#))

Trump had already stated in November his plans to formalise a TPP withdrawal, though some of the other signatories continued moving forward with their own domestic ratification processes. Prior to this week's presidential memorandum, Australian officials were among those suggesting that the US might just need some additional time to get back on board.

Under the TPP, any signatories that wish to withdraw must notify the agreement's "depository," which is New Zealand. They must also notify other TPP members. Under the "Final Provisions" listed in TPP [Chapter 30](#), the withdrawal notification then kicks off a six-month window before the actual exit from the accord will take effect, though the deal's members can choose to proceed on a different timeframe.

The TPP's other signatories include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. After the presidential memorandum, some have indicated that they aim to find a way forward, even without the US.

"We've been having some preliminary discussions about how we might be able to capture within a new, reformulated TPP those gains [from the original deal], just less the United States," said Australian Trade Minister Steven Ciobo [in an interview](#) with CNN.

Mexican President Enrique Peña Nieto told CNN that his country would be looking into talking with other countries "to generate new bilateral trade accords with the other countries in this partnership." Meanwhile, a spokesperson for the Singaporean Ministry of Trade and Industry has suggested that since the TPP cannot take effect in its current form without the US, the Asian city-state will be looking to continue its involvement in other regional integration initiatives.

Chile, for its part, has also expressed an interest in moving forward even without the US, with Foreign Minister Heraldo Muñoz confirming plans this week to invite fellow TPP officials to a summit on next steps in March. Officials from two non-TPP members – China and South Korea – would also be invited, according to comments reported by Reuters.

NAFTA meetings, renegotiation plans

The coming days are also expected to see announcements over the planned renegotiation of the North American Free Trade Agreement (NAFTA), a decades-old trade deal between the US, Canada, and Mexico that similarly drew harsh criticism from Trump in the run-up to the November 2016 election.

The leaders of both Canada and Mexico have expressed an initial interest in upgrading the trilateral trade deal, with some meetings on the subject already in the pipeline. Trump is scheduled to meet with Mexican President Enrique Peña Nieto on 31 January.

The US-Mexico relationship was a recurring theme during Trump's campaign, with the business mogul calling repeatedly for the need to stem illegal immigration. The issue of migration and ensuring positive bilateral ties may come up next week between the two leaders, particularly after the news that Trump had issued another executive order this week

regarding the construction of a "border wall" between the two North American countries – another campaign trail promise.

The new US president is also expected to meet with Canadian Prime Minister Justin Trudeau in the near term, though an official date had not been announced at press time.

EU, UK relationships

Trump will also meet with UK Prime Minister Theresa May on Friday, for a discussion whose topics are reported to include the possibility of a bilateral US-UK trade deal once the latter country has finalised its Brexit negotiations with the European Union.

Despite this shared interest, the two leaders have given differing opinions on the merits of EU integration. While May has made clear that a strong, united EU remains in the United Kingdom's best interests, Trump has lately called the European bloc a "vehicle" for Germany and suggested that other member states could follow the UK's lead in exiting.

The new US president has given no public indication as to whether he will proceed with the Transatlantic Trade and Investment Partnership (TTIP) negotiations, an initiative between the US and the EU which also began under Barack Obama's tenure. European officials have indicated, however, that they expect those talks to remain on hold for some time.

Speaking to a Brussels audience on 24 January, EU Trade Commissioner Cecilia Malmström [reiterated](#) her past statements that the EU-US talks are likely to be "firmly in the freezer at least for a while." However, she downplayed the potentially negative implications this might have on advancing the EU's wider trade policy agenda.

"Even if the US is our most important partner, and a necessary one, the world is bigger than one country. Trump or no Trump, we have a long list of many others willing to deal with the EU, and about 20 more trade deals already in the pipeline," said the EU trade chief.

Controversial start and other steps

Along with the above-mentioned moves on trade, Trump has also taken a series of other executive-level steps on various aspects of American policy.

Trump's first days in office saw an overhaul of the White House website which saw the removal of the section on climate change in favour of a page detailing an "[America First Energy](#)" policy. The USTR website, as well as those of other agencies, have undergone similar changes. Trump has also issued presidential memoranda to restart work toward the construction of the [Keystone XL](#) and [Dakota Access](#) pipelines.

Construction on both projects had been blocked by Obama, citing environmental grounds. The Keystone XL decision had also been the subject of an investor-state dispute under NAFTA, which was launched last year by the TransCanada oil company that was behind the project. Whether the NAFTA dispute will continue in this new context was not yet clear at press time. While Trump has said that advancing the Keystone process will be subject to a renegotiation of terms and has insisted that the project use pipes made in the United States, the move has nonetheless been welcomed by Trudeau as a potential way to boost jobs. (See Bridges Weekly, [12 November 2015](#) and [14 January 2016](#))

ICTSD reporting; "TPP unravels: Where the 11 other countries go from here," CNN, 24 January 2017; "Mexico braces for confrontation with Trump team," FINANCIAL TIMES, 24 January 2017; "Trump Team in Talks with U.K. on Post-Brexit Trade Deal," BLOOMBERG, 22 January 2017; "Chile eyes new deals with Pacific trade pact members: minister," REUTERS, 23 January 2017; "Trump and Trudeau look 'forward to meeting soon' after Saturday phone chat," CBC NEWS, 21 January 2017; "Trudeau welcomes Trump's Keystone XL decision," CBC NEWS, 24 January 2017.

GLOBAL ECONOMY

Davos Meeting Wraps Up with Warnings Against Protectionism

The World Economic Forum's (WEF) Annual Meeting in Davos, Switzerland, wrapped up on Friday 20 January, capping several days of high-level speeches and meetings that dealt largely with how to deal with a perceived public backlash on globalisation and fears of mounting mercantilist pressures, among other topics.

The early days of the high-level gathering saw speeches from Chinese President Xi Jinping and then-US Vice President Joe Biden, both of whom focused in different ways on making the case for strong international collaboration and addressing the negative impacts from globalisation, rather than retreating from it. (See Bridges Weekly, [19 January 2017](#))

The later days of the conference saw speeches from UK Prime Minister Theresa May as well as various G-20 ministers, along with European Commission First Vice-President Frans Timmermans; International Monetary Fund (IMF) Managing Director Christine Lagarde; and new UN Secretary-General António Guterres.

Looming over the weeklong gathering was the transition of power in the United States, with Donald Trump taking office as the new president on Friday 20 January, the last day of the conference. In addition, the EU's ongoing difficulties in terms of wavering public support for integration also played a significant role in the speeches made in Davos.

Earlier during the week, Theresa May delivered a speech in London outlining her government's negotiating priorities for the Brexit negotiations, making clear that she [plans to seek](#) a free trade deal with the EU rather than trying to keep the UK in the single market.

May subsequently referred publicly to the Brexit plans, making a staunch case of UK's historical leadership and commitment to free trade and globalisation. The ongoing debate over the EU's future also played a significant role in Davos discussions, [officials say](#), including on how to improve ties between the EU as an institution and its individual member states.

Former European Parliament President Martin Schulz, who is expected to run against Angela Merkel for the chancellorship of Germany, was among those [making a case](#) in favour of strengthening the bloc rather than dismantling it.

"All Europeans together, we are less than five percent of world population, Germany less than one percent. Could somebody tell me how a single country in the worldwide competition in which we're living in, with perhaps a tendency to protectionism, could survive without the EU?" said Schulz.

Azevêdo, trade ministers warn against protectionism

Also on hand during the Davos gathering was WTO Director-General Roberto Azevêdo, who similarly tackled questions on how to move ahead in a world where the public is often wary of greater attempts at trade liberalisation and increased globalisation.

"I recognise fully the concerns about globalisation and the need to respond to those concerns," [said](#) Azevêdo to reporters. "The net positive effects of trade means nothing to someone who has lost his job, so we need better domestic policies to support people and get them back to work."

The WTO chief also warned against “talking ourselves into a crisis,” cautioning that protectionism and so-called “trade wars” would be job-destroying, while noting that even in such uncertain times there are various opportunities ahead.

Azevêdo also noted that he has not yet spoken to new US President Donald Trump, whose approach to trade policy so far has shown a significant shift in tone and style from his predecessor, former President Barack Obama. The WTO head said that he would need to speak with Trump’s Administration before even beginning to speculate on the future.

“Clearly, from what I have heard – I have not had direct contact with the new Administration yet – but from what I have heard they have concerns about the trade situation in many areas of the world. And that’s fair. Everybody does,” said Azevêdo.

During a Financial Times-sponsored [panel debate](#) with Azevêdo, Chinese influential economist and former Deputy Managing Director of the IMF Min Zhu called talk of a trade war between China and the US an issue of great global concern, quoting estimates of possible resulting losses of up to one-third of Chinese GDP growth per year and one-half for the US. Azevêdo appealed to the responsibility of all countries to resort to dialogue rather than unilateral action and reaction to avoid “talking ourselves into trade wars” of possible catastrophic consequences.

WTO mini-ministerial: protectionism concerns

Another key item on the Davos agenda was the standing annual WTO “mini-ministerial,” an informal meeting bringing together ministers or vice ministers from various WTO members.

Johann Schneider-Amman, the Swiss Federal Councillor who hosted the informal meeting, noted that ministers expressed concerns over protectionism and an interest in “substantive” outcomes at the WTO’s Eleventh Ministerial Conference (MC11) in Buenos Aires, Argentina, according to [personal concluding remarks](#) circulated after the meeting.

“Ministers underlined the need to build on the successes of the last two Ministerial Conferences and to deliver further incremental, yet substantive results at MC11 in Buenos Aires and beyond, with development at its centre,” said Schneider-Amman.

The areas where ministers expressed interest in additional work between now and December were certain aspects of domestic agriculture support, including the long-standing discussions on cotton; a permanent solution on public food stockholding; fish subsidies; domestic services regulation and services trade facilitation; special and differential treatment and issues of particular relevance to the WTO’s poorest members; and following up on other work that was mandated during the last ministerial.

Other issues also raised included e-commerce; micro, small, and medium-sized enterprises; non-tariff barriers; investment facilitation; market access; rules; and export restrictions.

The meeting included [ministers or senior officials](#) from Argentina, Australia, Benin as the coordinator of the Least Developed Countries (LDC) Group, Brazil, Canada, China, Costa Rica, Egypt, the EU, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Mexico, Morocco as the coordinator of the African Group, New Zealand, Nigeria, Norway, Pakistan, the Philippines, Russia, Singapore, South Africa, Switzerland, Thailand, Turkey, and the US.

ICTSD reporting; “WTO ministerial meeting,” SWISSINFO.CH, 20 January 2017; “Wall Street Meets May in Davos as Banks Plan Own Brexit,” BLOOMBERG, 19 January 2017; “The biggest stories from Davos 2017,” WORLD ECONOMIC FORUM, 20 January 2017; “‘This double game is destroying us’ – EU strikes back at its critics in Davos,” WORLD ECONOMIC FORUM, 19 January 2017.

AGRICULTURE

G-20 Agriculture Ministers Agree to Improve Food, Water Sustainability

Against a backdrop of growing international tension over trade, agriculture ministers from the G-20 coalition of major advanced and emerging economies agreed to improve the sustainability of water use in farming when they met in Berlin on Sunday 22 January.

"We commit to approaches that improve sustainability of water use in food and agricultural production while ensuring food security and nutrition in accordance with our multilateral trade commitments," said an [action plan](#) released by ministers in conjunction with a political [declaration](#).

The ministers also said they would continue implementing the 2030 Agenda for Sustainable Development, including the seventeen Sustainable Development Goals (SDGs) that were adopted by the United Nations in New York in 2015, and would push ahead with implementation of the Paris Agreement on climate change.

A [statement](#) from German Agriculture Minister Christian Schmidt underscored that agriculture lays the foundation for peace and security. "That makes agriculture part of global security policy," said Schmidt, who hosted the event as part of Germany's G-20 presidency.

The G-20 ministerial took place in the margins of the annual Global Forum for Food and Agriculture, which saw agriculture ministers and senior officials from 83 countries meet in Berlin and issue a separate [declaration](#).

Sources told Bridges that as the conference came immediately following the inauguration of new US President Donald Trump, Washington was represented at the event by a senior civil servant rather than by Sonny Perdue, the recently nominated US Secretary of Agriculture. Perdue has not yet been confirmed by the Senate.

What role for trade?

The ministers agreed that agricultural trade and investment could contribute towards sustainable development and food security.

"We recognise that strengthening agricultural trade and promoting responsible agricultural investment are important for progress towards sustainable agricultural development, food security and nutrition, and inclusive economic growth," the declaration said.

However, sources told Bridges that disagreement over agriculture talks at the WTO meant that the G-20 was reluctant to go into any depth on trade.

In their final communique, G-20 ministers committed to working "constructively with all WTO members with the objective of achieving progress in agricultural negotiations" by the global trade body's next ministerial conference. This gathering is scheduled to be held in Buenos Aires, Argentina, in December 2017.

At the WTO, agricultural exporting nations have been joined by members of the African and Least Developed Country groups in calling for the ministerial to agree to discipline policies that distort markets for food and agriculture, such as subsidies for farming and fisheries.

However, the US and China remain at loggerheads over how best to address farm subsidies, with each arguing that the other needs to commit to taking more meaningful action.

Combating resistance to antibiotics

G-20 ministers also agreed to take steps to tackle the growth of antimicrobial resistance, for example by analysing the risks associated with the use of antibiotics as growth promoters for livestock.

Antimicrobial resistance prevents medicines such as antibiotics from treating diseases effectively, as microorganisms evolve when they are exposed to the drugs used to treat them – making it harder to protect humans and animals from harmful illnesses.

Talks on the issue again brought forward latent trade tensions, with agricultural exporting countries in Latin America expressing caution about the proposed new commitments. Sources said that EU members had favoured strong new language on the topic.

Ministers eventually agreed on steps such as requiring treatment with antibiotics to be prescribed by veterinarians or other people who had first received appropriate training.

Sources told Bridges that the sensitivity of the issue had meant talks had progressed in successive spurts, with officials frequently having to call their capitals to consult chief veterinary officers on the proposals that were being made.

Information technology in farming

The G-20 ministers' action plan also instructs the group's agriculture deputies to consider recommendations on information and communication technology (ICT) that were put forward in a report by the United Nations Food and Agriculture Organization (FAO), with inputs from other international agencies.

When G-20 agriculture ministers met last June in Xi'an, China, they stepped back from earlier proposals to launch a new platform on information and communications technology. (See Bridges Weekly, [9 June 2016](#))

"We will strengthen our efforts to improve the ICT skills of farmers and farm workers via training, education, and agricultural extension services," said the action plan, which singled out in particular the needs of smallholders, women, and youth.

Taking stock of actions

G-20 agriculture ministers also agreed they would take stock of the actions they had launched since France held the group's presidency in 2011. With food prices unusually high and volatile at the time, the French G-20 presidency saw member countries agree to a swathe of initiatives of food security, ranging from measures to improve the transparency of market information in agriculture through to agreements on export restrictions affecting humanitarian food aid. (See Bridges Weekly, [9 November 2011](#))

Since then, while some G-20 hosts have moved to launch new initiatives or build consensus around particular ideas, others decided not to convene meetings of agriculture ministers at all during their presidency. At the Xi'an ministerial, the G-20 agreed for the first time that the group's agriculture ministers should meet regularly.

With the stock-taking exercise due to be carried out under the upcoming Argentine G-20 presidency, the Berlin declaration instructed the ministers' deputies to prepare terms of reference for the initiative beforehand.

ICTSD reporting.

PUBLIC HEALTH

WTO Members Make Permanent IP Rule Upgrade to Improve Access to Medicines

A long-awaited revision to the World Trade Organization's intellectual property (IP) rules was made permanent on Monday 23 January, formalising an existing waiver aimed at allowing the organisation's poorest members to have easier access to cheaper, generic versions of medicines produced abroad.

At issue in the [amendment](#), known also as the TRIPS protocol, is the topic of compulsory licensing – in other words, when a government allows another actor to make a version of a patented good even without the right holder's permission – with regards to the production of generic drugs. This is addressed under Article 31 of the TRIPS Agreement.

Under WTO rules, this compulsory licensing is meant for the production of that good to serve the home market, rather than for export, along with being subject to other conditions. However, the TRIPS protocol is meant to ensure that poorer countries which may lack the capabilities to produce their own medicines themselves can buy these generics from foreign markets, rather than being limited only to what can be manufactured domestically.

The protocol was finally confirmed after enough of the global trade body's members had submitted their ratifications. Under WTO rules, this threshold requires two-thirds of the organisation's membership.

Over a decade in the making

The process to add this amendment to the WTO's Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) dates back well over a decade.

When WTO members adopted the [Doha Declaration on the TRIPS Agreement and Public Health](#) in 2001, they directed the organisation to help address the problems that "WTO members with insufficient or no manufacturing capacities in the pharmaceutical sector could face" when trying to use the compulsory licensing described under global trade rules.

This led to the development of a waiver which was put in place from 2003, known as the "Paragraph 6 decision" after this section of the Doha Declaration. The global trade body's members have been working to transform this waiver into the above-mentioned permanent amendment since late 2005.

Health benefits, legal clarity

The effort to transform the 2003 waiver and subsequent 2005 decision into a permanent change to WTO rules has several benefits, proponents say, including providing a level of legal clarity and certainty for all parties involved. Having ensured the option of buying these generics can make it easier to buy affordable drugs that treat a host of diseases that especially afflict some developing nations, from HIV/AIDs to malaria.

"It gives legal certainty that generic medicines can be exported at reasonable prices to satisfy the needs of countries with no pharmaceutical production capacity, or those with limited capacity," said WTO Director-General Roberto Azevêdo in welcoming the news.

Public health officials similarly lauded the development as a positive step both for tackling disease and also for affirming the value that trade policy can have in addressing public policy priorities, when crafted appropriately.

"[The amendment] reinforces the importance of health in the formulation of international trade policies," said World Health Organization (WHO) Director-General Margaret Chan in a [video statement](#).

The WHO chief noted, however, that much more needs to be done in this field, stating that helping developing countries make the most use out of the TRIPS Agreement's built-in flexibilities is just one part of a much larger puzzle to solve.

"We are a long way from reaching global equity in access to essential medicines, especially at a time when the costs of some new treatments are unsustainable, even in the richest countries in the world," said Chan.

According to a 30 November 2015 decision adopted by the General Council, the period of time for the remaining WTO members to adopt this protocol will continue through the end of this year, unless this timeframe is extended during the upcoming ministerial conference.

A report issued last year by the UN Secretary-General's High-Level Panel on Access to Medicines had called for WTO members to adopt the waiver and permanent amendment. It also said they should "revise the paragraph 6 decision in order to find a solution that enables a swift and expedient export of pharmaceutical products produced under compulsory license" and warned against any industry or government pressure that might make it harder for developing countries to use TRIPS flexibilities.

The report was commissioned under Ban Ki-moon, who was Secretary-General at the time. (See Bridges Weekly, [22 September 2016](#))

TFA news forthcoming?

Also on the horizon for the WTO is the expected entry into force of the Trade Facilitation Agreement (TFA). While the TRIPS amendment marks the first time that the WTO's rules have been officially changed, the TFA marks the first-ever global trade agreement reached since the Geneva-based organisation opened its doors in 1995.

The TFA, which was agreed at the organisation's 2013 Bali ministerial conference, is now two ratifications shy of reaching the two-thirds ratification threshold. To date, 108 ratifications have been submitted.

The accord aims to make it easier for goods to cross borders, such as by improving cooperation between customs authorities and otherwise easing burdensome border procedures. Like the TRIPS amendment, the TFA also has a development-related component, specifically in that developing country members can choose which provisions they put into place straight away, as opposed to which ones require technical assistance and/or a transition period.

In remarks to the International Forum for National Trade Facilitation Committees, the WTO Director-General highlighted the potentially "transformative" nature of the agreement's benefits as members move into the implementation stage.

"Our research shows that the manner of implementation is key. The more extensive and rapid the implementation is, the greater the benefits will be for everyone," said Azevêdo.

ICTSD reporting.

TRADE AGREEMENTS

CETA Clears Ratification Hurdle with EU Parliament Trade Committee Backing

The proposed Comprehensive Economic and Trade Agreement (CETA), a free trade agreement negotiated between Canada and the EU, acquired the support of the European Parliament's trade committee (INTA) on Tuesday 24 January, advancing one step closer towards ratification of the deal.

The recommendation was approved by INTA during a two-day meeting of the committee. The vote passed by a margin of 25 votes to 15, with one abstention, allowing for the transmission of the accord to the full European Parliament plenary. The 751-member legislative body is expected to vote on its entry into force in Strasbourg next month.

Non-binding opinions have also been adopted in additional committees in recent months, yielding an affirmative vote from the environment, public health, and food safety (ENVI) committee, but a negative outcome from the committee on employment on social affairs (EMPL), with the latter citing concerns over potential job losses in some sectors. (See Bridges Weekly, [19 January 2017](#))

The planned agreement, aimed at boosting trans-Atlantic trade in goods and services and investment flows, has elicited mixed responses since negotiations were concluded. It encountered vocal opposition from the Belgian region of Wallonia before it was ultimately signed in October 2016, specifically with regards to the replacement of the investor-state dispute settlement (ISDS) mechanism with a new Investment Court System. (See Bridges Weekly, [3 November 2016](#))

The deal also contains provisions on e-commerce, competition, intellectual property, government procurement, and dispute settlement, with detailed labour, environment, and sustainable development [chapters](#), promising to cut 99 percent of tariffs once fully implemented. Tariffs on public services, transport services, and certain agricultural products are not included in the scope of the agreement.

Proponents of the deal have said that it can provide a useful response to the public backlash in some quarters regarding the potential negative effects of trade liberalisation and globalisation – a topic that has increased in resonance following the US presidential election and the UK's Brexit referendum.

"By approving CETA today we take a significant step forward. In the face of rising protectionism and populism, Parliament is able and willing to act on behalf of European citizens. I stand for a strong and global Europe and for open markets," [said](#) Artis Pabriks of Latvia, the European Parliament's rapporteur for the CETA agreement, prior to the committee outcome.

Chrystia Freeland, the new Canadian Minister for Foreign Affairs as of 10 January, noted the CETA's symbolic weight in an [address](#) to the Toronto Region Board of Trade in December.

"Let's reflect for a minute on how astonishing it is in 2016 the year of Brexit, the year the president-elect of the United States has done a YouTube video saying one of his first jobs is to tear up the [Trans-Pacific Partnership], that we are actually getting done probably the deepest trade agreement in our history with an economic grouping of half a billion people," said Freeland at the time.

The EU ranks as Canada's second largest trading partner, where EU imported goods from Canada amounted to €28.3 billion (US\$30.4 billion) and exported goods to €35.2 billion (US\$37.8 billion) in 2015, figures that are projected to increase by over 20 percent upon full implementation of the accord.

Assuming Freeland's previous post, François-Philippe Champagne has been named the new Canadian Trade Minister and will be responsible for heading the implementation of CETA. Champagne, referring to himself as "chief marketing officer" for the merits of international trade, has identified CETA's swift entry into force as a top priority, and is [quoted](#) as saying, "this is my priority number one, two and three – CETA, CETA, CETA."

"CETA will also provide a strong foundation for Canada and the EU to demonstrate leadership on an inclusive, progressive approach to global trade," he added.

In Canada, implementation bill C-30 is undergoing parliamentary consideration. (Freeland assumed a hopeful note for the outlook in Canada in December, stating that "[CETA] still needs to be ratified by the European Parliament and I'm counting on European diplomats to be sure that happens. I'm counting on you guys. We're confident of ratification here in Canada." See Bridges Weekly, [1 December 2016](#))

Next steps

The agreement is now pending consideration by the full European Parliament in the February plenary, along with completing the domestic approval procedures in Canada. Should approval be secured, most sections of the deal could apply provisionally starting from April 2017.

CETA's mixed agreement status, with its subjects falling under either EU or member state competences, means that it will also need to be ratified by the national and – where relevant – regional parliaments of the 28-nation bloc for full entry into force. (See Bridges Weekly, [7 July 2016](#))

ICTSD reporting; "Canada-EU trade agreement clears two more hurdles in Europe," CBC NEWS, 12 January 2017; "CETA a bright light against a protectionist world, says Chrystia Freeland," CBC NEWS, 31 October 2016; "European Parliament's trade committee endorses Canada's free trade deal," CBC NEWS, 24 January 2017; "Former engineering exec handed international trade in cabinet shuffle," DCN NEWS SERVICES, 16 January 2017; "Optimism Emerges in Canada in Spite of Trump's TPP, Nafta Moves," BLOOMBERG, 24 January 2017; "Canada PM Justin Trudeau shuffles key Cabinet ministers," BBC NEWS, 11 January 2017; "Freeland is hanging on to the Canada-U.S. trade file," IPOLITICS, 10 January 2017.

AGRICULTURE

US Reports Major Shift in Farm Subsidy Focus Under 2014 Farm Bill

Washington's first official report to the WTO on its farm subsidy spending since the 2014 Farm Bill shows a major shift in the type of trade-distorting support that the US provides.

While the total amount of trade-distorting support remains almost unchanged, at US\$14 billion, the figures show a twenty-fold increase in subsidies that are not directed specifically at particular products but which still distort trade. (See Bridges Weekly, [2 June 2016](#))

Sources told Bridges that new subsidised crop insurance schemes were likely behind a US\$8 billion increase in support in this category. These were all classified as "de minimis" payments at the WTO, which are allowed so long as they do not exceed a threshold of five percent of the value of production.

In particular, the US was using this category to report subsidised revenue insurance under the Agricultural Risk Coverage (ARC) programme and subsidised crop insurance under the Price Loss Coverage (PLC) scheme, sources said.

"Most ARC and PLC payments were notified as non-product specific amber support," said Joseph Glauber, senior research fellow at the International Food Policy Research Institute (IFPRI), in comments emailed to Bridges.

Farm Bill in practice

The surge in "de minimis" payments was matched by a corresponding decline in domestic support that was notified as counting towards Washington's ceiling on highly trade-distorting "amber box" subsidies, the data showed.

Amber box payments reached almost US\$4 billion, the notification showed – down sharply from the US\$7 billion reported in 2013. (See Bridges Weekly, [2 June 2016](#))

Sugar was among the products benefitting from this type of product-specific support in 2014, the new data shows – with the US notifying US\$1.5 billion in amber box payments to this product.

Other products, such as dairy, saw notified support levels fall in the wake of reforms introduced in 2014, Glauber told Bridges.

Some observers expect that the US notifications from 2014 onwards will report an increase in trade-distorting farm support payments, as the Farm Bill was drafted at a time when agricultural commodity prices were projected to remain high in the years ahead.

"Those assumptions have not turned out to be realistic or correct," said Eric Muñoz, Senior Policy Advisor for Agriculture and Food Security at Oxfam America.

Farm subsidies loom over Buenos Aires ministerial

The US has agreed to respect an upper limit of US\$19 billion in amber box subsidies, under commitments made over 20 years ago as part of the WTO's Agreement on Agriculture.

While amber box support in 2014 was far below this legal ceiling, total trade-distorting support was very close to the US\$14.5 billion limit that was proposed in 2008 as part of the WTO's Doha Round of talks on trade.

This would have established a new cap on all forms of trade distorting farm support, composed of amber box payments, de minimis support, and production-limiting payments under the "blue box" – a category of payments which the US has not used since 1995.

Most WTO members want to update existing rules on agriculture, trade officials have said – with the organisation's ministerial conference in Buenos Aires this December widely seen as a potential opportunity to do so. (See Bridges Weekly, [24 November 2016](#))

Domestic food aid: help for low-income individuals and families

The US also provided US\$125 billion in payments that were classified as causing no more than minimal trade distortion under WTO rules – dubbed "green box" payments under the Agreement on Agriculture.

Of these, domestic food aid represented the lion's share of outlays, accounting for US\$102 billion in support. The Supplemental Nutrition Assistance Program, which is the food stamp scheme intended to help low-income individuals and families purchase food, alone counted for US\$76 billion of this category.

The government indicated that another US\$10 billion was spent on "general services" that are also seen as green box compliant under WTO rules, such as research, along with animal and plant inspection services.

Under this category, Washington also reported that US\$1.4 billion was spent on administrative and operating reimbursements to insurers.

Subsidy comparisons

The US\$14 billion that Washington provided in trade-distorting farm support in 2014 suggests that the US is second in the list of countries providing the most subsidies, a position shared with Japan. However, substantial delays in reporting current data hamper efforts to make meaningful comparisons across countries on the basis of their most recently reported figures.

China has indicated that its trade-distorting subsidies amount to ¥123 billion (US\$18 billion) in 2010, while Japan has said it provided ¥1140 billion (US\$14 billion) in 2012. (See Bridges Weekly, [13 May 2015](#) and [10 April 2014](#))

In contrast, farm subsidy reforms in the EU have meant that the bloc's reported trade-distorting support has fallen significantly in recent years. Brussels has indicated that, in the 2012-13 marketing year, the EU's trade-distorting farm subsidies amounted to just €6 billion (US\$7.7 billion). Similarly, Russia reported that it provided ₺190 billion (US\$5 billion) in 2014. (See Bridges Weekly, [12 November 2015](#) and [4 May 2016](#)).

Other emerging economies have indicated they provide lower levels of support, with India reporting spending of just US\$2 billion in 2010-11. (See Bridges Weekly, [18 September 2014](#)) This figure nonetheless excludes input and investment subsidies for low-income farmers, which amounted to US\$29 billion in the same period: developing countries can exempt these from subsidy ceilings under current WTO rules.

Meanwhile, agricultural trading giant Brazil has said it also provided just US\$2 billion in trade distorting subsidies in the 2014-15 marketing year. (See Bridges Weekly, [3 November 2016](#))

ICTSD reporting.

TRADE AGREEMENTS

Australia, UK Explore Options to Deepen Trade Ties

Exploratory discussions between the UK and Australia for a post-Brexit trade deal are expected to continue this week, media reports suggest, with some officials noting that migration will likely be an area of interest during the talks.

The two sides already confirmed late last year their plans to establish a working group to begin scoping out options for a future bilateral free trade agreement (FTA) once the UK exits the EU. (See Bridges Weekly, [7 September 2016](#))

According to Alexander Downer, Australia's High Commissioner to London, Canberra's substantive expectations for the potential FTA with London will include a more relaxed immigration deal for Australian workers.

"We would want to see greater access for Australian businesspeople working in the UK and that's often been a part of free trade negotiations – it hasn't always been by the way, but it's often been part of our free trade negotiations," Downer told BBC Radio 4's Today programme.

In terms of present immigration rules, Australians entering the UK for work must obtain a tier two visa, which allows them to stay in Britain for a maximum of five years and 14 days. In order to qualify for this visa, Australians must have a skilled job in the UK, a certificate of sponsorship from their employer and a minimum of £945 (€1108 at today's exchange rates) in savings.

Furthermore, Australians [need to demonstrate](#) that they will be earning an "appropriate" salary, which is usually at least £25,000 (€29,308 at today's exchange rates), or the appropriate rate for the job offered.

Downer has suggested that an agreement could be reached equally quickly with the UK, though this will depend on its structure, content, and approach. Downer said that Australia has already provided the UK with a scoping paper on possible FTA parameters.

Deepening ties

Australian Treasurer Scott Morrison stated in a [media release](#) that "as trading nations, [Australia and the UK] have both benefited from globalisation. Indeed, Australia's total trade with the UK was worth around A\$27 billion in 2015-16, with Australian exports worth around A\$12 billion and our imports from the UK around A\$15 billion."

Morrison will be among the officials in the UK this week for trade and investment-related discussions.

UK Prime Minister Theresa May reaffirmed this week that boosting trade ties with Australia is among her government's priorities, describing the Oceanic nation as one of the key players in its "outward-looking" post-Brexit trade agenda.

May has emphasised on various occasions that the UK purports to be a global leader in free trade, [telling an audience](#) at the World Economic Forum's Annual Meeting in Davos that her government will be seeking new trade deals with various other international partners.

Australia has also committed to lending knowledgeable trade experts to facilitate the UK's post-Brexit trade negotiations, considering that the UK's trade policy has been conducted by the EU for decades.

Lord Price, who serves as the UK's Minister of State at the Department of International Trade, [said in November](#) that "the UK and Australia share a strong commitment to global trade liberalisation and we will continue to work with other like-minded partners to be at the forefront of championing the global benefits of open markets and free trade."

While the UK cannot finalise any foreign trade deals until after the Brexit talks are completed, officials suggest that such exploratory discussions can help ensure a prompt transition into post-Brexit bilateral agreements with selected international partners.

ICTSD reporting; "Australia to seek UK migration deal in Brexit trade talks," THE GUARDIAN, 21 January 2017; "Australian negotiators arrive to begin post-Brexit trade talks," THE TELEGRAPH, 8 October 2016; "Commission warns UK: Keep trade talks informal," POLITICO, 23 January 2017; "Australia to open trade deal talks with UK ahead of Brexit," IRISH TIMES, 22 January 2017.

EVENTS & RESOURCES

Vacancies

ICTSD - MULTIMEDIA OFFICER. The International Centre for Trade and Sustainable Development (ICTSD) is hiring for a full-time multimedia officer. The job duties will cover areas such as supporting and developing ICTSD's website and digital products, along with other duties relating to video production and publications. For a full description of the job responsibilities and desired candidate profile, please visit the [ICTSD jobs page](#).

Events

Coming Soon

26 January, The Hague, Netherlands. HELF LECTURE "TRADE AND SUSTAINABILITY: CETA DISSECTED." This event is being organised by the T.M.C. Asser Instituut and will focus on the EU-Canada Comprehensive Economic and Trade Agreement (CETA), which was signed in late 2016 and is now in the ratification process. Discussants will review the deal's potential trade implications, including the topics of regulatory cooperation and investment dispute settlement. More information and registration details are available at the event [website](#).

27 January, Geneva, Switzerland. TRADE AND THE NEW CLIMATE REGIME: CHARTING A POSITIVE PATH. This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) with the aim of exploring how trade policy can help support the implementation of the Paris Agreement on climate change, while also discussing how to ensure that the steps taken toward tackling the climate challenge are supportive of an open, sustainable economic system. To learn more and to register, please visit the ICTSD [website](#).

5 February, Geneva, Switzerland. KEY POLICY OPTIONS FOR THE G20 TO SUPPORT INCLUSIVE INTERNATIONAL TRADE AND INVESTMENT. This event is being organised jointly by the International Centre for Trade and Sustainable Development (ICTSD), the German Development Institute (Deutsches Institut Für Entwicklungspolitik), and the T20 Task Force on Trade and Investment. The objective is to discuss and develop a forward-looking set of ideas to transmit to the G-20 Trade and Investment Working Group (TIWG) and the Hamburg Summit being held in June, along with future events on these policy issues later down the road. Please note that this is an invitation-only event. For additional details on the topics of discussion, please visit the ICTSD [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.

27 January: Trade Policy Review Body

27 January: Committee on Trade and Development

30 January: Council for Trade-Related Aspects of Intellectual Property Rights

31 January: Working Party on the Accession of Sudan

Other Upcoming Events

9 February, Geneva, Switzerland. DRIVING CLEAN ENERGY TECHNOLOGIES THROUGH TRADE POLICY. This event is being organised jointly by the International Centre for Trade and Sustainable Development (ICTSD) and the World Energy Council. This dialogue will feature a discussion relating to global value chains and non-tariff measures in the context of clean energy and energy efficiency, placing these topics and others in the broader context of how trade policy can be used to support greater clean energy supply. To learn more and to register, please visit the ICTSD [website](#).

23 February, Geneva, Switzerland. WHAT NEXT – AFTER BREXIT? This event is being organised by the Graduate Institute of International and Development Studies and The Europaeum university network. The guest lecturer will be William Hutton, the Principal of Hertford College at Oxford University and the Chair of the Oxford Europaeum Group. The discussion will focus on what Brexit and other recent international political developments could mean for policy areas such as trade. More information and registration details are available [here](#).

27 February – 3 March, Geneva, Switzerland. INTERGOVERNMENTAL COMMITTEE ON INTELLECTUAL PROPERTY AND GENETIC RESOURCES, TRADITIONAL KNOWLEDGE AND FOLKLORE. This committee meeting at the World Intellectual Property Organization (WIPO) will focus on advancing discussions and negotiations on protecting traditional cultural expressions, as part of a larger effort on potentially developing international instrument(s) in this area as well as traditional knowledge and genetic resources. More information about the event, including a draft agenda and details about webcasting, can be found at WIPO's [website](#).

20-24 March, Washington, US. LAND AND POVERTY CONFERENCE 2017: RESPONSIBLE LAND GOVERNANCE – TOWARDS AN EVIDENCE-BASED APPROACH. This event will mark the World Bank's 18th annual conference on the subjects of land and poverty, examining the latest developments in the sector with a particular focus on supporting reforms with the use of data. The expected audience includes representatives from the public and private sectors, as well as academia and civil society. More information is available at the World Bank [website](#).

2-3 May, Yokohama, Japan. GLOBAL THINK TANK SUMMIT 2017. This event is being organised by the Asian Development Bank Institute (ADBI) and the Think Tanks and Civil Societies Program (TTCSP) of the University of Pennsylvania. The event objective is to bring together policy makers and think tank representatives to discuss a series of policy topics. The gathering will be held immediately before the Asian Development Bank's (ADB) annual meeting. Please note that this is an invitation-only event. More information is available at the ADB [website](#).

Resources

ADAPTING TRANSPORT TO CLIMATE CHANGE AND EXTREME WEATHER: IMPLICATIONS FOR INFRASTRUCTURE OWNERS AND NETWORK MANAGERS. Published by the Organisation for Economic Co-operation and Development (OECD) (2016). This new publication provides an overview of the implications of the climate challenge for infrastructure owners, specifically in the transport sector. The paper is available for download [here](#).

TRADE IMPACTS OF AGRICULTURAL SUPPORT IN THE EU. By Alan Matthews, Luca Salvatici, and Margherita Scoppola for the International Agricultural Trade Research Consortium (2017). This new paper examines EU agricultural policies, both domestically and in relation to trade, along with projecting what these may mean for subsequent negotiations on updating both the bloc's domestic and international approaches to this subject. The paper can be accessed [here](#).

NAVIGATING NON-TARIFF MEASURES: INSIGHTS FROM A BUSINESS SURVEY IN THE EUROPEAN UNION. Published by the International Trade Centre (ITC) and the European Commission (December 2016). This joint survey draws on thousands of interviews of EU exporters in an effort to determine the type and extent of non-tariff measures (NTMs) that these face both domestically and abroad. The full paper is available for download [here](#).

TRUMP'S NEW TRADE INITIATIVES. Published by the Peterson Institute for International Economics (January 2017). This video interview of Peterson Institute Senior Fellow Gary Clyde Hufbauer looks into what US President Donald Trump's stated plans to renegotiate the North American Free Trade Agreement (NAFTA) and withdraw from the Trans-Pacific Partnership (TPP) could mean for regional trading partners. The video can be viewed [here](#).

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