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WORLD TRADE ORGANIZATION

WTO Conference Chair
Malcorra Urges Members to
Prepare for Post-Buenos Aires
Work.....1

TRADE AGREEMENTS

US Announces Move to Bar
Timber Imports from Peruvian
Company, Citing Illegal Logging
Concerns.....5

EUROPEAN UNION

EU Leaders Prepare for 2018,
Eyeing Next Steps on Economic
and Digital Integration7

CARBON MARKETS

Carbon Markets: EU ETS
Reform Efforts Press On, NZ
Aims for Net Zero Emissions by
205010

TRADE AGREEMENTS

TPP-11 Negotiators Prepare for
Last Push After NZ, Japan
Electoral Processes Conclude12

GOVERNMENT PROCUREMENT

GPA Accessions: Australia
Nears Finish Line, Revised Offer
from China Forthcoming.....14

EVENTS & RESOURCES

Events16

Resources19

WORLD TRADE ORGANIZATION

WTO Conference Chair Malcorra Urges Members to Prepare for Post-Buenos Aires Work

Susana Malcorra, the Argentine minister who will chair the WTO's upcoming ministerial conference in Buenos Aires, told negotiators in Geneva last week that fisheries subsidies and agriculture remain high on the agenda for the December meeting, while reminding them that issues that do not yield concrete deliverables at the event should still be addressed by countries afterward.

"There is life after Buenos Aires," she [told](#) a meeting of ambassadors and other officials at WTO headquarters on 19 October, at which she reported back on the mini-ministerial gathering held in Marrakesh, Morocco ten days earlier. (See Bridges Weekly, [12 October 2017](#))

Malcorra told delegates that a combination of results at the ministerial conference and a process for dealing with outstanding questions could allow "almost everything" to be dealt with by ministers.

While suggesting that members were most likely to be able to reach agreement on disciplining harmful fisheries subsidies at Buenos Aires, Malcorra said agricultural issues are also high on the conference agenda. She identified public food stockholding, trade-distorting farm subsidies, and cotton as three key topics in those negotiations.

Malcorra also noted ministerial-level discussions in Marrakech on e-commerce, services, small and medium-sized enterprises, and women's economic empowerment, reflecting ongoing discussions in Geneva and elsewhere among WTO members and member groups.

Her comments were reaffirmed by WTO Director-General Roberto Azevêdo this week, when he [addressed](#) heads of delegation at a meeting in Geneva on 24 October.

Azevêdo cautioned that while some negotiating advances have been made, gaps remain significant in many areas, calling upon members to be "mindful" of the state of play.

"Given this situation, I think that members will soon have to decide which issues can be brought forward, for ministers' consideration at the Conference – and which issues are not advancing fast enough to be resolved by that time," he said, calling on members to show both "flexibility and pragmatism."

Agriculture: Move to text-based talks

Trade sources told Bridges that negotiators have lately called for talks on agriculture to move into a text-based phase, following a spate of new proposals at the global trade body. (See Bridges Weekly, [19 October 2017](#))

Delegates argued in favour of the new approach at an informal agriculture negotiating session convened at the end of last week by the chair of the WTO farm trade talks, Kenyan ambassador Stephen Karau. At the meeting, which was open to all members, the chair also reported back to members on the results of his consultations to date.

Text-based talks are already gearing up in the separate negotiating area of fisheries subsidies, following the recent release of a 13-page informal document based on the proposals tabled so far. Negotiators working on this issue are due to meet again next week. (See Bridges Weekly, [19 October 2017](#))

Trade sources said that Karau is now set to convene a series of intensive small-group meetings with key countries in a bid to identify areas of consensus and continuing disagreement in the agriculture talks.

"We do not have the luxury of time to discuss possible outcomes that remain elusive. We must concentrate our discussions on outcomes that can realistically be achieved," Karau told members last week, according to a copy of his remarks seen by Bridges.

Agriculture positions still entrenched

Positions nonetheless remained far apart on key topics such as agricultural domestic support and public stockholding, sources said.

New negotiating proposals from the African, Caribbean, and Pacific (ACP) group and the C-4 group of West African cotton-producing countries have amplified earlier calls from China and India for developed countries to end their existing WTO entitlements to trade-distorting "amber box" subsidies, while preserving flexibilities for developing countries to provide similar types of support to their own farm sectors. (See Bridges Weekly, [19 October 2017](#) and [20 July 2017](#))

Those developed countries which maintain highly subsidised and protected farm sectors have said these calls are unrealistic. The G-10 group, which includes Japan, Norway, and Switzerland, have said that any new cuts or ceilings must account for their existing policy frameworks.

At the same time, agricultural trading giants such as the US have emphasised that growing levels of trade-distorting support in large developing countries such as China and India mean that Beijing and New Delhi should also agree to lower ceilings as part of any eventual deal.

A July proposal from the EU, Brazil, and three other Latin American countries sought to link proposals on farm subsidy cuts with a separate but related question concerning how WTO rules on agriculture affect developing countries' ability to buy food at subsidised prices, as part of their public stockholding programmes for food security. (See Bridges Weekly, [20 July 2017](#))

However, sources told Bridges that China and India see little benefit in the approach being favoured by the EU and Brazil, and also object to the negotiating linkage being made between farm subsidy rules and public stockholding.

Farm exporting countries suggest alternative approach

A new submission last week from New Zealand, Australia, and other competitive agricultural exporting countries sought to break the deadlock by putting forward a new approach based on limits to trade-distorting support that are based on a fixed monetary value, instead of floating limits based on the value of agricultural production, favoured by the co-sponsors of the EU-Brazil proposal.

One delegate from the G-33 group of countries with large populations of smallholder farmers told Bridges that the New Zealand paper represents a "middle way" in the negotiations.

Sources also told Bridges that the US welcomed the submission as a potential contribution to negotiations on agricultural domestic support after Buenos Aires. The US has previously said that it is "sceptical" of seeing major negotiated outcomes at the ministerial.

The new approach was reportedly also welcomed by countries from the G-10 group, which acknowledged the exporting countries' efforts to find ways to build consensus in the talks.

Others said that some negotiators favoured how the New Zealand approach offered various options for countries to choose from, instead of imposing a "one-size-fits-all" approach.

However, sources also said that many countries were still evaluating the proposal and had only been able to offer preliminary reactions at the meeting last week.

A trade official familiar with the proposal cautioned that political rather than technical considerations could still hamper progress towards agreement ahead of the ministerial.

Looking beyond Buenos Aires

One trade source said that negotiations on agricultural market access issues were now likely to be addressed only after the Buenos Aires ministerial conference. Although Paraguay and Peru have put forward proposals in this area, many other countries have been reluctant to engage on the subject. (See Bridges Weekly, [8 June 2017](#))

Similarly, several sources told Bridges that dedicated talks on a special safeguard mechanism for developing countries may need to continue after Buenos Aires.

The G-33 coalition has argued in favour of allowing developing countries to apply an additional safeguard duty on agricultural goods as a temporary measure to protect domestic producers from sudden import surges or price depressions, but agricultural exporters have consistently linked to the issue to the question of improvements in market access.

WTO members might also agree to address proposals to improve transparency on the use of agricultural export restrictions, and to refrain from applying these measures to humanitarian food aid purchases, sources said. Singapore has advanced a proposal in this area, although negotiators told Bridges that progress here would more likely be part of a broader package. (See Bridges Weekly, [27 July 2017](#))

Negotiations were still continuing over the extent to which members would be able to address concerns around agricultural domestic support and the separate but related topic of public stockholding, sources told Bridges. Issues that could not be resolved by the time of the ministerial would need to be addressed as part of a future work programme.

Along with the limited time remaining between now and Buenos Aires – as well as the significant technical and political work remaining in other negotiating areas – another looming challenge is the continued impasse in addressing Appellate Body vacancies, which Geneva trade officials confirmed this week is still ongoing.

Various WTO members have repeatedly raised concerns over the US move to block the start of selection processes to fill these seats, including at a meeting earlier this week of the organisation's Dispute Settlement Body (DSB), with some reportedly warning that this issue could become a worrisome distraction from the negotiations in Buenos Aires.

Along with continued meetings of the various negotiating groups, another key meeting on the agenda is that of the WTO's General Council, the highest-level meeting outside the ministerial conference, which is set to convene on 26 October.

ICTSD reporting.

TRADE AGREEMENTS

US Announces Move to Bar Timber Imports from Peruvian Company, Citing Illegal Logging Concerns

The US is set to use a provision in its trade accord with Peru to bar entry to imported timber from Inversiones La Oroza, a Peruvian exporter, according to an announcement from the Office of the US Trade Representative last week.

In taking the “unprecedented” step, the US agency touted it as an effort to tackle illegal logging head-on, citing the results of a previous examination by Peruvian officials and independent authorities. That probe aimed to verify whether this specific company had been in violation of the South American country’s rules on harvesting and trading timber.

“Illegal logging destroys the environment and undermines US timber companies and American workers who are following the rules. We will continue to closely monitor Peru’s compliance with its obligations under our trade agreement,” said US Trade Representative Robert Lighthizer in making the [announcement](#).

The statement confirmed that this measure would be in place for at least three years, though this could be shortened if the “Interagency Committee on Trade in Timber Products from Peru” – a panel chaired by a USTR official and featuring participants from various other US agencies – deems that the exporter in question has taken the necessary steps to resolve the problems.

The action was touted by US trade officials as a sign of the current administration’s commitment to trade enforcement; however, the concerns are not new, with the original verification process requested by the previous administration of President Barack Obama.

Over a year ago, then-US Trade Representative Michael Froman sent a [letter](#) to Peruvian officials asking for verification regarding whether a timber shipment by Inversiones La Oroza was indeed compliant with relevant local laws and regulations.

The shipment at issue, from 2015, along with the various supply chain steps involved, faced a review by several local agencies, including [OSINFOR](#), an independent body charged with overseeing the Peruvian forest sector and wildlife. Peru set up OSINFOR in 2009, with the creation of the agency [spurred in part](#) by the trade accord’s forest provisions.

“This verification process highlighted, in particular, ongoing challenges to ensuring timely enforcement of Peruvian forestry laws throughout the timber supply chain,” said a subsequent August 2016 [statement](#) from the Interagency Committee on Trade in Timber Products from Peru.

Trade, biodiversity, and jobs

Since 2009, Washington and Lima have had a trade promotion agreement in place that slashed tariffs on a host of manufactured and agricultural products, along with improving services market access and including chapters on topics ranging from intellectual property to investor protections to labour rights.

Notably, it also featured both an [environment](#) chapter and a related “forest annex,” with the stated goal of addressing illegal logging and wildlife trade, along with fostering improved governance of their respective forests.

The environment chapter and the forest annex are both legally binding, with parties able to use the deal's dispute settlement provisions to address concerns if necessary. The annex itself committed Peru to taking a series of forest-related actions within 18 months of the trade accord's taking effect, including putting in place legal penalties for violations of domestic laws on timber harvest and trade, as well as for anything that would "impede or undermine the sustainable management of Peru's forest resources."

Among other measures, the annex also outlined how both sides would cooperate for verifying and auditing any potential violations of timber-related laws, both in terms of harvest and export. It also set out what steps Washington can take in response to a finding of an illegal timber shipment – such as blocking the shipment itself from entering the United States.

A wide stretch of Amazonian forestland is found within Peru's borders, with the Andean nation surpassed only by Brazil in this respect. These forests are credited with providing a rich source of biodiversity and a carbon sink, along with being responsible for hundreds of thousands of domestic jobs.

However, the [WWF](#) places the level of illegal logging within Peru at 80 percent, with the rate of deforestation having harmful implications for greenhouse gas emissions, livelihoods, and the indigenous communities which rely heavily on these forests.

Experts say that the risk of continued deforestation, including from illegal logging, remains – even with action taken to address the problem at multiple levels. According to [World Bank data](#), the percentage of Peruvian land area covered by forest has already dropped from 60.9 percent to 57.8 percent between the years 1990 and 2015.

At the global level, illegal logging and trade of timber is considered to be both damaging for domestic economies, as well as fuelling or benefitting from other types of crime. According to a joint UN Environment-INTERPOL [report](#) issued last December, illegal logging is responsible for revenue losses falling anywhere between US\$51 billion and US\$152 billion worldwide – along with being tied to financial crimes, drug trafficking, corruption, and the support of terrorist or armed groups.

Along with other environmental crimes, the report noted that illegal logging can also lead to poorer communities being subjected to exploitation by criminal groups.

Organisations such as the Washington-based Environmental Investigation Agency (EIA), which has conducted its own probes into illegal harvesting and export of Peruvian timber, have called for further action to improve forest governance, including through additional trade enforcement and measures to better monitor the various steps in timber supply chains.

"These well-documented illegal logging practices are incredibly destructive to forest ecosystems and the communities that rely upon them. This is an example of organised crime and must be treated as such," [said](#) Julia Urrunaga, who serves as program director for Peru at the Environmental Investigation Agency, warning that this case is just one instance of a "systemic" situation that has long affected the country.

ICTSD reporting.

EUROPEAN UNION

EU Leaders Prepare for 2018, Eyeing Next Steps on Economic and Digital Integration

EU leaders signed off on a two-year "agenda" for work on areas ranging from trade to migration last weekend, during a summit that also highlighted the significant work left to do in setting up a "digital single market" by the end of next year. Officials also evaluated the state of play in the Brexit negotiations, while pledging continued unity among the remaining 27 member states going forward.

"This is not an easy task, as the ambition of the Leaders' Agenda is to deal with the most contentious issues, by which I mean the Eurozone reform, migration crisis, internal security, trade, and the future financing of the EU," [said](#) European Council President Donald Tusk at the meeting's close.

The coming two years are set to be pivotal ones for the bloc, given the impending exit of the United Kingdom, as well as European Parliament elections in 2019 and the end of European Commission President Jean-Claude Juncker's term that same year, which would also mean a reshuffling of positions within the EU's executive arm.

Brexit will also mean a shift in the European Parliament's composition, with the debate on how to administer those changes still ongoing.

"The Leaders' Agenda invalidated a dangerous assumption that together we can only stand still, and that we can only move forward when we divide. It is about reconciling dynamism and unity," [said](#) Tusk days later in a presentation to EU parliamentarians on 24 October.

Two-year plan

The two-year "Leaders' Agenda" endorsed by the Council sets out a roadmap, which is subject to change, for their work through June 2019. On trade, key dates on the agenda include 22-23 March 2018, where Tusk had put forward advances on trade defence instruments, free trade accords, investment screening, and a series of issues relating to the bloc's digital work.

The next trade-related bloc of dates is in mid-October, with the document citing "future trade policy" and the "role of the EU in the multilateral trade system" as priorities for those dates. Trade will then return to the agenda in late March 2019, just one week before the expected date of Brexit.

While details on the trade-related objectives were not spelled out in the leaders' agenda, the meeting comes just one month after European Commission President Jean-Claude Juncker gave his "State of the European Union" address.

The speech, among other proposals, included the release of draft mandates for free trade agreement negotiations with Australia and New Zealand. It also included draft mandates for a multilateral investment court, along with a proposed new system for evaluating incoming investment from foreign partners. (See Bridges Weekly, [14 September 2017](#))

The EU's executive arm released this week its own [work programme](#) for 2018, which all three EU institutions will now discuss in order to endorse a shared declaration on their objectives for the coming year. On trade, the work programme referred to the above-mentioned plans

for Australia and New Zealand, along with calling for continued efforts to finalise and put into effect deals with the Mercosur customs bloc, Mexico, Japan, Singapore, and Vietnam.

Talks with Mercosur and Mexico are still ongoing, as are those with Japan, where negotiators were able to strike a political accord, while still leaving some sensitive issues pending. Deals have been struck with Singapore and Vietnam, but are pending ratification and implementation. (See Bridges Weekly, [6 July 2017](#))

EU leaders have repeatedly flagged a progressive, values-driven external trade agenda as being a key strategy for addressing a changing geopolitical landscape, staving off protectionist pressures, and ensuring the group's continued economic competitiveness on the international stage.

Brexit: Re-evaluate progress in December, phase two prep to begin

The October Council meeting was also in the spotlight for another reason: whether leaders from the EU-27 would deem progress in the Brexit talks sufficient to move into the second phase, where the two sides hammer out their future trading relationship.

Going into the meeting, officials had already suggested that this decision would require more time, citing concerns that talks are not sufficiently advanced in the area of citizens' rights, the Brexit "divorce bill," and safeguarding the Irish peace process.

After outlining their views on the state of play in these areas, EU-27 leaders suggested that they may be ready to move to phase two in December, when the Council meets again, pending sufficient advances on these topics. They also endorsed plans to begin preparations for this second phase.

"Building on this progress, the European Council calls for work to continue with a view to consolidating the convergence achieved and pursuing negotiations in order to be able to move to the second phase of the negotiations as soon as possible," EU-27 leaders [said](#) this weekend.

Digital single market: more work needed for 2018 goal

Meanwhile, leaders from the full 28-member bloc called on ramping up efforts to implement the bloc's strategy for a "digital single market" by the end of 2018, referring to a years-old plan aimed at eradicating internal barriers to cross-border digital trade, advancing the digital economy, improving cybersecurity, and boosting the bloc's economic competitiveness.

"Digitalisation offers immense opportunities for innovation, growth, and jobs, will contribute to our global competitiveness, and enhance creative and cultural diversity," they said in their ["conclusions"](#) document adopted last weekend.

They cited a series of areas where progress must be made to meet this goal, including on helping the public sector go digital; set up the necessary regulatory framework, including rules on non-personal data flows and making sure EU trade deals have "adequate rules on data flows"; moving the bloc towards higher-speed networks; training workers to keep pace with digital technology; and better preparing for technological advances such as artificial intelligence.

The European Commission adopted its ["digital single market"](#) Strategy in 2015, in a bid to make it easier for citizens and companies within the bloc to engage with this changing digital economy, along with facilitating cross-border digital trade internally and externally. Proponents say it could provide particular benefits for smaller companies, along with easing internal trade within the bloc.

"Our objective must be to create a more integrated single market and to deliver practical benefits for European citizens and businesses," leaders concluded.

Days later, digital ministers [met in Luxembourg](#) to continue advancing this work. The slow progress in the digital single market efforts to date was also flagged in the Commission Work Programme, which noted that only six of the 24 related legislative proposals tabled by the EU's executive arm over the past two years have been endorsed by all EU institutions.

"The priority must now be for the European Parliament and Council to deliver on the pending proposals as swiftly as possible, notably on the Electronic Communications Code, the proposed copyright reform, and the Digital Content Directive," the work programme says.

ICTSD reporting; "Ministers stress quality over speed in digital 2018 deadline," EU OBSERVER, 24 October 2017.

CARBON MARKETS

Carbon Markets: EU ETS Reform Efforts Press On, NZ Aims for Net Zero Emissions by 2050

The weeks ahead are set to see a flurry of activity in carbon markets, as EU negotiators attempt to finalise reforms to the bloc's Emissions Trading System (ETS) for the post-2020 period, while new leadership in New Zealand has promised the prompt introduction of a "zero carbon act," with implications for its own climate action efforts.

The carbon market developments come just weeks ahead of the UN Framework Convention on Climate Change's (UNFCCC) annual Conference of the Parties (COP). The talks are scheduled for 6-17 November in Bonn, Germany, and are being held under the Fijian presidency.

EU ETS push

On the EU front, negotiators have spent several months in intense talks aimed at updating the bloc's flagship carbon market. The reform effort itself, however, began two years ago when the European Commission tabled its proposals on the subject.

Despite efforts to clinch a deal earlier this month, that attempt stumbled following a disagreement over a "modernisation fund," which aims to help the bloc's lower-income members upgrade their own power sectors. Negotiators hit a roadblock over what performance standard should serve as a pre-condition for financing the fund, with the European Parliament backing a limit of 450 grams per kilowatt hour – which would mean that coal plants would not be eligible for support from the new programme.

While backed by some EU member states, countries such as Poland whose economies rely heavily on coal power have pushed against this performance standard.

The bloc has set a target to slash greenhouse gas emissions by at least 40 percent relative to 1990 levels by the year 2030, with the ETS a key part of meeting that goal. According to the Commission, this target would require that the different sectors covered in the emissions trading scheme would need to cut their own emissions by 43 percent relative to 2005 levels.

Along with meeting these emission reduction goals, the ETS reform effort also aims at addressing some of the problems that have arisen during the scheme's operation, including the glut of carbon permits that have led to dangerously low prices.

Those reform talks are being held in the "trilogue" format, involving negotiators from the three EU institutions: the Council, the Parliament, and the Commission. The group of deputy permanent representatives tasked with these trilogue negotiations is known as "Coreper I."

The next EU ETS trilogue is slated for 8 November, according to a statement on social media from a spokesperson for Coreper I under the current EU Council presidency. That meeting has been floated as a possible opportunity for finalising the talks.

Advocates of carbon pricing have urged negotiators to ramp up their efforts, noting that the UN climate talks are set to coincide with that Coreper I meeting.

"We urge negotiators to redouble their efforts to reach a deal at the next trilogue meeting, set to be held before this year's round of UN climate negotiations in a few weeks," [said](#) Dirk Forrister, the CEO and President of the International Emissions Trading Association (IETA), a non-profit business coalition.

Brexit, aviation amendments clinched

While the EU ETS reform talks continue, negotiators did sign off last week on two other amendments to the scheme. One of these is aimed at protecting the bloc's flagship carbon market in the event of a "hard Brexit" – in other words, should the UK leave the EU in 2019 without a deal.

Should a hard Brexit occur, one concern had been the potential flooding of permits into the ETS from UK companies. The amendment reached would void UK permits from 2018 and 2019 in order to stave off that problem, though the possibility has been floated that the UK could still remain part of the carbon pricing scheme even after it leaves the EU in March 2019.

Negotiators have also signed off on an amendment which extends a previously-agreed period for exempting international flights with non-EU entry or departure from the ETS' coverage. The period is now set to end in 2023, which is meant to grant enough time for a new global market-based mechanism aimed at curing international aviation emissions to get underway.

The new global scheme, reached last year under the International Civil Aviation Organization (ICAO), is set to kick off its pilot phase in 2021 and its "first voluntary phase" in 2024, with a second phase for all countries, with a few exceptions, set for 2027. The EU already confirmed plans to participate from the outset of the programme. (See Bridges Weekly, 13 October 2017)

New Zealand: Ardern to submit "zero carbon act"

In a separate development, incoming New Zealand Prime Minister Jacinda Ardern has pledged to set a national goal of net zero carbon emissions by mid-century, along with setting out enforceable targets for cutting emissions.

Ardern was confirmed as Prime Minister-elect a week ago, as part of a coalition government. The incoming leader has included the climate strategy as part of a [100-day plan](#) that also includes tackling child poverty, slashing costs of tertiary education, and beginning to clean up New Zealand's waterways. Ardern has said that climate change and women's issues, such as equal pay, are key policy issues for her governing coalition.

Her Labour Party has also pledged to set up an independent "climate commission," whose role would include setting targets for cutting emissions and conducting related analysis. Furthermore, they have backed the use of carbon budgets to help meet their climate action goals.

New Zealand already has an emissions trading scheme in place, which covers various sectors, such as iron, steel, and aluminium, as well as energy production and waste, among others. Forestry is also covered in the scheme. Ardern has proposed incorporating agriculture into the scheme, moving towards an ETS that covers "all gases, all sectors."

ICTSD reporting; "EU talks over carbon trading reforms hit impasse," REUTERS, 13 October 2017; "Jacinda Ardern commits New Zealand to zero carbon by 2050," CLIMATE HOME, 20 October 2017; "Talks end with no deal on EU CO2 market overhaul," PLATTS, 13 October 2017; "Carbon market reform: Much ado about nothing?," EURACTIV FRANCE, 23 October 2017; "EU agrees on Brexit-proof emissions trading amendment," EURACTIV, 18 October 2017.

TRADE AGREEMENTS

TPP-11 Negotiators Prepare for Last Push After NZ, Japan Electoral Processes Conclude

Negotiators from the 11 remaining members of the Trans-Pacific Partnership (TPP) are due to convene in Japan early next week, in a bid to advance talks significantly before ministers and leaders convene in early November to determine next steps for the trade pact.

"We basically want to reach a broad agreement at the leaders' summit in November... we hope [the negotiations next week] will develop the discussion toward that point," said Toshimitsu Moregi, Japan's economic revitalisation minister, in comments reported by Kyodo News.

The group's negotiators have met repeatedly in recent months, aiming to agree on which parts of the deal to shelve and which to keep intact, in light of both the US' withdrawal from the accord and the remaining signatories' interest in bringing on board new members. TPP leaders are due to convene on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit, being held in Vietnam from 8-10 November, adding further impetus to these efforts. (See Bridges Weekly, [28 September 2017](#))

Abe, Ardern confirmed in office

The next TPP-11 negotiating round, slated for 30 October to 1 November, comes just after elections in Japan confirmed a major win for Prime Minister Shinzo Abe's governing coalition, with the Japanese leader now set to serve a fourth term in office.

Abe has been a backer of the Trans-Pacific Partnership (TPP) as one of the structural reforms within his eponymous "Abenomics" policy, which advocates for a three-pronged economic stimulus approach that includes fiscal reform, monetary easing, and structural reform.

Weeks ahead of the election, Abe reaffirmed his commitment to the trade accord in a speech to Japanese parliamentarians, citing the potential windfall that it could yield for the country's agricultural sector, among others.

Abe's government has been among those calling for advancing the TPP-11 with minimal revisions. However, the incoming government in New Zealand has pledged to seek specific changes to certain TPP provisions, especially those that could affect the domestic housing market, which is already struggling in the wake of skyrocketing home prices.

Jacinda Ardern, the Labour Party leader who will now serve as New Zealand's next Prime Minister, has recently confirmed that her incoming government is interested in advancing the TPP-11, with caveats.

"Our view is that it will be possible to balance our desire to make sure that we provide housing...that's affordable, by easing demand and banning foreign speculators from buying existing homes, while meeting our trade goals," Ardern told the [Reuters](#) news agency this past week.

Ardern confirmed this week plans to introduce legislation at the national level prohibiting foreign purchases of New Zealand homes for people who are not residents of the Oceanic nation.

Being interviewed about the TPP in August as a candidate by the New Zealand Herald, she also cited precedent for such a change in the existing version of the draft TPP accord, suggesting that similar exemptions are already in place for Australia.

The outgoing government of her predecessor, Bill English of the National Party, had been among those pushing to limit changes to the TPP-11, aiming to ease the subsequent ratification process and safeguard the existing balance of trade-offs within the deal.

"One of the principles that has been lost in this is that Labour has been a party that has championed trade. We are the ones that negotiated the trade agreement with China. This is critical to us. We see it as critical to New Zealand," she said at the time, arguing that the previous government did not do enough to meet its export targets.

NAFTA, RCEP talks press on

Meanwhile, the impact that the current process between Canada, Mexico, and the United States to modernise the North American Free Trade Agreement (NAFTA) will have on the TPP-11 process – and vice versa – remains unclear at this stage, though officials have previously noted that it has factored into the TPP-11's considerations. (See Bridges Weekly, [14 September 2017](#))

NAFTA negotiators have held four rounds to date, with ministers confirming last week that the talks are at a difficult stage and will require more time than originally scheduled, taking the process into the first quarter of next year. Whether certain aspects of the TPP can translate into a template for NAFTA outcomes has been one point of contention in the talks to date. (See Bridges Weekly, [19 October 2017](#))

The next round of NAFTA talks is slated for 17-21 November, shortly after the APEC and TPP leaders' meetings. While the US has expressed interest in bilateral accords with some TPP-11 countries where it does not have an existing trade deal, namely Japan, no formal negotiating processes have been launched so far.

Aside from the TPP-11 talks, another major regional integration initiative is also due to take the spotlight in Vietnam in November. The 16-country-group negotiating the Regional Comprehensive Economic Partnership (RCEP) – a coalition that includes Japan and New Zealand among them – will hold its own leaders' meeting along the APEC sidelines.

Negotiators from that group are meeting this week in Songdo, South Korea, with those talks due to conclude on 28 October. Ministers last month agreed to "maximise progress" in the negotiations, which would see a trade and investment deal among the 10-member Association of Southeast Asian Nations (ASEAN) and its free trade agreement partners, specifically Australia, China, India, Japan, New Zealand, and South Korea.

ICTSD reporting; "Labour being urged to rethink TPP," NEWSTALK ZB, 23 October 2017; "Incoming NZ leader to push for TPP changes," THE STRAITS TIMES, 23 October 2017; "New Zealand's incoming leader flags TPP problems," REUTERS, 22 October 2017; "Japan to host next round of TPP talks, New Zealand wants changes," REUTERS, 24 October 2017; "Japan's Leader Vows to Accelerate Economic Measures, TPP," ASSOCIATED PRESS, 26 September 2016; "TPP negotiators to meet in Japan next week ahead of APEC summit," KYODO, 24 October 2017; "Arden on TPP bottomline: 'Happy to be called bloody-minded'," NEW ZEALAND HERALD, 22 August 2017; "New Zealand to introduce ban on foreign buyers purchasing existing properties," NEWS CORP AUSTRALIA NETWORK, 25 October 2017.

GOVERNMENT PROCUREMENT

GPA Accessions: Australia Nears Finish Line, Revised Offer from China Forthcoming

Efforts continue underway to bring on new parties to the WTO's Government Procurement Agreement (GPA), with Australia soon set to submit a final offer for consideration, amid expectations of another revised offer from China.

Parties to the GPA met last week at WTO headquarters in Geneva to review the status of accession processes, discussing Australia, China, Kyrgyzstan, Macedonia, Russia, and Tajikistan, according to a Geneva trade official.

The WTO's GPA is a plurilateral deal among 19 parties which together include 47 WTO members, given the EU's 28 member states. The accord commits parties to ensuring transparency and non-discrimination in awarding public contracts, including treating bids by suppliers from fellow GPA parties as well as local providers on an equal footing.

While the original version of the GPA entered into force in 1996, negotiations to update the accord concluded at the WTO's Eighth Ministerial Conference in Geneva in 2011. The revised GPA entered into force in 2014, expanding the accord's coverage to new government entities, along with additional goods and services, while incorporating new provisions with a focus on environment and anti-corruption. (See Bridges Daily Update, [16 December 2011](#), and Bridges Weekly, [10 April 2014](#))

Australia joining in 2018?

Australian trade officials announced two years ago that Canberra would begin negotiating to join the GPA, citing their interest in competing "on an equal footing" when pursuing bids for public contracts in other GPA parties. They highlighted their particular interest in what this could mean for competing in large government procurement markets, such as the European Union. (See Bridges Weekly, [11 June 2015](#))

Indeed, Australia and the EU are due to soon begin negotiating a trade deal, and have spent months doing the necessary preparations to launch formal talks. [Public procurement](#) market access is expected to play a major part in those negotiations, and has been termed as a key area of the two sides' larger trade ties.

The European Commission's proposed [draft mandate](#) for those trade talks cites Australia's GPA accession process as something that will help set a benchmark going forward, and will need to be accounted for as Brussels and Canberra negotiate "comprehensive and improved access to public procurement markets."

This includes using the GPA as a starting point when it comes to "procedural commitments" in this area.

Canberra has already submitted a series of offers for consideration to GPA parties. This includes an initial offer, as well as two revisions. Australia is due to table a final offer, which sources say could be considered in time for the Government Procurement Committee's next meeting in March 2018.

China, Russia, Kyrgyzstan process updates

Parties also reviewed the processes of two large emerging economies with massive government procurement markets – China and Russia – last week, according to a Geneva trade official familiar with the meeting.

Once completed, China's accession is slated to open up a market valued in billions, potentially trillions, of dollars, which has been touted by both GPA parties and other acceding countries as a powerful draw.

China began negotiations to join the GPA a decade ago, while Russia launched its own bid to join this year. To date, Beijing has put forward various offers, which GPA parties have welcomed as progressively improving, while still in need of providing greater coverage. Russia submitted its initial offer earlier this year, and has pledged to circulate answers to a "checklist" from GPA parties by December.

An initial offer is also expected from Macedonia by next March, and Tajikistan is also preparing its own revised offer for consideration.

The prospect of expanding the GPA's membership was touted as one of the big potential gains from revising the deal, potentially adding billions of dollars to its existing coverage, given that the revised GPA features better transitional measures to facilitate the accession of developing country members, along with a wider coverage and updated rules.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

27 October, London, UK. HOW GLOBAL CURRENCIES WORK: PAST, PRESENT, AND FUTURE. This Chatham House research event will feature Barry Eichengreen, Professor of Economics and Political Science at the University of California, Berkeley, for a discussion on global finance and currencies, including in relation to technological developments and recent evolutions in international trade. Please note that attendance to this event is by invitation only. For more information, please visit Chatham House's [website](#).

30 October, Geneva, Switzerland. TECHNOLOGY, GLOBALISATION, AND WORLD TRADE GOVERNANCE. This conference is being co-organised by the WTO and the Graduate Institute's Centre for Trade and Economic Integration. It will feature a series of sessions on topics such as digital trade and the WTO; automation and other technologies in relation to trade and jobs; and other related policy topics. To learn more and to register, visit the Graduate Institute [website](#).

30 October-1 November, Incheon, South Korea. 2017 SUSTAINABLE DEVELOPMENT TRANSITION FORUM (SDTF). The Forum is being organised by the United Nations Office for Sustainable Development (UNOSD) in partnership with the Asia-Europe Foundation (ASEF), with the goal of building on recent work relating to the implementation of the Sustainable Development Goals (SDGs). This includes how to use the results of the 2017 High-Level Political Forum to support preparations for next year's edition. For information, visit the UNOSD [website](#).

2 November, Geneva, Switzerland, and online. THE FUTURE OF WORK. This panel discussion is being organised by the Graduate Institute in cooperation with The Economist news magazine. It will address the implications of technological change on employment, along with whether there is a "future-proof" approach to protect the latter. Please note that the event will also be streamed live online on the Graduate Institute's Facebook page. To learn more and to register, visit the Graduate Institute [website](#).

2-3 November, Geneva, Switzerland. UNECE 4TH SESSION GROUP OF EXPERTS ON RENEWABLE ENERGY. This expert group will be hosted by the UN Economic Commission for Europe (UNECE). Among other agenda items, participants will discuss the state of play in the renewable energy sector, including investments, as well as how to support further the implementation of the 2030 Agenda for Sustainable Development. For more information and to register, visit the UNECE [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 October: General Council

27 October: Committee on Anti-Dumping Practices – Working Group on Implementation

27 October: Trade Policy Review Body – WAEMU (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo)

31 October- 3 November: Informal Open-ended Negotiating Group on Rules (Fisheries Subsidies)

31 October: Workshop – How to support MSMEs

31 October: Workshop – Sanitary and Phytosanitary Measures

1 November: Committee on Trade and Environment

1 November: Informal Committee on Sanitary and Phytosanitary Measures

1 November: Informal Open-ended Negotiating Group on Market Access

2 November: Committee on Sanitary and Phytosanitary Measures

Other Upcoming Events

12 November, Beijing, China. SIXTEENTH ANNUAL CONFERENCE ON WTO AND CHINA. This event is being co-hosted by the University of International Business and Economics (UIBE), the China Society for World Trade Organization Studies (CWTO), and the International Centre for Trade and Sustainable Development (ICTSD), along with being organised by the China Institute for WTO Studies at UIBE. The event will examine the potential ramifications of China's Nineteenth Party Congress, along with global investment governance and the future of the WTO. To learn more, visit the ICTSD [website](#).

13-14 November, Bonn, Germany. SUSTAINABLE INNOVATION FORUM 2017. The Sustainable Innovation Forum is being held on the sidelines of the UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP 23). The meetings are being organised by Climate Action and UN Environment (UNEP) and are set to address a range of climate-related topics, including renewable energy, carbon markets, and climate finance, among various others. The event is slated to feature participants from the public and private sectors, as well as development bank and media representatives. For more information and to register, see the Forum [website](#).

16 November, Geneva, Switzerland. KNOWLEDGE-SHARING SEMINAR ON FISHERIES SUBSIDIES. This seminar is being organised by the International Centre for Trade and Sustainable Development (ICTSD). This seminar aims to provide support to the ongoing efforts within the WTO context to clinch a deal disciplining harmful fisheries subsidies, with a focus on building and sharing knowledge over the different options on the table and their potential implications. For more information, see the ICTSD [website](#).

27-28 November, London, UK. A SUSTAINABLE FOOD FUTURE. This Chatham House event will look at both the current state of play and future prospects for food security and a sustainable food system, examining topics ranging from fisheries and aquaculture to nutrition and health. Additional details such as an agenda, speakers list, and pricing information are available online. For more information and to register for the event, visit the Chatham House [website](#).

10-13 December, Buenos Aires, Argentina. WTO MC11 (BUENOS AIRES 2017). This event is the World Trade Organization's (WTO) Eleventh biennial ministerial conference, marking the global trade body's highest level of meetings. The event is slated to see negotiations on a series of areas, including fisheries subsidies and agriculture, among various others. For more information on the event, please visit Argentina's MC11 [website](#).

10 -13 December, Buenos Aires, Argentina. ICTSD AT THE WTO'S ELEVENTH MINISTERIAL CONFERENCE. The International Centre for Trade and Sustainable Development (ICTSD) will be organising a series of activities during the WTO's Eleventh Ministerial Conference (MC11), including daily reporting from the event, along with the publication of related research and blog posts. To learn more, visit the ICTSD [website](#).

11-13 December, Buenos Aires, Argentina. TRADE AND SUSTAINABLE DEVELOPMENT SYMPOSIUM (TSDS). This biennial event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) in collaboration with select strategic and knowledge partners, in parallel with the WTO's Eleventh Ministerial Conference. A dedicated website to the TSDS is now live, with information on how to register; the event's format; and other relevant details. More information will be made available at the TSDS [website](#) closer to the date.

14 December, Buenos Aires, Argentina. FORUM ON MIGRATION, TRADE, AND THE GLOBAL ECONOMY. The International Centre for Trade and Sustainable Development (ICTSD), the Fundación Foro del Sur, and the International Organization for Migration (IOM) will be holding the Forum on Migration, Trade, and the Global Economy in Buenos Aires, Argentina. Themes that have been identified as key areas of interest include the relationship between migration and labour policy, good governance, the innovation economy, regional integration, the contribution of diaspora communities, and a new vision for development. To learn more about the forum, please visit the ICTSD [website](#).

Resources

THE ROLE OF DIGITAL PAYMENTS IN SUSTAINABLE AGRICULTURE AND FOOD SECURITY. Published by the Asia-Pacific Economic Cooperation (APEC) Forum (October 2017). This paper takes a close look at the potential benefits from using digital payments to support domestic efforts at improving farm sector productivity and addressing food insecurity, among other related topics. It ties this idea to ongoing APEC discussions in this area, along with the implementation of the Sustainable Development Goals (SDGs). The paper is available for download at the APEC [website](#).

GOING IT ALONE IN THE ASIA-PACIFIC: REGIONAL TRADE AGREEMENTS WITHOUT THE UNITED STATES. By Peter A. Petri, Michael G. Plummer, Shujiro Urata, and Fan Zhai for the Peterson Institute for International Economics (PIIE) (October 2017). This working paper examines the prospective gains for the remaining Trans-Pacific Partnership (TPP) countries to finalise an adapted deal in the wake of the US' withdrawal, along with potential benefits from other regional integration processes. This paper is available [online](#).

DEVELOPMENT CO-OPERATION REPORT 2017: DATA FOR DEVELOPMENT. Published by the Organisation for Economic Co-operation and Development (OECD) (October 2017). This publication examines the need for improved data in order to implement the Sustainable Development Goals (SDGs) more effectively. The authors examine existing challenges, along with making related recommendations. The report is available for download [here](#).

INTERVIEW WITH PAUL KRUGMAN. Published by the World Trade Organization (WTO) (October 2017). This video features an interview of Paul Krugman, a Nobel laureate and economics professor, on the relationship between trade, globalisation, technology, and jobs. The 12-minute video was filmed during the WTO Public Forum last month, with the interview conducted by WTO spokesperson Keith Rockwell. The video is available for viewing [here](#).

REGIONAL ECONOMIC OUTLOOK: ASIA PACIFIC, OCTOBER 2017. Published by the International Monetary Fund (IMF) (October 2017). This IMF report examines the growth prospects at the regional and national level within Asia, noting potential risks, along with the "window of opportunity" to shoring up this growth through adopting various structural reforms. The report is available for download at the IMF [website](#).

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