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GLOBAL ECONOMY

NAFTA Negotiators Close Fifth Round, Prepare to Set Stage for 2018 Talks

Negotiators from Canada, Mexico, and the US have concluded their fifth round of talks to modernise the North American Free Trade Agreement (NAFTA), the last such meeting of 2017 following an intense negotiating schedule which kicked off in August.

The 17-21 November talks were held in Mexico City, and negotiators have pledged to continue meeting "intersessionally" in the coming weeks to prepare for the next formal round in the new year. That event is slated for 23-28 January in Montreal, Canada, with negotiators currently aiming to conclude the talks by the end of March.

That March target date is a revision from an earlier goal of finalising negotiations this year. (See Bridges Weekly, [19 October 2017](#))

As previously signalled by ministers, the pace of the talks has slowed down significantly, now that they have entered into more contentious topics. While they had earlier announced the substantive conclusion of a competition chapter, no new chapters have been closed since. (See Bridges Weekly, [19 October 2017](#))

While the past four rounds closed with a press conference from ministers, this fifth round did not have ministers present. A [statement](#) from the three trading partners said that this was due to ministers having met in Vietnam earlier this month on the margins of an Asia-Pacific summit, and also to give negotiators the space to advance their work. (See Bridges Weekly, [16 November 2017](#))

A subsequent "trilateral" [statement](#) issued after the talks noted that around 30 working groups met over the course of the negotiating round, referring to advances made in certain areas, but without getting into detail.

Mexican officials gave further details on areas with most progress. "Although no chapter was concluded, there were substantial advances in anti-corruption, telecommunications, good regulatory practices, sanitary and phytosanitary measures, trade facilitation, e-commerce, technical barriers to trade, and various sectoral annexes," said a [statement](#) by the Mexican Secretariat of the Economy.

However, other public statements noted that the three parties remain openly at odds over certain issues, including a proposal put forward by Washington on increasing US content requirements in automobile rules of origin, as well as Washington's push to eliminate the Chapter 19 dispute settlement chapter on trade remedies, among others.

"It should be noted that, notwithstanding the good progress we made on many of these bread-and-butter issues, significant differences remain on some key areas, for example rules of origin and chapter 19," said Canadian Foreign Minister Chrystia Freeland [in comments](#) to local reporters.

"There are some areas where more extreme proposals have been put forward. These are proposals we simply cannot agree to," she said, noting that her team has asked for more information to understand these proposals better.

Freeland also announced that Canada has now put forward its proposal for a chapter on indigenous peoples, as previously planned.

Statements from her US counterpart also made clear that the three parties are in a challenging situation. The US' top trade official reiterated past worries over pace and approach, while casting doubt on a successful deal should talks continue in this way.

"While we have made progress on some of our efforts to modernise NAFTA, I remain concerned about the lack of headway. Thus far, we have seen no evidence that Canada or Mexico are willing to seriously engage on provisions that will lead to a rebalanced agreement. Absent rebalancing, we will not reach a satisfactory result," said US Trade Representative Robert Lighthizer in a [statement](#) following the round.

Meanwhile, Mexican Economy Secretary Ildefonso Guajardo Villareal told Reuters that his country is "prepared to work towards that (rebalancing) goal, provided it doesn't limit Mexico's ability to produce and export," while echoing his Canadian counterpart's interest in learning more about Washington's more contentious proposals in order to comprehend them better and respond accordingly.

Updated USTR negotiating objectives

The Office of the US Trade Representative (USTR) also released an updated set of negotiating objectives on 17 November, which was the first official day of this round.

The [revised negotiating objectives](#), while in many areas similar to the original version released in mid-July, also show some notable differences or clarifications, including in the areas of agricultural goods, rules of origin, investment, government procurement, intellectual property, and dispute settlement, among others.

For example, in the area of dispute settlement, the document now has a bullet point which refers to providing "mechanisms for ensuring that the parties retain control of disputes and can address situations when a panel has clearly erred in its assessment of the facts or the obligations that apply."

On goods market access, the negotiating objectives now refer specifically to pushing Canada to drop its dairy, poultry, and egg import tariffs.

The previous version of the negotiating objectives had not singled out particular policies from the US' NAFTA partners individually. It also refers to "seek[ing] to eliminate unjustified measures that unfairly limit access to Canada's markets and unfairly decrease market access opportunities in third countries for US dairy products, such as cross subsidisation, price discrimination, and price undercutting."

It also goes into substantially more depth on what the US would like to see in the areas of intellectual property rights (IPRs) and investment. On intellectual property, it removes an earlier reference to the WTO's Agreement on Trade-Related Aspects of Intellectual Property (TRIPS), referring instead to "obtain[ing] commitments to ratify or accede to international treaties reflecting best practices in intellectual property protection and enforcement." It also refers on multiple instances to the importance of preventing IPR violations and ensuring strong enforcement, among other objectives.

On investment, it calls for establishing a series of rules, including national and most-favoured nation treatment, banning expropriation without timely and appropriate compensation, and banning forced technology transfer and technology localisation, among others. It also refers to investment dispute settlement, calling for "improving" those procedures on various fronts.

On rules of origin, it has changed earlier wording focusing on sourcing goods and materials from the NAFTA countries to language that calls for "ensur[ing] that the rules of origin incentivise production in North America as well as specifically in the United States."

The release of revised NAFTA negotiating objectives was welcomed by some high-profile US lawmakers who work on trade, including Democratic Senator Ron Wyden of Oregon, who is the ranking member of the Senate Finance Committee. The Oregonian official had raised transparency concerns, particularly given legal requirements in this area, as well as the importance of NAFTA to the US economy.

Wyden had temporarily put on hold the advancement of USTR nominees, which need to be approved by that panel before being voted on by the full Senate. The Oregon lawmaker [had argued](#) that USTR was behind a federally mandated deadline to update these negotiating objectives, under the current "trade promotion authority legislation," known otherwise as the 2015 Bipartisan Congressional Trade Priorities and Accountability Act.

"The American people should not have to rely on anonymous leaks to the media in order to know what their government is purportedly seeking on its behalf, so I am glad the US Trade Representative's office has finally updated its public summary of its objectives for the NAFTA renegotiation as required by the provision I secured in a 2015 law," said Wyden.

TPP-11 in the background

The fifth NAFTA round kicked off just days after the 11 remaining Trans-Pacific Partnership (TPP) countries – a group which includes Canada and Mexico – confirmed that they were within the final stages of completing a plan to ratify the deal. (See Bridges Weekly, [16 November 2017](#))

The TPP had originally included the US as a signatory, but President Donald Trump withdrew from the pact earlier this year. (See Bridges Weekly, [26 January 2017](#))

The TPP-11 is now named the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the remaining 11 members have agreed to put at least 20 provisions of the original pact on hold, including several related to IPRs and investor-state dispute settlement, which were key areas for the US when it was still part of the group. Four more provisions remain under consideration, while the rest of the pact remains intact.

What this will mean for the NAFTA talks remains unclear. Lighthizer had previously criticised Canada and Mexico for allegedly not being willing to endorse language that had been agreed under the original TPP.

ICTSD reporting; "NAFTA deadlock: Canada blames the U.S., the U.S. blames Canada and Mexico," THE CANADIAN PRESS, 21 November 2017; "NAFTA talks hit wall as Mexico, Canada push back on U.S. demands," REUTERS, 21 November 2017.

AGRICULTURE

WTO Agriculture Talks Intensify as Buenos Aires Ministerial Approaches

As trade talks in Geneva enter the final stretch, WTO negotiators have tabled new proposals on agriculture for the Buenos Aires ministerial that begins in just over two weeks. They have also put forward suggestions for a work programme to deal with unresolved topics after the conference takes place.

A new paper from Mexico has put forward proposals for a limit on trade-distorting farm support, while Norway and Singapore have tabled a draft ministerial decision on public stockholding for food security purposes. These two subject areas have dominated the WTO's agricultural talks in recent years, including this one.

Two other proposals seek to spell out in more detail how WTO members would continue negotiations after Buenos Aires on topics that are not seen as top of the agenda for the ministerial.

While some negotiators told Bridges that they were not optimistic about the prospects for achieving an outcome on agricultural trade issues at the ministerial, others said they believed that progress was possible if ministers could reach agreement on a "package" of measures to adopt at the conference.

Mexico: cap trade-distorting support

The proposal from Mexico calls for a new ceiling on the overall amount of trade-distorting support which WTO members will be allowed to provide.

This would be composed of subsidies classified as highly trade-distorting "amber box" support, as well as "de minimis" payments, a WTO category of trade-distorting support that falls below a set share of the value of agricultural production.

The Mexican proposal comes after several other countries or groups have put forward their own submissions in recent months to establish a new limit on trade-distorting domestic support. (See Bridges Weekly, [9 November 2017](#), [19 October 2017](#), [20 July 2017](#), [2 February 2017](#))

However, the Mexican proposal argues in favour of special treatment for those developing countries that have committed not to exceed a ceiling on amber box payments at the global trade body. While most developing countries do not have entitlements to amber box support, Mexico is among over a dozen members that do, in a reflection of historical patterns of subsidy provision at the time the Uruguay Round of global trade talks was concluded over two decades ago.

Other developing countries with these entitlements include Brazil, Colombia, Costa Rica, Israel, Jordan, Morocco, Papua New Guinea, Saudi Arabia, South Africa, South Korea, Chinese Taipei, Tajikistan, Thailand, Venezuela, and Vietnam.

Three categories of countries

Mexico is proposing three categories of countries, each of which would take on different reduction commitments. One category would cover developed countries. Another would

cover those developing countries that do not have amber box commitments, while a third would cover those that do have them.

In calculating their level of cuts, developed countries would first take twice their permitted “de minimis” support during a historical base period, which Mexico proposes should be 2011-15, and add this to their existing WTO commitment on amber box support. The resulting figure would be cut by a percentage, which members would need to negotiate.

Developing countries without amber box commitments would also take twice their “de minimis” support levels in the same base period, and subject this to a different percentage cut, which again would have to be negotiated.

Developing countries which do have amber box commitments would cut the sum of their amber box and “de minimis” support, by applying the same cut as other developing countries plus an “additional contribution” if their total amber box commitments exceed US\$500 million, a figure which again would be negotiated by members.

Developed countries would have to implement the new limit as soon as WTO members adopt the relevant decision, while developing countries would have two extra years. Least developed countries would not be required to make any domestic support commitments.

Other unresolved domestic support topics would be addressed as part of a work programme for after the Buenos Aires conference, the proposal says.

Public stockholding

A new submission from Norway and Singapore sets out a draft ministerial decision on public stockholding for food security purposes, building on the structure of an [agreement](#) reached on this topic at the WTO's Bali ministerial conference in 2013.

India, China, Indonesia, and other developing countries in the G-33 coalition have long argued in favour of greater flexibility for developing countries that buy food at minimum prices as part of their public food stockholding schemes. However, exporting countries have also expressed concern that exempting these purchases from WTO disciplines could distort trade and undermine food security elsewhere.

The proposal follows shortly after Paraguay and Russia tabled a separate submission on the same topic, which also seeks to build on the Bali deal. Under the latter, WTO members agreed not to challenge the legality of developing countries' public food stockholding programmes, under certain conditions – such as more transparency about how the schemes function. (See Bridges Weekly, [9 November 2017](#))

A new footnote in the Norway-Singapore proposal would grant extra flexibility to new programmes, so long as these did not involve procuring more than 15 percent of the domestic crop in question. The Bali deal was limited to programmes that existed at the date it was adopted by WTO members.

Market access and export competition: revitalising talks

Argentina and four other agricultural exporting countries have tabled a draft decision which would commit ministers to reinvigorate talks on market access for farm goods. The decision specifies that talks would take place in dedicated sessions of the global trade body's committee on agriculture, with a view to achieving tangible market access outcomes at the twelfth WTO ministerial, which is due to be held in 2019.

In addition to Argentina, the paper was co-sponsored by Brazil, Paraguay, Thailand, and Uruguay. All of those countries, except Peru, are part of the South American economic bloc Mercosur. In May, Paraguay and Peru had put forward a detailed proposal on agricultural

market access, with a two-step process for simplifying and reducing trade barriers. (See Bridges Weekly, [8 June 2017](#))

While there has been little enthusiasm among most countries for addressing market access at the WTO ahead of the Buenos Aires conference, a number of agricultural exporting countries are eager to ensure the issue remains on the negotiating table after the ministerial.

A separate negotiating submission, backed by Canada, Chile, and Switzerland, would have trade ministers agree to continue talks on agricultural export competition, building on the decision on export subsidies and related areas that was agreed at the Nairobi ministerial conference two years ago. (See Bridges Daily Update, [19 December 2015](#))

Export prohibitions and restrictions

A revised proposal from Singapore seeks to improve transparency when WTO members impose temporary export prohibitions or restrictions. The paper reflects the results of consultations with other WTO members since an earlier version of the proposal was put forward in May. (See Bridges Weekly, [8 June 2017](#))

The decision would now also commit members to continuing talks on this area after the Buenos Aires ministerial. It also includes clauses requiring countries to provide more information to the WTO about measures they have introduced, and exempting humanitarian food aid purchased by the World Food Programme from constraints affecting exports.

Data released earlier this month by the UN Food and Agriculture Organization (FAO) shows that although food prices are now [higher](#) than in the last two years, they are still below the peaks they reached in 2008 and 2011. Export restrictions were among the measures that are believed to have exacerbated price spikes at that time, causing food import bills to rise sharply for net food-importing developing countries.

Final consultations in Geneva

Following small group meetings this week in Geneva, Kenyan Ambassador Stephen Karau, who chairs the WTO agriculture negotiations, is expected to convene an informal negotiating session on Monday to report back to the whole membership on the state of the talks.

The WTO's top decision-making body outside of the ministerial conference, the General Council, is then due to meet from 30 November-1 December.

Trade officials who spoke to Bridges were divided over the prospects for progress on agriculture in Buenos Aires. Several delegates noted that the US in particular is sceptical about whether an outcome can be achieved, a sentiment which it has expressed in other WTO negotiating contexts, citing time constraints and the diverging views among members.

Other officials expressed cautious optimism, with some suggesting that the publishing of various proposals in recent weeks now meant that negotiators were able to discern approximate "landing zones" in some areas of the talks.

One source cautioned that political leaders could still spring surprises in Buenos Aires, even if the outline of a deal were to emerge from the Geneva process.

ICTSD reporting.

CLIMATE CHANGE

Montreal Protocol Amendment to Phase Down HFCs Set for 2019 Start

A landmark agreement to phase down climate-warming hydrofluorocarbons (HFCs) under the Montreal Protocol on Substances that Deplete the Ozone Layer will enter into force on 1 January 2019 after passing the ratification threshold on 17 November.

Sweden helped cross this threshold by becoming the twentieth country to ratify the Kigali Amendment, named after the Rwandan capital where the historic deal was reached in October 2016 following seven years of intense negotiations. (See Bridges Weekly, [20 October 2016](#))

"This is a big step forward for climate action and a sign that positive global environmental action is delivering results," [said](#) Erik Solheim, head of UN Environment.

The milestone was reached as countries were wrapping up their annual UN climate talks in Bonn, Germany, and as they prepared to return to Montreal, Canada, for meetings under the Montreal Protocol and a celebration of the accord's 30th anniversary. (See Bridges Special Update, [19 November 2017](#))

The 1987 landmark treaty is credited with saving the ozone layer and preventing even greater global warming by phasing out most emissions from ozone-destroying substances. These emissions often double up as extremely powerful heat-trapping gases.

While HFCs pose no harm to the ozone layer, they are a byproduct of the protocol's success, having been considered a suitable alternative coolant to hydrochlorofluorocarbons (HCFCs), which are phased down under the accord. However, HFCs have a warming potential of hundreds, potentially even thousands, of times greater than carbon dioxide, and the increasing demand for air conditioning and fridges makes them one of the world's fastest growing greenhouse gas, expanding at a rate of 10-15 percent annually.

The Kigali Amendment is estimated to prevent up to 0.5 degrees Celsius in global warming above pre-industrial levels by the end of the century.

"Today – on the final day of the COP23 – we crossed the threshold required for the Amendment to enter into force in 2019. The fact that this has been achieved in just over a year since the Amendment was adopted in Kigali is a massive political signal of our determination to phase down HFCs, and of our commitment to a multilateral approach to tackling climate change," reads a [statement](#) by the High Ambition Coalition, a diverse group of 35 countries formed at the Paris climate summit in 2015 to drive tougher climate action.

COP23 refers to the twenty-third Conference of the Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC) – in other words, this year's Bonn climate conference.

Implementing the Kigali Amendment

Countries will have to phase down HFCs gradually by more than 80 percent over a 30-year period. Under the deal, nations have been split into four groups, with two options for developed economies and two options for developing economies, also referred to as "Article 5 parties" under the Montreal Protocol.

These groupings, a departure from the traditional two-tiered “developed” and “developing” country approach, are meant to reflect the more nuanced differences between nations, particularly their varying economic circumstances, reliance on HFC technologies, and the cost of alternative technologies.

The majority of wealthy countries will start cutting HFCs from 2019, consuming no more than 15 percent of their 2011-2013 averaged baseline emissions by the year 2036. Five countries – Belarus, Kazakhstan, Russia, Tajikistan, and Uzbekistan – will begin their phase down process one year later and at a slower rate, before catching up to reach the same 2036 target.

Meanwhile, most Article 5 countries will freeze growth in 2024, before making cuts in 2029. They are to consume no more than 20 percent of their 2020-2022 averaged baseline emissions by the year 2045.

A subset of Article 5 countries will freeze growth in 2028, before phasing down HFCs in 2032, consuming no more than 15 percent of their 2024-2026 averaged baseline emissions by 2047. This group includes Bahrain, India, Iraq, Kuwait, Oman, Pakistan, Qatar, Saudi Arabia, and the United Arab Emirates.

Experience with the implementation of previous amendments has shown that transitions from controlled substances to new alternatives have often been completed ahead of schedule and some commentators suggest that this pattern may hold for the phase down of HFCs.

To ease the transition away from HFCs, countries will receive support through the Montreal Protocol's Multilateral Fund. Details for the fund's support are among the items up for discussion at this week's meeting in Montreal.

Trade and investment incentives

The HFC amendment means that companies that produce and use coolants in their products will have to come up with alternative technologies in order to gain access to a new global market for replacement coolants and continue to participate in the growing market for refrigerators and air conditioning.

“That's a powerful signal to the market that they better continue to adjust their investment decisions and their production to meet the standards under this amendment,” said Durwood Zaelke, president of the [Institute for Governance & Sustainable Development](#), in comments to the New York Times. The institute is a Washington-based group working on environmental law, just societies, and sustainability.

The incentive for countries to ratify and comply with the Kigali Amendment is strong. Following the Montreal Protocol's practice of restricting trade in controlled substances between parties and non-parties, the amendment foresees implementing trade restrictions on HFCs with non-parties by 2030, provided that at least 70 countries have ratified the deal.

The protocol's trade element is an innovative feature that has ensured universal support for the accord and all its amendments until now.

The US is not among the [21 countries](#) which have ratified the Kigali Amendment to date. While US President Donald Trump has announced his country's withdrawal from the Paris climate agreement by 2020, he has so far not issued a detailed public stance on the Montreal Protocol. Unlike many other global climate treaties, the Montreal Protocol has long enjoyed bipartisan support within the United States, with the original version signed under then-US President Ronald Reagan, a Republican.

Moreover, the US is among the world's biggest producers of HFCs. Failure to ratify the amendment may therefore have important trade repercussions, with the US facing restrictions on trade in HFCs and missing out on the new market for alternative coolants.

Montreal gathering

This week delegates and environment ministers are in Montreal for the joint 11th Conference of the Parties to the Vienna Convention and the 29th Ministerial Meeting of the Parties to the Montreal Protocol (MOP29). The conference opened on Monday 20 November and is set to conclude by Friday 24 November.

Countries will discuss a range of [issues](#), including the next three-year funding package under the Multilateral Fund to support countries in their phase-down commitments, the Kigali Amendment, the phase-out of HCFCs, energy efficiency for appliances using controlled substances, and safety standards relevant to low-global-warming potential alternatives.

Canada's Environment Minister Catherine McKenna, who was in Montreal on 20 November to mark the 30-year anniversary of the Montreal Protocol, commented in a statement that "Kigali will deliver new momentum to the world's efforts to avoid dangerous global warming and accelerate clean growth."

ICTSD reporting; "Montreal Protocol celebrates another milestone as agreement to reduce climate-warming gases is set to enter into force in 2019," UN ENVIRONMENT, 20 November 2017; "McKenna says amendment signed to Montreal Protocol," CBC News, 20 November 2017; "Treaty to Phase Out 'Greenhouse Gasses on Steroids' to Enter Force," THE NEW YORK TIMES, 17 November 2017; "Kigali Amendment to the Montreal Protocol enters into force in 2019," THE NEW TIMES, 19 November 2017.

FISHERIES

WTO Fisheries Negotiators Update Draft Texts on IUU, Overfishing

WTO negotiators concluded another cluster of talks on fisheries subsidy disciplines last week, with one more round to go before heading to the organisation's ministerial conference in Buenos Aires, Argentina.

The 13-17 November meet at the WTO's Geneva headquarters produced a set of "[working documents](#)" dealing with two of the areas being considered for a subsidy ban – specifically, subsidies to illegal, unreported, and unregulated (IUU) fishing and subsidies for fishing of overfished stocks.

"These working documents are the result of a collective effort by delegations, and represent an effort to develop working texts that could present with some degree of clarity the numerous issues, approaches, and views before the group in these areas," said an explanation from Wayne McCook, the Jamaican ambassador who chairs the rules negotiating group, where these talks are taking place.

The five-page text itself is riddled with brackets, reflecting the various different approaches among members on how to deal with these two areas. However, it is a cleaner version than the earlier sections on these topics within the larger vertical text released last month. (See Bridges Weekly, [19 October 2017](#))

The IUU section is structured around the overall subsidy prohibition itself, along with how to determine that IUU fishing is taking place. It lists options for who should weigh in on deeming that IUU fishing has occurred, such as by using the "IUU list" (or determination) of a member regarding vessels flying its flag, of coastal states with respect to vessels flying the flag of another country in waters under their jurisdiction, of a subsidising member, or of regional fisheries management organisations (RFMO), subject to certain conditions.

Within these alternatives, much of the text remains in brackets for negotiators to work on further.

The second section of the working documents involves subsidies related to "fish stocks that are in an overfished condition." The brackets within the text demonstrate some of the differing views on how to assess whether a fish stock is overfished.

For example, one option refers to having a regional fisheries management organisation or the member with jurisdiction over where the fishing is occurring deem that a stock is overfished, while three other alternatives go into further detail, referring to how low the level of a fish stock needs to be, and what reference points and corroborating scientific evidence is needed. Yet another alternative is, by comparison, wider, stating that a stock should be considered to be overfished if "it has not been assessed or has been assessed to be in an overfished condition."

Prospects unclear

During last week's meeting, some positions reportedly shifted, according to a Geneva trade official. For example, the US is no longer pushing to include inland fisheries within the deal's scope, having tabled that proposal last month, while new proposals were put forward by India on both fuel subsidies and IUU fishing.

Fuel subsidies have long been criticised as a key driver behind fishing activities that would otherwise not be able to generate sufficient revenue. India has proposed omitting this type of support from a subsidy ban, citing the need for developing countries to maintain access to fuel subsidies or instead receive special and differential treatment. While some other proposals on the table have sought smaller exceptions for fuel from a subsidy ban, India's proposal is the most widespread exception put forward so far.

On IUU, India proposed text specific to unreported and unregulated fishing – namely, a carve-out for subsidies to that fishing in the case of developing countries, should that fishing be taking place in the subsidising member's exclusive economic zone. Both proposals drew criticism from some members, though the fuel subsidies proposal did receive the support of Venezuela and Ecuador.

Other proposed language was also issued on certain aspects of the wider fisheries text, such as on addressing fishing in disputed waters or the introduction of new subsidies – both issues that have already been raised in earlier meetings.

Another round is planned in Geneva later this month, with the goal of cleaning up other sections of the draft integrated text further. The chair, in his communication regarding the working documents, called for putting together "similar working texts and otherwise advancing its work on additional prohibitions such as overcapacity and capacity-enhancing subsidies; special and differential treatment; transparency and notifications; standstill; preamble; scope; transitional provisions; and institutional arrangements."

Overall, sources say, the shape of a final outcome on fisheries for Buenos Aires, and of a possible ongoing work programme on the issue, remains uncertain, given the substantial amount of work remaining and persistent differences in views across the various areas of the fish subsidy negotiations. Only a couple weeks remain before ministers are due to arrive in the Argentine capital.

ICTSD reporting.

TRADE AGREEMENTS

EU, Chile Launch Talks to Modernise Trade Deal

The EU and Chile have formally kicked off negotiations to modernise their existing Association Agreement, including its trade component, holding their first round of talks last week in Brussels, Belgium.

"A modernised agreement with Chile will further strengthen our already excellent relations and open new areas of cooperation. It will provide us with a state of the art framework to continue championing global peace and security, free and open economies, inclusive societies and the promotion of global common goods," [said](#) Federica Mogherini, Vice-President of the European Commission and the EU's High Representative of the European Union for Foreign Affairs and Security Policy.

According to an [official statement](#) announcing the launch, both sides have pledged to be "ambitious and visionary" in order to strike a "progressive and innovative" deal. The [Association Agreement](#), which governs EU-Chile political and economic ties, was signed 15 years ago, and began provisional application the following year.

In the years since, bilateral trade in goods had more than doubled, from the initial €7.7 billion in 2003 to €15.9 billion in 2016, according to [EU statistics](#). The 28-nation bloc is the second largest trading partner for the South American coastal nation, with Chile exporting copper, foodstuffs, and manufactured products, while importing machinery, chemicals, and other industrial products from the European bloc.

Expanding the scope

The existing agreement covers political, commercial, economic and financial, scientific, technological, social, cultural and cooperation fields.

On economic and trade-related issues, the deal contains provisions related to cooperation in various areas, including standards, technical regulations and conformity assessment procedures, small and medium-sized enterprises, services and investment, agriculture, customs, consumer protection, intellectual property rights, transport, fisheries, and energy, among a host of others. The current accord also liberalised goods trade significantly between the two sides.

Proponents say that an updated deal could capture new facets of their bilateral economic relationship, along with some of the wider global developments seen in international trade and investment. For example, the EU has flagged specific provisions on investment, non-tariff barriers, intellectual property rights, and some geographical indications and contributions to sustainable development as areas it would like to see addressed.

"In order to address today's full range of political and global challenges, we need a new, modern agreement in place, since the one from 2003 leaves out many important trade, services, and investment issues," [said](#) Cecilia Malmström, EU Trade Commissioner.

"The talks that we are now launching aim to put in place a modern trade agreement of the highest calibre, covering all issues – including those that reflect shared values such as sustainable development, helping small and medium-sized companies, and efforts against corruption. And for the first time, a trade deal of ours will include common goals on the key role of women in trade," she added.

Chile and Uruguay already have a gender-specific chapter in their FTA, and Chile recently negotiated a gender chapter to add into its trade accord with Canada. (See Bridges Weekly, [22 June 2017](#))

The EU-Chile Joint Consultative Committee (JCC), a coalition of civil society members from both sides, has [called for](#) a specific chapter on micro, small, and medium-sized enterprises (MSMEs), along with highlighting the importance of using an updated accord to advance the implementation of the UN's Sustainable Development Goals (SDGs), calling for a multilateral approach and inclusion of a "strong and ambitious" chapter on trade and sustainable development.

The European Parliament [gave its recommendations](#) in September as to what it would like to see in a final deal, which it would be required to vote on. For example, lawmakers have called for a sustainable development chapter with a gender component, as well as provisions on tax good governance, government procurement, MSMEs, and renewable energy.

They have also called for addressing trade and investment via separate deals, and including the investment court system (ICS) that the EU has been pushing for in more recent trade accords within the latter.

Inter-continental cooperation

The news comes as the EU pursues a series of other trade and economic integration efforts with various Latin American partners. For example, EU negotiators are working to modernise their trade deal with Mexico and to reach an agreement with South American trade bloc Mercosur. (See Bridges Weekly, [9 February 2017](#), [27 July 2017](#), and [19 October 2017](#))

EU officials have also expressed interest in deeper ties with the Pacific Alliance, the four-country coalition that includes Chile and Mexico, as well as Peru and Colombia.

The second round of talks between EU and Chile will take place in early 2018. Chile will be preparing for a leadership transition in March, with the second round of presidential elections set for December of this year.

ICTSD reporting; "EU, Chile To Launch Talks On FTA Modernization," TAX NEWS, 14 November 2017; "EU governments agree to review Chile trade deal," EURACTIV, 13 November 2017.

EVENTS & RESOURCES

Events

Coming Soon

27-28 November, London, UK. A SUSTAINABLE FOOD FUTURE. The annual Chatham House Food conference will address the latest challenges to the food security and sustainability agenda while assessing new policies, practices, and technologies being devised to create a more resilient and sustainable food system. It will gather together leading experts and stakeholders in nutrition, health, agriculture, fisheries and aquaculture, food policy and sustainability. For more information and to register for the event, visit the Chatham House [website](#).

27-28 November, Washington, DC, US. FIFTH ANNUAL CONFERENCE OF THE GREEN GROWTH KNOWLEDGE PLATFORM (GGKP). The fifth annual conference of the Green Growth Knowledge Platform will be hosted by the World Bank and will examine the subject of sustainable infrastructure, ranging from sanitation to energy to roads, along with their implications for education, health, and climate change. For more information, visit the World Bank [website](#).

27 November – 1 December, Geneva, Switzerland. TRADE AND DEVELOPMENT COMMISSION, NINTH SESSION. This meeting convened by the United Nations Conference on Trade and Development (UNCTAD) will examine potential interlinkages between the UN agency's different streams of work, along with examining the role of trade in supporting the 2030 Agenda for Sustainable Development and related Sustainable Development Goals (SDGs). For more information and to register, visit the UNCTAD [website](#).

29 November -1 December, Halifax, Canada. WOC SUSTAINABLE OCEAN SUMMIT (SOS). The World Ocean Council (WOC) will host the Sustainable Ocean Summit (SOS) under the theme, "The Ocean Sustainable Development Goal (SDG 14): Business Leadership and Business Opportunities." The event will examine the private sector's role in supporting ocean conservation and sustainable use, in light of the relevant SDG on this subject. For more information, visit the WOC [website](#).

30 November – 1 December, Abuja, Nigeria. PROMOTING GENDER EQUALITY IN AGRICULTURAL INVESTMENTS IN LAND IN AFRICA. This conference is being organised by the International Institute for Sustainable Development (IISD) and the Economic Community of West African States (ECOWAS) Parliament. It will apply a gender lens to the analysis of African land rights and governance, as well as farmland investments. It will also tie this analysis to the topic of food security. For information, visit the IISD [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 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.

24 November: Informal Open-ended Dispute Settlement Body – Special Session

27 November: Informal Open-ended Committee on Agriculture – Special Session

27 November -1 December: Geneva Week (Non-resident Members and Observers)

27-29 November: Informal Open-ended Negotiating Group on Rules (Fisheries Subsidies)

28 November: Trade Negotiations Committee

30 November – 1 December: General Council

Other Upcoming Events

3-6 December, Cape Town, South Africa. 3RD INTERNATIONAL CONFERENCE ON GLOBAL FOOD SECURITY. This conference hosted by the DST-NRF Centre of Excellence in Food Security and the Universities of Pretoria and the Western Cape, will examine a series of topics relating to food security, including food safety and loss and waste. An event programme and speakers' list is available online. For more information and to register, visit the conference [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, and serves as 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 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.

13 December, Buenos Aires, Argentina. THINK CONFERENCE MC11 ACADEMIC FORUM. The Institute for the Integration of Latin America and the Caribbean of the Inter-American Development Bank (INTAL) together with the Argentine Ministry of Production will be hosting this event in parallel to the WTO's ministerial conference and with the support of various partners. The event is designed to facilitate the exchange of ideas, along with fostering debate on different aspects of trade policy. An agenda, speakers' list, and registration details are available online. For more information, visit the Forum [website](#).

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

G20 INTERNATIONAL INVESTMENT AGREEMENTS AND GUIDING PRINCIPLES FOR GLOBAL INVESTMENT POLICYMAKING. By Rodrigo Polanco Lazo for the E15 Initiative (November, 2017). This paper maps the international investment agreements (IIAs) reached by G20 economies, looking to find and analyse any similarities among their various provisions relating to investor protections and dispute settlement. The E15 Initiative is jointly implemented by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum (WEF). The paper is available for download [here](#).

GLOABAL INVESTMENT TRENDS MONITOR: FOREIGN DIRECT INVESTMENT AND ECONOMIC ZONES IN ASEAN. Published by the United Nations Committee on Trade and Development (UNCTAD) (2017). This report examines trends in foreign direct investment within the Association of Southeast Asian Nations (ASEAN) last year. It draws on the findings of a joint UNCTAD-ASEAN report issued this month. The monitor also examines recent developments in various economic zones within the ASEAN region. The report is available [online](#).

FOURTH MINISTERIAL MEETING ON COMMODITY MARKETS AND PRICES: LONG-TERM COMMODITY PRICE TRENDS AND SUSTAINABLE AGRICULTURAL DEVELOPMENT. Published by the Food and Agriculture Organization of the United Nations (FAO) (2017). This report examines the ministerial-level discussions during a 2016 meeting at FAO headquarters under the theme of "Long-term Commodity Price Trends and Sustainable Agricultural Development." This report is available to download [here](#).

GENDER AND FOSSIL FUEL SUBSIDY REFORM: AN AUDIT OF DATA ON ENERGY SUBSIDIES, ENERGY USE AND GENDER IN INDONESIA. By Niken Kusumawardhani, Rafiazka Hilman, Nila Warda, and Rachma Nurbani for International Institute for Sustainable Development (IISD) (November 2017). This study examines the interlinkages between household energy sources, fossil fuel subsidies, and gender, looking specifically at how fossil fuel subsidy reform could have specific effects on women, particularly poorer women, and their incomes. This paper is available for download [here](#).

DIGITALIZATION AND ENERGY. Published by the International Energy Agency (IEA). This new publication examines the potential impact the digitalisation could have across energy sectors, with a view to informing policymaking processes. It also provides recommendations to that effect. The report is available for download [here](#).

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