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TRADE AGREEMENTS

EU, Mercosur Negotiators Aim for "Endgame" in Trade Talks

Negotiators from the European Union and the South American bloc Mercosur are ramping up their efforts to finalise a trade accord between them, with the hopes of announcing a political deal on the margins of the WTO's Eleventh Ministerial Conference (MC11) in Buenos Aires, Argentina, next week.

The two coalitions have been negotiating an Association Agreement and related trade deal since 1999, though those talks later stalled over disagreements on sensitive topics such as agriculture. They rebooted negotiations in 2010, and later renewed their discussions last year. (See Bridges Weekly, [21 April 2016](#))

The latest round was completed on 10 November in Brasilia, Brazil, with another round currently underway through 8 December in Brussels, Belgium.

"We hope that we can exchange offers on most of the issues. Of course, we know that there are some sensitivities remaining, so we will have to see how far we get this week," said EU Trade Commissioner Cecilia Malmström in Brussels this week, [speaking](#) during "EU Trade Policy Day" on 5 December.

Previewing the EU-Mercosur discussions in Buenos Aires at the WTO ministerial, she noted that ministers plan to "take stock [of] where we are and if we can see the skeleton of an agreement, if we can see the most sensitive issues – can we move into the very final endgame and then make an announcement of where we are."

She also noted that the timeframe is important, given potential shifts in political dynamics, and stressing that the two sides would like to see a deal done by late this year or early next. Brazil is set to see general elections in October 2018, for example.

"We are committed to do this as soon as possible because we are almost there, because there is a momentum, because next year, if it drags on too long there will be election campaigns and you risk losing that momentum," she added.

According to a [report](#) on the November round issued by the European Commission, the two sides made significant progress in various areas, including on the chapters involving government procurement, sanitary and phytosanitary (SPS) measures, and dispute settlement. It also noted “divergences” in various areas, which negotiators are working to whittle down in the days to come.

The planned deal would also cover areas such as rules of origin, sustainable development, services and establishment, intellectual property including geographical indications, technical barriers to trade, and an anti-fraud clause, among other topics.

However, market access, particularly on beef, ethanol, and car parts, remains among the most challenging issues to resolve, Malmström noted this week. Agriculture is a major sector for both sides, and disagreements in this area have repeatedly stymied progress in the talks in the past.

For example, some EU member states have balked at the prospect of slashing tariffs on imported beef from the Southern cone countries, which is a key ask from the latter group. Agricultural products already make up a hefty portion of Mercosur exports to Europe, along with minerals and machinery, according to European Commission [statistics](#).

Mercosur is reportedly willing to phase out import tariffs at a faster pace in exchange for greater market access on beef, according to comments from an Argentine negotiator reported in Reuters. Automobiles also remains a challenging area, given that both sides are home to major producers of cars and car parts. Approximately 17 percent of the EU's exports to Mercosur countries involve vehicles and their components.

Even if a political deal is announced in Buenos Aires at the WTO ministerial, there will still be other steps to finalise before an agreement can take effect – such as wrapping up any final technical or sensitive issues, translation and legal “scrubbing” of the text, signature, and ratification.

Trading relationships

Officials from both sides have said that deeper trading relationships with partners that share similar values could be a boon not only to economic growth, but also for meeting sustainable development objectives, particularly in the current geopolitical landscape where trade policy and politics have increasingly taken the spotlight.

Analysts say that the push for finalising the long-running trade talks could have a significant economic impact for both sides directly. For example, Matias Spektor, a professor of international relations at Brazil's FGV business school, told the [Bloomberg](#) news agency that the deal could be “a game changer for economic recovery in Brazil and Argentina,” which are the two largest economies in the four-country coalition and have been hard-hit by an economic downturn in recent years.

The 28-nation EU is already Mercosur's largest trading partner, making up one-fifth of the latter bloc's overall trade, according to [statistics](#) published by the European Commission.

The Mercosur coalition has also been expressing growing interest in developing deeper trade ties with both regional partners, as well as those further afield.

The group has been looking at how to build a closer relationship with the Pacific Alliance, a newer coalition of Latin American countries that currently includes Chile, Colombia, Peru, and Mexico as full members, with other countries in the process of negotiating associate membership. (See Bridges Weekly, [2 November 2017](#) and [13 April 2017](#))

The EU and Chile have recently launched talks to modernise their existing trade accord, while Brussels is also in the penultimate stages of negotiating an update with Mexico City to their existing agreement. (See Bridges Weekly, [23 November 2017](#))

The EU has a series of other trade negotiations underway that could see significant developments in 2018, such as the expected launch of trade talks with Australia and New Zealand, respectively. The 28-nation bloc is also aiming to finalise the final sticking points in its trade agreement with Japan, having announced a political deal earlier this year. (For more on EU-Mexico, see related story, this edition)

ICTSD reporting; "New round of EU/Mercosur talks in Brussels: agriculture main concern for France, Ireland, and Poland," MERCOPRESS, 27 November 2017; "Mercosur to offer EU faster reduction in tariffs: Argentine negotiator," REUTERS, 24 November 2017; "Progress on EU-Mercosur Deal Sparks Hopes of a 'Game Changer'," BLOOMBERG, 4 December 2017; "Mercosur sees more than 70 percent chance of EU trade deal: official," REUTERS, 6 November 2017.

GLOBAL ECONOMY

Ministers Issue Policy Recommendations to Reduce Steel Overcapacity at Global Forum

The first ministerial-level meeting of the Global Forum on Steel Excess Capacity was held last week in Berlin, Germany, as that country's G20 presidency was drawing to a close, with participants publishing a package of principle-based policy recommendations.

These [recommendations](#) are targeted to address global steel excess capacity and create a level playing field in global steel markets, for implementation over the course of 2018 and 2019. Members also decided to convene at least three times per year to monitor the implementation process and share information on progress towards eliminating market-distorting subsidies under the incoming Argentine G20 presidency.

"The outcome today is the crowning achievement of a successful German G20 Presidency," said Gabriela Ramos, the OECD Chief of Staff and G20 Sherpa, according to a [press release](#) published by the Organisation for Economic Co-operation and Development (OECD).

Conceptualised in the context of the G20 Hangzhou Summit under the Chinese presidency and launched in December 2016, the Global Steel Forum unites 33 member economies, both from the G20 and some additional members from the OECD. These together account for 90 percent of world steel production and capacity. The Global Steel Forum is based on a three-year mandate, due to expire in 2019 but open to extension, to strive to identify and tackle the root causes of global steel overcapacity. (See Bridges Weekly, [7 September 2016](#))

In 2016, the global surplus in steel-making capacity reached an unprecedented 737 million metric tonnes (mmt), which has largely been credited with lowering steel prices and adversely affecting jobs in the steel sector and related industries. The imbalance between supply and demand in the steel industry puts "at risk the viability of an industry that produces a material which is vital for the functioning of economies and societies," according the Forum's latest [report](#).

"I am very pleased with the result agreed today, which confirms the relevance of the G20 in crafting collective solutions to global problems," said Angel Gurría, Secretary-General of the OECD, the organisation designated as Global Steel Forum's facilitator. "This will contribute not only to a more stable and sustainable steel sector, but is also an opportunity to reduce trade distortions and improve our trade relations more generally."

"This is a global challenge, and it has to be dealt with accordingly," said EU Trade Commissioner Cecilia Malmström, according to a European Commission [press release](#), which called for the swift application of the agreed principles and solutions and highlighting the importance of action in this area for protecting jobs.

"In the run-up to the World Trade Organization's 11th Ministerial Conference in Buenos Aires, this success underlines the importance of effective multilateral cooperation to solve global problems," she said, referring to the high-level meeting due to kick off in the Argentine capital city next week.

Policy solutions

In response to a commitment at this year's G20 Hamburg Summit to "rapidly develop concrete policy solutions that reduce steel excess capacity," members agreed on concrete

policy solutions to reduce overcapacity based on a reference framework of six guiding principles. They urge members to ensure “market-based outcomes” and avoid using market-distorting subsidies and other state aid in this sector, along with providing a “level playing field” between private enterprises and state-owned enterprises (SOEs).

The report identifies areas of converging views between members, including broad recognition of the universal challenge posed by excess capacity and the need to find a collective solution; the necessity of encouraging adjustment and enhanced market function; and the need for improved transparency on steel policies and developments in the market.

Since the creation of the Forum, members have exchanged disaggregate data on steel capacity, including on new, existing, or closed steel plants in response to the call for increased information-sharing issued at Hangzhou over a year ago.

In addition, a policy inventory has been generated to map government actions with direct or indirect implications for excess steel capacity in place at the national level, and in some cases at the regional or provincial levels. The database aims to level access to information across countries and build trust in order to arrive at collective solutions to the challenge.

Forum members also committed last week to increased transparency on cuts to capacity, acknowledging the importance of regular updates to the information on capacity and policy measures as an integral element to facilitate smooth implementation.

Government officials react

China has come under particular scrutiny, in light of its position as the world's top steel producer. In 2016, the Chinese government committed to new supply-side reforms, setting the objective to reduce 100 to 150 mmt of crude steel capacity in five years, a move that would entail the resettlement of 500,000 workers.

“Capacity reduction is a painful process, China has had to reallocate hundreds of thousands of workers. We call upon producers in the world to work together and take effective measures to reduce capacity,” Assistant Chinese Commerce Minister Li Chenggang said last week, according to Reuters.

A [statement](#) issued by US Trade Representative Robert Lighthizer in response to the forum report emphasised that much work remains. “Progress on recommendations, information sharing plans and additional scheduled meetings must give way to real policy changes,” the statement said.

“The Forum has not made meaningful progress yet on the root causes of steel excess capacity, and pointing to short-term developments and worn out promises will not cure the fundamental causes of the problem,” it continued, while pledging to continue Washington's engagement.

The statement also says that the US “will not hesitate to use the tools available under legal authorities to firmly respond to the causes and consequences of steel excess capacity.”

The new US administration under President Donald Trump launched an investigation under Section 232 of the Trade Expansion Act into whether imports of steel could pose a risk to national security in April. The probe is to be concluded by US Commerce Secretary Wilbur Ross in early 2018, on the basis of which a determination may be made on potential actions by the executive branch. (See Bridges Weekly, [29 June 2017](#))

ICTSD reporting; “EU welcomes G20 forum deal on steel over-capacity,” EU BUSINESS, 5 December 2017; “Steel's structural shift lost in the political war of words,” REUTERS, 2 December 2017; “USTR: No ‘meaningful progress’ to curb excess steel capacity,” AMERICAN SHIPPER, 1 December 2017.

CLIMATE CHANGE

In Landmark Shift, New UN Work Programme to Address Agriculture Emissions Under Climate Action Framework

International agencies and farm leaders have welcomed the [decision](#) to launch a work programme on climate and agriculture, which was endorsed by governments at the annual conference of the UN Framework Convention on Climate Change (UNFCCC) three weeks ago in Bonn, Germany.

Language in the preamble to the UNFCCC's 2015 [Paris climate deal Agreement on climate change](#) had previously acknowledged the importance of prioritising food security and ending hunger, as well as the "particular vulnerabilities of food production systems to the adverse impacts of climate change." Article 2b of the agreement also refers to the need to foster climate resilience and low greenhouse gas emissions development, "in a manner that does not threaten food production."

The new work programme, which will be held under the UNFCCC's two permanent subsidiary bodies, follows a series of five workshops held over the last four years, which many negotiators and environmentalists had hoped would prepare the ground for a more in-depth examination of the issues at stake. (See Bridges Weekly, [19 November 2017](#) and BioRes, [11 November 2013](#))

Whether to address agriculture under the UNFCCC has long been a contentious topic in the negotiations, even as the sector itself is the [second largest source](#) of greenhouse gas emissions, while the impacts of climate change can have adverse impacts on farmers' livelihoods and on food security.

Methane emissions from livestock are among the main contributors to agriculture's overall impact on greenhouse gas emissions, along with certain rice production techniques, emissions from farm chemicals such as fertilisers, and emissions associated with transport and agriculture-related deforestation.

José Graziano da Silva, the Director-General of the UN Food and Agriculture Organization (FAO), called the move a "major step" to address the impact of climate change on the poor and to meet growing demand for food.

"Climate change is already affecting agriculture and food security and it disproportionately affects the poorest of the poor, most of whom rely on the agricultural sectors for their livelihoods," said the FAO chief in a 17 November [statement](#).

Farm leaders and research groups also responded positively to the news. "Agriculture is firmly back on the agenda," [wrote](#) Theo de Jager, a South African farmer who serves as President of the World Farmers' Organisation, in a comment posted on the social media site Twitter. Separately, a [statement](#) from the global research programme on Climate Change, Agriculture and Food Security (CCAFS) hailed the move as a "momentous decision," in an online article signed by seven representatives from the network. CCAFS is a collaborative initiative among the research centres that are part of the Consultative Group on International Agricultural Research (CGIAR).

The UNFCCC's decision "opens the door to bold, transformative action to make farmers' livelihoods and food supply more resilient, while mitigating climate change," the signatories wrote.

UN climate negotiators told Bridges that they felt that significant progress had been achieved. "There was a substantive and meaningful decision for a new work programme until 2020," said one official, in an email to Bridges. The agriculture accord was also heralded publicly by officials at the climate conference as one of the event's major developments that could also have significant practical implications.

Six work areas

The work programme would include six main areas, the UNFCCC decision says, although it would have the potential to include others as well.

Under the first of these areas, officials will examine how to implement the outcomes of the five workshops on agricultural issues organised to date. Secondly, they will also examine methods and approaches for assessing adaption to climate change, resilience, and adaptation "co-benefits" – a term which could also cover efforts to mitigate climate change by cutting greenhouse gas emissions.

In talks to date, many developing countries have emphasised the primary importance of ensuring that the agricultural sector can adapt to climate change, while developed countries have often preferred an approach focusing on both climate adaptation and mitigation efforts. The agreed language reflects a compromise form of wording that was able to achieve consensus.

Three further work areas concern specific aspects of farm systems. One focus area looks at improved soil carbon, soil health, and soil fertility in grassland, cropland, and integrated systems, as well as examining water management. Another focus area relates to improved nutrient use and manure management, and a third covers improved livestock management systems.

Finally, the work programme is also due to cover socio-economic and food security dimensions of climate change in the agricultural sector. This last area will potentially allow officials to examine issues associated with trade and markets, an area which historically has been a sensitive area in the climate talks. While trade is not a formal UNFCCC negotiating agenda item, it does also feature in discussions on key topics such as response measures and carbon markets.

The work programme will be pursued jointly under the two permanent UNFCCC subsidiary bodies, the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI), which meet both at the annual Conference of the Parties as well as at the mid-year climate talks.

The SBSTA and SBI will report on their work to the UNFCCC Conference of Parties in November 2020, according to the decision.

Relationship with trade?

Analysts told Bridges that it was significant that parties to the UNFCCC had decided to include a discussion of the socio-economic and food security dimensions of climate change in the farm sector.

The move "potentially opens the door to considering a whole range of issues," potentially including questions related to the relocation of production and to international trade, wrote David Blandford, Professor Emeritus of agricultural and environmental economics at Penn State University, in an email to Bridges.

However, one climate negotiator cautioned that trade issues had been controversial in the UNFCCC workshops on climate and agriculture to date, and that if these questions were to emerge under the work programme they could also derail progress.

Countries could raise trade aspects of the relationship between agriculture and climate change, another official said, but noted that this would be "a choice they will have to make depending on their views and proposals."

Country-led approach

Because the design of the UNFCCC's Paris agreement is structured around nationally determined contributions (NDCs), which are countries' individual climate action plans, some analysts say that global issues such as the relationship between food security and international trade can be pushed to the sidelines. According to the [FAO](#), approximately 90 percent of these NDCs cover agriculture in some way.

[Analysis](#) in 2016 by the Centre for International Forestry Research, based on countries' submissions to the UNFCCC's scientific and technical body up until that point, argued that more holistic approaches to agriculture and climate change were needed.

One negotiator told Bridges that the UNFCCC's "bottom up approach" needed to be complemented by technical experts from agencies such as the UN Food and Agriculture Organization and the World Bank, and from think tanks and other organisations providing a global vision of the issues around agriculture and climate change.

Next steps

UNFCCC member countries, as well as other interested bodies with observer status, will now make submissions on which topics should be treated under the work programme, officials said, which would then be discussed in May 2018 during the mid-year climate talks in Bonn. These submissions are due by the end of March.

"The pace of progress depends on the level of engagement of Parties," said Carlos Fuller, a Caribbean climate negotiator who chaired the scientific and technical talks on agriculture until the UNFCCC meeting in Bonn this November.

ICTSD reporting.

DISPUTES

Canada-US Softwood Lumber Row Escalates With Filing of NAFTA, WTO Cases

The past couple of weeks have seen a series of developments in the long-running US-Canada row over softwood lumber trade. Canada has lately launched cases under the [North American Free Trade Agreement \(NAFTA\)](#) and the [WTO](#), respectively, to review new US anti-dumping and countervailing investigations on Canadian softwood lumber imports, whose final results were announced last month.

The cases involving softwood lumber mark a new chapter in an ongoing saga which dates back decades. They are also not the first NAFTA or WTO cases on the subject since the 2000s; however, litigation of any kind had been ended under a bilateral "Softwood Lumber Agreement" (SLA) reached in 2006, which expired in 2015. A related "standstill" on new trade remedies expired one year later.

Under the SLA, the US had agreed not to launch any new anti-dumping or countervailing duty investigations, while Canada was required to guarantee a minimum export price through export charges and/or quotas, among other provisions. (Bridges Weekly, [15 October 2015](#))

At issue in the row is a long-standing disagreement over whether Canadian lumber producers have benefitted from allegedly unfair government support, specifically from low "stumpage fees," which are duties paid for each tree harvested from "Crown land." United States producers of the timber have argued that these fees are tantamount to a subsidy, claiming that these are set at artificially low levels.

A US coalition of lumber producers had filed new complaints on the duties last year, and the US Commerce Department made final determinations of dumping and unfair subsidies in November, with the International Trade Commission due to confirm later this month whether this has also injured domestic industry and thus whether trade remedy duties should eventually be levied. (See Bridges Weekly, [9 November 2017](#))

According to Canadian government statistics, the domestic lumber industry is the [source](#) of jobs for over 200,000 Canadians, while noting that US supply would be insufficient to meet domestic demand without importing from its northern neighbour. These imports were valued at US\$5.66 billion last year, according to US [data](#).

WTO cases

Before the 2006 SLA took effect, Canada filed six WTO [cases](#) on US anti-dumping and countervailing probes, which had been launched five years prior and ultimately led to duties.

The Appellate Body confirmed that by granting a right to harvest standing timber, Canadian provinces provide standing timber to timber harvesters, and therefore made a "financial contribution." Under WTO subsidy rules, subsidies are defined as a financial contribution by a government or public body which confers a benefit. However, other aspects of the Appellate Body review either found problems with different aspects of how the US calculated duties, or could not make a definitive finding as to whether the US had wrongly determined the "benefit" conferred by the Canadian government to its producers, in its investigation.

Some of the disputes reached the stage where Canada asked that the WTO's Dispute Settlement Body (DSB) approve the suspension of concessions, though this ultimately did not take place given that the SLA was reached.

In the new WTO disputes launched just days ago, Canada again questioned among other issues the Commerce Department's "benefit" analysis, which dismissed stumpage prices within a particular Canadian province as a comparative baseline. Canada is also asking for a review on the US' calculation methodology in the anti-dumping probe.

NAFTA challenges filed

Chapter 19 of NAFTA sets out a dispute settlement system on trade remedies, providing an alternative to using the domestic courts of NAFTA parties. The system under that chapter would involve a "bi-national" panel, which can either uphold the decision, or send it back to the investigation authority and request for compliance within a reasonable period of time.

For the 2001 investigations and the resulting duties, the NAFTA panels were asked to decide whether the Commerce Department's decision was in line with US anti-dumping and countervailing duty laws, and ultimately upheld some aspects of the agency's determination, though left others for subsequent redetermination by the US authority. The case focused heavily on methodology, such as analysing the "benefit" conferred to Canadian producers or what benchmarks to use in calculations.

Those cases ultimately ended once the SLA was reached. However, new cases have now been filed under NAFTA in recent weeks from Canada.

Wider context

Despite efforts by US and Canadian negotiators to clinch a new SLA, those talks have so far failed to reach an updated accord, despite interest from domestic industry on both sides.

In announcing the anti-dumping and countervailing investigation results last month, US Commerce Secretary Wilbur Ross defended the outcomes and [said](#) that "while I am disappointed that a negotiated agreement could not be made between domestic and Canadian softwood producers, the United States is committed to free, fair and reciprocal trade with Canada."

However, the potential duties have drawn heavy scrutiny not just from Canadian industry, but also from some sectors within the US which have warned of adverse impacts for other parts of the value chain and potential increases in housing costs, given that softwood lumber is used in home construction. Canadian officials, for their part, pledged to use the legal avenues available to defend domestic industry, while [advocating](#) for a new lumber deal.

In parallel, the three NAFTA parties are currently negotiating a "modernisation" of the trade deal, kicking off that process in August. The US is lobbying for the removal of Chapter 19 dispute settlement, a proposal that has drawn intense pushback from its NAFTA partners. (See Bridges Weekly, [23 November 2017](#))

On the WTO side, the system is already facing strain due partly to having two empty seats on its Appellate Body, a number that will rise to three this month. The Appellate Body is meant to have seven members. Even so, new appeals have been filed under the WTO's highest court, including a submission this past week from Mexico on compliance panel reports involving the US' dolphin-safe tuna measure. That submission was not publicly available at the time of this writing, but will be covered in further depth in a subsequent issue of Bridges. (See Bridges Weekly, [2 November 2017](#))

ICTSD reporting.

TRADE AGREEMENTS

EU, Mexico Continue Efforts to Clinch Updated Trade Deal by Year's End

The EU and Mexico have concluded a sixth round of talks to update their existing trade accord, reporting advances on a series of negotiating areas and confirming that they will meet again in Brussels, Belgium, later this month in a bid to wrap up a deal.

According to a [press statement](#) from the European Commission, the EU's executive arm, the latest round included advances in areas such as goods, services, and public procurement market access. They also referred to progress on the investment court system (ICS), which the EU has been working to include in its more recent trade agreements as a replacement to the previous investor-state dispute settlement (ISDS) mechanism and use as a precursor to a proposed "multilateral investment court."

Sustainable development was also an area which saw progress, according to the EU, though the statement did not go into further detail. A [blog post](#) from the Mexican government noted that both sides have now concluded a chapter on competition policy as well as on small and medium-sized enterprises (SMEs).

Negotiators will hold talks in Brussels, Belgium, from 11 December to advance negotiations further, with ministers set to join during the week of 18 December, according to the Mexican government.

According to EU Trade Commissioner Cecilia Malmström, during a panel discussion at "EU Trade Policy Day" in Brussels, she will also be meeting with Ildefonso Guajardo Villareal, the Mexican Economy Secretary, during the WTO ministerial conference in Buenos Aires, Argentina, on the subject. She noted that the two sides are aiming to reach a political agreement "either just before Christmas or right after."

A hefty economic agenda

The two sides began negotiations to modernise their existing trade agreement since mid-2016, with officials stating at the time that this process would help ensure that their economic relationship incorporates current realities of global trade, along with the internal changes seen within their respective economies in the years since the original agreement entered into force. (See Bridges Weekly, [23 June 2016](#))

The original trade accord, part of their "Global Agreement," has been in place for goods since the year 2000 and for services since the year 2001.

"The modernisation of the EU-Mexico FTA is a priority in Mexico's trade agenda, designed to strengthen the integration with existing trading partners and to promote the diversification of economic ties in the world," the Mexican government blog post issued on 5 December said.

Malmström, for her part, said in Brussels this week that given the age of the existing accord, "it makes a lot of sense to get it in line with current trade agreements' quality and content."

Between the two sides, their goods trade is concentrated mainly on fuel, machinery, telecommunications equipment, transport equipment, mining, and chemicals, according to

European Commission [data](#). They also trade extensively in services, such as those relating to transport.

Both the EU and Mexico have a busy negotiating agenda underway with a host of trading partners. The 28-nation European bloc recently launched talks to update its trade deal with Chile, while also trying to wrap up long-running negotiations with South American bloc Mercosur, which includes Argentina, Brazil, Paraguay, and Uruguay. (For more on EU-Mercosur, see related story, this edition, and [23 November 2017](#))

Mexico, for its part, is in negotiations with the US and Canada to modernise the North American Free Trade Agreement (NAFTA), a process which began in August. Those talks are openly acknowledged as being in a challenging phase, with unclear prospects. (See Bridges Weekly, [23 November 2017](#))

Malmström commented that this week that while the EU is cognizant of that process and its dynamic, the EU-Mexico free trade accord could be one way for Mexico "to diversify their economic dependence and economy," while being important for the 28-nation bloc as well.

The EU has a trade deal provisionally in place with one of Mexico's NAFTA partners, Canada, though separate talks to negotiate an EU-US accord have been on hold since late 2016 given the leadership transition in the United States.

ICTSD reporting.

GLOBAL ECONOMY

Canada, China Pledge to Ramp Up Trade Cooperation, Weigh Possible FTA Talks

Canadian Prime Minister Justin Trudeau and Chinese Premier Li Keqiang finished highly-anticipated meetings in Beijing this week, announcing “new joint partnerships” and a joint statement on climate change, while pledging to continue discussions over whether to launch negotiations for a free trade deal.

The exploratory talks for the potential launch of formal trade talks began just over a year ago, with both sides confirming a goal to double trade between them by the year 2025. Since then, the trading partners have been conducting domestic preparations, which for Canada included public consultations with various stakeholders to help shape its negotiating objectives. (See Bridges Weekly, [26 September 2016](#) and [9 March 2017](#))

“While in Beijing, Premier Li and I had discussions on a range of issues, from growing trade and investment, to combating climate change, to the importance of free expression. I look forward to continuing discussions towards a comprehensive trade agreement, which will open up greater opportunities for people on both sides of the Pacific,” [said](#) Trudeau after the meeting.

Li said that the bilateral relationship is in the “golden age,” and urged continued cooperation between their economies.

“China stands ready for an open and candid discussion toward a free trade agreement with Canada, and both China and Canada are willing to jointly facilitate free trade and investment,” Li [said](#), according to China Daily, a local media outlet.

Among the issues reportedly raised in Beijing were how to address issues such as labour and gender in a future agreement. These are among the topics that emerged as areas of interest both in Ottawa’s [public consultations](#) with stakeholders, along with the structure of China’s economy, and have also been raised as national priorities by top Canadian officials.

“With China, as with all of our trading partners, we are committed to pursuing trade that benefits everyone, that puts people first and reflects Canadian values, especially when it comes to the environment, labour, and gender,” [says](#) the official press release from the Canadian prime minister.

Meanwhile, Chinese officials pledged to continue its efforts at greater international engagement, including in the economic sphere, both in the Asia-Pacific region and beyond. “China will open its door even wider to the outside world,” [said](#) Li, according to China’s government news outlet Xinhua.

“China’s business environment will get better and better, and China will continue to be a hot destination for international investments,” he added.

Despite the decision not to launch formal talks at this stage, leaders on both sides expressed optimism that the negotiations will go ahead. “We believe that, done properly, a trade agreement would benefit both countries, creating jobs, strengthening the middle class and growing our economies,” Trudeau [said](#).

"We will continue to deal with multiple different ways of benefiting our two countries as we work together, whether or not there are formal negotiations or exploratory talks," Canada's prime minister [added](#), according to comments reported by CBC News.

Climate statement

The two leaders also [issued](#) a joint statement on climate change and clean growth, pledging to increase cooperation both bilaterally and on the wider international stage, in the context of the UN climate process.

"Environmental protection is key to our progressive trade agenda and will provide even greater opportunities for businesses to provide innovative solutions for clean air, water, and soil that will lead to good, middle-class jobs and prosperity in both countries," [said](#) Canada's Minister of Environment and Climate Change Catherine McKenna after the meeting.

The two countries have agreed to set up formal dialogues between their climate and energy ministers, along with reaffirming their commitment towards a low-carbon transition and the full implementation of the UN's Paris Agreement. (See Bridges Weekly, [8 June 2017](#))

ICTSD reporting; "Free trade studies agreed on as Li meets with Canadian PM Trudeau," CHINA DAILY, 5 December 2017; "Trudeau says he raised human rights, death penalty, in meeting with Chinese premier," TORONTO STAR, 5 December 2017; "Trudeau set to meet China's 'paramount leader' as free trade talks fail to emerge in Beijing," TORONTO STAR, 4 December 2017; "China, Canada agree to issue joint statement on climate change," XINHUA, 5 December 2017; "With no formal trade talks, Trudeau leaves international trade minister in Beijing," CBC NEWS, 5 December 2017.

TRADE AGREEMENTS

Australia, Singapore Trade Pact Revisions Take Effect

Australia and Singapore now have an updated version of their nearly fifteen-year-old trade pact in force, one year after their top trade officials signed a new amendment to the accord.

The original Australia-Singapore agreement entered into force in 2003, slashing goods tariffs between the two Asia-Pacific partners, along with [undertaking](#) a series of commitments in services trade, investment, telecommunications, intellectual property, and electronic commerce, among various other provisions.

Australian Trade Minister Steven Ciobo and Singaporean Trade Minister Lim Hng Kiang signed the [updated accord](#) nearly 14 months ago, with the latter official telling the [Straits Times](#) recently that "both sides have been working expeditiously to bring the agreement into force so that Australian and Singapore businesses can reap the enhanced benefits."

The deal states that its updated objective are manifold, including both increasingly liberalised goods and services trade bilaterally, as well as backing "the wider liberalisation process in the Asia-Pacific Economic Cooperation consistent with its goals of free and open trade and investment; to build upon their commitments at the World Trade Organization, and to support its efforts to create a predictable, and more free and open global trading environment," among other goals.

The changes [include](#) modernising the existing investor-state dispute settlement (ISDS) mechanism, such as by strengthening protections of a government's right to regulate for public policy objectives. It also updates provisions for businesses to bid for public contracts, including making it easier for smaller firms to participate, and for the movement of business persons in the legal, engineering, accounting and financial sectors.

Australia has also [raised](#) its existing threshold for screening foreign investments from private actors in Singapore, specifically for non-sensitive sectors. Officials note that the increased threshold aligns the trade pact with other regional accords, including the Trans-Pacific Partnership (TPP), which includes both countries and has recently been renamed and seen some provisions put on hold.

According to Singapore government [statistics](#), bilateral trade with Australia reached US\$18.2 billion last year. Australia was Singapore's thirteenth largest trading partner in 2016, while Singapore was Australia's seventh largest trading partner that year. Foreign investment flows between them already amount in the hundreds of billions of dollars.

Regional developments

Along with their bilateral accord entering into force, the new year is set to see continued talks to finalise a few remaining sticking points in the TPP, now known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). (See Bridges Weekly, [16 November 2017](#))

Those efforts are expected to resume in the first quarter of the new year, as talks also continue on a separate initiative that also involves Singapore and Australia, the Regional Comprehensive Economic Partnership (RCEP). That planned accord involves all 10 members

of the Association of Southeast Asian Nations (ASEAN), a group which includes Singapore, as well as ASEAN's six FTA partners, among them Australia.

Officials confirmed last month that the RCEP talks will need to continue in 2018 as well, despite earlier hopes that a deal among the 16-country coalition could be clinched before year's end. (See Bridges Weekly, [16 November 2017](#))

Meanwhile, trade talks between the EU and Japan to wrap up an accord continue underway, and may continue in the new year as the two trading giants weigh a few final sensitive areas, including how to deal with investor protections and how to treat investment disputes in a final agreement. (See Bridges Weekly, [21 September 2017](#))

ICTSD reporting; "Upgraded Singapore-Australia free trade agreement ratified, comes into force today," STRAITS TIMES, 1 December 2017.

EVENTS & RESOURCES

Events

Coming Soon

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. Details on the event's format, speakers, and other relevant information is available on the dedicated TSDS site. The sessions will be webcast, and more information is available at the TSDS [website](#).

12 December, Paris, France. ONE PLANET SUMMIT. This event, convened by the French government, the United Nations, and the World Bank Group, with the support of various partners, will make the two-year anniversary of the adoption of the Paris Agreement on climate change. It will aim to build even greater momentum for climate action on multiple levels, and comes immediately after a dedicated annual meeting on climate finance. To learn more, visit the event [website](#).

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](#).

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.

9 December: Informal Group of Developing Countries

10 – 13 December: Eleventh Session of the Ministerial Conference, Buenos Aires, Argentina

Other Upcoming Events

15-18 January 2018, Abu Dhabi, United Arab Emirates. WORLD FUTURE ENERGY SUMMIT 2018. The World Future Energy Summit (WFES) is an annual event focusing on a series of issues relating to energy, including on renewables. Expected participants include government leaders, policymakers, private sector representatives, and think tank officials. For more information and to register, visit the WFES [website](#).

17 January 2018, London, UK. THE FUTURE OF THE LIBERAL WORLD ORDER. This Chatham House event will feature a series of speakers, who will address the future of the international liberal world order in light of the geopolitical developments of the past year. The speakers will be the authors of a special issue of "International Affairs." To learn more, visit the Chatham House [website](#).

23-28 January 2018, Davos, Switzerland. WORLD ECONOMIC FORUM ANNUAL MEETING 2018. This annual high-level event, held by the World Economic Forum (WEF), will revolve around the theme "Creating a Shared Future in a Fractured World." The event draws officials from international agencies, governments, private sector, think tanks, media, and more for discussions on various facets of the global policy landscape. More information is available on the WEF [website](#).

22-25 October 2018, Geneva, Switzerland. WORLD INVESTMENT FORUM 2018. This biennial event, organised by the UN Conference on Trade and Development (UNCTAD), features discussions on a range of issues relating to the international investment landscape, with the upcoming edition focusing on its relationship to sustainable development. Additional information and pre-registration is available [here](#).

Resources

DIGITAL TRADE-RELATED PROVISIONS IN REGIONAL TRADE AGREEMENTS: EXISTING MODELS AND LESSONS FOR THE MULTILATERAL TRADE SYSTEM. By Mark Wu for the RTA Exchange (November 2017). This new paper is published by the RTA Exchange, which is jointly implemented by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). It examines the emergence of e-commerce provisions and chapters across a host of regional trade agreements, along with what this means for future trade accords that address digital trade. This paper is available to download at the ICTSD [website](#).

FUELLING TRADE IN THE DIGITAL ERA: THE GLOBAL LANDSCAPE AND IMPLICATIONS FOR SOUTHEAST ASIA. By Kati Suominen for the International Centre for Trade and Sustainable Development (ICTSD) (November 2017). This new research paper examines the relationship between digitisation, international trade, and economic growth, with a focus on developing economies in the Southeast Asian region. It highlights issues such as infrastructure needs and complementary policies in this context. This paper is available to download at the ICTSD [website](#).

TAILORING AID FOR TRADE FOR THE SERVICES ECONOMY IN LOW INCOME AND LEAST DEVELOPED COUNTRIES. Published by the International Centre for Trade and Sustainable Development (ICTSD) (November 2017). This paper reviews the Aid for Trade initiative under the WTO in relation to services trade in developing economies, and how the former can support the latter going forward. This paper is available for download at the ICTSD [website](#).

AT A GLANCE: FOOD INSECURITY IN ASIA: WHY INSTITUTIONS MATTER. Published by the Asian Development Bank Institute (ADBI) (November 2017). This book takes a close look at select developing economies in Asia, examining the relationship between institutions and food security status. This book is available at the ADBI [website](#).

OECD REVIEW OF FISHERIES: POLICIES AND SUMMARY STATISTICS 2017. Published by the Organisation for Economic Co-operation and Development (OECD) (November 2017). This publication examines recent developments in the fishing and aquaculture sectors of OECD economies, and select others over the past two years, looking at both aggregated and country-specific data across various indicators. This report is available to download [here](#).

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