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## GLOBAL ECONOMY

### IMF's Christine Lagarde Calls on G-20 Members to Keep Growth "Momentum"

Christine Lagarde, the Managing Director of the International Monetary Fund (IMF), called on G-20 officials preparing to meet in the German city of Baden-Baden later this week to keep the "momentum" in supporting global growth.

"The global economy is moving into a better position. But it would be a mistake to assume that it will automatically return to rude health," said the IMF chief in a [blog post](#) released ahead of the 17-18 March meeting.

Among the areas that she flagged as being key for ensuring continued positive movement would be seeing balanced growth from China and greater supply-side expansion efforts in the US, though with the latter economy she noted that there is the possibility of negative "spillovers" depending on the direction of American policy going forward.

More broadly, the IMF chief – now in her second term at the Washington-based institution – called upon G-20 officials in Baden-Baden to both take on a strong commitment to the long-term health of the global economy, while also avoiding public policies that could have negative implications across the board.

"Above all, we should collectively avoid self-inflicted injuries. This requires steering clear of policies that would seriously undermine trade, migration, capital flows, and the sharing of technologies across borders," warned Lagarde in the post. "Such measures would hurt the productivity, incomes, and living standards of all citizens."

The 17 meeting will bring together G-20 finance ministers and central bank governors for their first gathering this year under the ongoing German presidency.

Notably, it is also the first such meeting since US President Donald Trump took office in Washington in January, and will be attended on the US side by newly-minted Treasury Secretary Steven Mnuchin.

## Trade in the spotlight

The continued debate over the merits and pitfalls of trade liberalisation and globalisation is expected to take centre stage in the German city this weekend, with the two-day gathering taking place against the backdrop of a new US administration; the preparations for formal "Brexit" negotiations; and the ongoing European electoral cycles.

"Trade and technological innovation have allowed countries to grow the economic pie and improve living standards, while lifting hundreds of millions of people out of poverty," said Lagarde on Tuesday, in a nod to the debate taking place in both public and political spheres across many parts of the world.

However, the IMF chief also warned that greater action is needed to address the potential losses from trade which can lead to jobs getting cut or income inequalities being exacerbated. She included, for example, the possibility of developing domestic policies aimed at helping "lower-skilled workers" gain the education and skills training to have other job options that also provide better incomes.

She also referred to the impact of the fast-changing technological context, suggesting that the pace of today's world means that countries should support the use of "life-long learning."

Indeed, media reports suggest that trade will be one of the key issues discussed in the German city this weekend, with the possibility that Germany could release a separate document focused specifically on the importance of free trade, with the goal of receiving the sign off of other G-20 participants.

The World Trade Organization predicted last month that trade is expected to continue seeing a "moderate" uptick during the first three months of 2017. The longer-term forecast released by the WTO last September suggesting that merchandise trade would grow at a rate of 1.7 percent last year – down from earlier projections – and could end up between 1.8 and 3.1 percent this year, which the organisation credited as a reflection of "the increasingly uncertain relationship between trade and output growth." (See Bridges Weekly, [29 September 2016](#))

## Currency policy

Exchange rate policy is also expected to be a major topic at the Baden-Baden gathering, as it has on previous occasions. The approach of the new US administration on the subject is one that will likely draw the attention of trade watchers, given that Trump raised repeatedly the concern of currencies being manipulated to give export advantages while on the American campaign trail last year, with a particular focus on China.

The US Treasury Department said in its October 2016 [semi-annual report](#) on the exchange rate policies of key trading partners that no economy – including Beijing – met all three criteria required under the Trade Facilitation and Trade Enforcement Act of 2015 to qualify for a "watch list" on "unfair currency practices."

Six countries – namely China, Germany, Japan, South Korea, Switzerland, and Taiwan – met two of the criteria in April 2016 and are on a separate "monitoring list." The three criteria include having both a large bilateral trade and current account surplus with the US and having taken part "in persistent one-sided intervention in the foreign exchange market." (See Bridges Weekly, [4 May 2016](#))

The US Treasury is due to release its next report on these currency policies next month, with Reuters reporting that the new Treasury Secretary has pledged to withhold his own judgement on the situation in China until seeing the outcome of the study.

**Busy G-20 calendar ahead**

After the Baden-Baden discussions, the next meeting of G-20 finance ministers and central bank governors is slated to be on the sidelines of the [IMF-World Bank Spring Meetings](#), scheduled for 21-23 April.

This year's G-20 leaders' summit will be held on 7-8 July in the German city of Hamburg, with the presidency highlighting trade and investment cooperation among the various issues that it intends to continue advancing under this framework.

The Trade and Investment Working Group within the context of the G-20 has already met twice this year and will gather once more in May. There will also be a meeting of "digital ministers" in April, marking a first for the G-20 forum.

The G-20 ran under the Chinese presidency in 2016, and will next go to Argentina for the 2017 summit.

ICTSD reporting; "Treasury's Mnuchin to 'push hard' for U.S. interests at G20: official," REUTERS, 13 March 2017; "Germany to press G20 to sign off on free trade amid worries about US stance: Sources," REUTERS, 15 March 2017; "G-20 Heads for German Detox as Trump Shakes Club's Consensus," BLOOMBERG, 15 March 2017.

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## ASIA-PACIFIC

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# Economic Integration Efforts Press Onward in Asia-Pacific Region

The past week has seen a series of regional integration efforts continue among Asia-Pacific economies, including a two-day summit among the signatories of the Trans-Pacific Partnership (TPP) and select other countries in the Chilean city of Viña del Mar, as well as meetings of other groupings on expanding trade and financial ties.

Trade watchers and officials alike have been looking to the 14-15 March summit in Viña for giving some type of clarity on where the TPP may go following the US' withdrawal from the pact, along with featuring discussions regarding other efforts at developing deeper ties within the region.

US President Donald Trump withdrew his country from the TPP in January, shortly after taking office. However, his government had reportedly sent its ambassador to Chile, [Carol Perez](#), to the meeting in Chile this week. (See Bridges Weekly, [9 February 2017](#))

"This meeting in Chile will be the first opportunity that all of us will have coming together as TPP countries to talk about the future sans the United States," said Australian Trade Minister Steven Ciobo on 9 March, [previewing](#) the Viña del Mar summit.

Indeed, what shape the TPP may take going forward remains an open question, as some signatories such as Australia have advocated a "TPP minus one" approach, while others such as Malaysia have reportedly questioned whether such an option would indeed be viable given the economic loss from the US' exit.

A [joint statement](#) released on behalf of TPP partners – minus the US – on 15 March did not confirm whether they had reached any sort of convergence on what the trade deal's future might be. Rather, the statement refers to the partners' "firm commitment to collaborate in keeping markets open" and raises their shared fears regarding "protectionism in many parts of the world."

Along with referring to the trade deal's "balanced outcome and strategic and economic significance," the statement refers to a discussion between TPP partners on possible next steps, confirming only that senior trade officials are due to meet again ahead of a ministerial-level gathering on the sidelines of the Asia-Pacific Economic Cooperation (APEC) trade ministers' meeting in Hanoi, Vietnam on 20-21 May.

### Pacific Alliance involvement

Notably, the Chilean meeting was also set up as a gathering between TPP signatories and members of the Pacific Alliance, along with China and South Korea. The Pacific Alliance is a four-country group that includes Chile, Colombia, Mexico, and Peru. It was launched in 2012 and has since announced advances such as a tariff elimination deal. (See Bridges Weekly, [13 June 2012](#) and [13 February 2014](#))

The Pacific Alliance held its own leaders' level "[virtual summit](#)" just last week in which they declared their "decision that the [group] be a platform to connect Latin America with Asia, underneath a framework of strategic integration based on free trade."

The Chilean General Directorate of International Economic Relations (DIRECON, by its abbreviation in Spanish) termed the high-level meeting with Pacific Alliance members, TPP countries, China, and South Korea as an “opportunity to address the challenges we face with creativity and conviction.”

“One of the principles that has inspired the Pacific Alliance since its inception has been the creation of opportunities for dialogue with other countries and trade blocs,” said the DIRECON website in explaining the move. Of the four members of the Pacific Alliance, only Colombia is not also a TPP signatory.

Countries listed as attending this “high-level dialogue on integration initiatives in the Asia-Pacific region” included Australia, Brunei, Canada, Chile, China, Colombia, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, South Korea, the United States, and Vietnam.

“We believe in free trade and we are convinced that an open economy is beneficial and positive to our countries. We need to progress towards more inclusive trade liberalisation so that the benefits of free trade will reach the whole population,” [said](#) Chilean Foreign Affairs Minister Hernando Muñoz.

“We're having the opportunity... for TPP countries and Pacific Alliance to come together, to talk about trade in the region, to talk about alternatives and pathways forward. That's an important contribution for people to have and an important discussion for us to have at this early stage in 2017,” said Ciobo ahead of the meeting.

### **RCEP talks continue**

Separately, another regional trade initiative continues underway among a 16-country Asia-Pacific group known as the Regional Comprehensive Economic Partnership (RCEP).

The RCEP negotiations have been underway since 2012, and include all members of the 10-country Association of Southeast Asian Nations (ASEAN) as well as their six FTA partners: Australia, China, India, Japan, New Zealand, and South Korea.

While the group had aimed to conclude the talks in 2016, that date was later pushed back. RCEP participants held their seventeenth negotiating round from 21 February to 3 March, marking their first such gathering in the new year. (See Bridges Weekly, [10 November 2016](#))

According to [a summary](#) issued by the Australian Department of Foreign Affairs and Trade, the group saw advances in discussions on intellectual property and e-commerce, along with market access and select other topics.

“It was clear in Kobe that participating countries recognised the need for negotiations to intensify, particularly in light of recent global developments, and the potential for an RCEP Agreement to boost business confidence, benefit consumers, and reinforce the region's contribution to global growth,” the summary read.

The next negotiating round will be hosted by the Philippines in May, though whether the group will aim to reach a deal by year's end remains unclear.

ICTSD reporting: “Malaysia Reacts Coolly to Prospect of Trade Pact Minus U.S.,” BLOOMBERG, 13 March 2017; “After US drops trade role, China joins TPP members states in talks,” CNBC, 14 March 2017; “NZ, Australia to get first post-Brexit trade deals – McClay,” NEWSHUB, 15 March 2017; “China and Japan vie for control of Asia trade deal,” FINANCIAL TIMES, 14 March 2017; “Donald Trump no mandará equipo a reunion en Chile que analizará futuro del TPP,” EFE, 10 March 2017.

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## EUROPEAN UNION

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# EU, UK Look to Trade Future As Brexit Process Prepares for Launch

As the expected launch of the formal Brexit negotiations approaches, EU and UK leaders are looking both to the next steps for their own bilateral relationship, as well as the implications for the European Union and what these developments could herald for their foreign trade future with external partners.

UK Prime Minister Theresa May received parliamentary approval earlier this week to formally trigger the Lisbon Treaty's Article 50, the legal provision which officially begins the process for exiting the European Union. Despite prior speculation that she could invoke this provision as early as this week, more recent reports suggest that the UK leader will aim for the end of March.

"Our European partners have made clear to me that they want to get on with the negotiations. So do I," [said](#) May a few days prior after meeting with fellow EU leaders.

Meanwhile, Scottish first minister Nicola Sturgeon [announced plans](#) this week to request Scottish and UK parliamentary approval to hold another independence referendum, citing the impending "Article 50" move and the concerns that Scottish priorities will not be given sufficient consideration in the upcoming Brexit talks.

While UK citizens voted in favour of leaving the EU last June, Scottish voters favoured staying part of the bloc. Scottish leaders have since advocated for finding a way to remain in the EU single market even with the UK leaving – an idea that has been ruled out by the UK government. (See Bridges Weekly, [19 January 2017](#))

### Tusk: Different EU integration models up for debate

The remaining 27 EU leaders are meanwhile preparing for a high-level "[Rome Summit](#)" on 25 March, at which point they are expected to adopt a declaration on the bloc's future, building from a "process of reflection" that kicked off after a meeting in Bratislava, Slovakia, in September 2016. (See Bridges Weekly, [22 September 2016](#))

The group is exploring what its own next steps will be when it comes to shoring up their union against myriad pressures, including the rising anti-globalisation sentiment in some countries that has had wide-reaching effects around the bloc and is playing out now in member state elections, including the Dutch elections held on 15 March and the preparations for the French elections in April and May.

"It is clear from the debate that the unity of the 27 will be our most precious asset," [said](#) European Council President Donald Tusk on 10 March following an informal meeting of all EU leaders, minus the UK.

According to Tusk, the "EU-27" group has already begun debating the possibility of what some officials refer to as a "multi-speed Europe," which has also been raised as one option in a "white paper" published by the bloc's [executive arm](#) earlier this month.

That [white paper](#) put forward by the European Commission outlines five different scenarios that the remaining 27 member states could work toward between now and the year 2025, suggesting that the final outcome could be a hybrid of some of these approaches.

These options include continuing the EU's work in the same direction; re-focusing the bloc around its flagship "single market"; allowing "coalitions of the willing" within the EU to cooperate on advancing certain policy priorities; selecting as a group which priorities to focus on, while cutting back on others to be more effective; or working together as a whole on an even more ambitious policy agenda.

"Some expect systemic changes that would loosen intra-EU ties and strengthen the role of nations in relation to the community. Others, quite the opposite, are looking for new, deeper dimensions of integration, even if they would apply only to some member states," said Tusk in outlining the current viewpoints among the EU-27 membership.

The EU Council official called upon the group to ensure "political unity" going forward, a view which he said was shared among the other leaders – particularly in light of the thorny Brexit negotiations up ahead.

### **Foreign trade agenda**

Meanwhile, the coming months and years are also slated to be pivotal ones for both the UK and the EU-27 in terms of their trade ties with external partners – both in terms of future deals, as well as understanding what Brexit will mean for their existing trade relationships.

The EU has a busy foreign trade agenda underway, with negotiations taking place around the globe. European Trade Commissioner Cecilia Malmström confirmed last week that the bloc is particularly interested in advancing trade deals in the Asia-Pacific region, and also continues its efforts to clinch agreements with the South American customs bloc Mercosur and several other partners. (See Bridges Weekly, [9 March 2017](#))

UK Secretary of State for International Trade Liam Fox met this week with Australian Trade Minister Steven Ciobo and New Zealand Trade Minister Todd McClay, with the latter official releasing a video shortly thereafter stating that both Canberra and Wellington are expected to be the first countries to have bilateral deals with the UK once it stops being an EU member.

Both Australia and New Zealand are also gearing up for trade negotiations with the European Union. Indeed, the EU and New Zealand announced this month that they had finished the scoping discussions that will help set the parameters of future negotiations. (See Bridges Weekly, [9 March 2017](#))

The UK, Australia, and New Zealand were among the various countries represented at the first-ever Commonwealth trade ministers' meeting, which took place on 9 March in preparation for the Commonwealth leaders' meeting next year. The UK's Liam Fox said during the London meeting that building deeper trade ties within the 52-member group is one of their shared objectives.

"Our 52 member states include some of the largest and richest countries on earth, as well as some of the smallest and least developed," said Fox, [in a speech](#) that noted the Brexit context while touting the UK's commitment to trade and development and warning about the dangers of protectionism. "While our diversities might make a single trading model difficult, if we work together to communicate the benefits of free trade, while addressing the challenges of globalisation, then we have the opportunity to build a global economy that works for everyone."

ICTSD reporting; "Dutch election: live blog," POLITICO, 15 March 2017; "NZ, Australia to get first post-Brexit trade deals – McClay," NEWSHUB, 11 March 2017; "Drive to replace UK-EU trade links with closer ties to Commonwealth," THE GUARDIAN, 10 March 2017.



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## WASHINGTON

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# USTR Nominee Lighthizer Outlines Trade Stance in Senate Hearing

Robert Lighthizer, the nominee for the post of US Trade Representative (USTR), testified during a Senate confirmation hearing on Tuesday 14 March that he would work to implement President Donald Trump's "America first" vision on trade, while fielding questions from lawmakers on topics ranging from the renegotiation of the North American Free Trade Agreement (NAFTA) to his planned stance on China.

The hearing in front of the Senate Finance Committee had been looked to for additional signs of the potential direction of US trade policy under the new Trump administration. (See Bridges Weekly, [26 January 2017](#))

While the Office of the USTR released its annual "Presidential Trade Agenda" earlier this month, the document was prepared with the caveat that the agency is still without its top trade official and that a more detailed version would therefore be forthcoming. (See Bridges Weekly, [2 March 2017](#))

Lighthizer is an international trade lawyer who previously served as a Deputy USTR under Republican President Ronald Reagan. At the time, his dossier involved topics such as agriculture and industrial goods, along with the field of services trade and the negotiating of bilateral trade agreements.

Should Lighthizer be confirmed, he would run an agency that has been responsible for overseeing the negotiation of international trade deals, as well as filing international trade disputes and playing an active role in investment policy and the development of commodity agreements with trading partners.

Trump has also indicated that US trade policy under his administration – including in negotiating international deals – would also include significant involvement of the US Department of Commerce, headed by Secretary Wilbur Ross, as well as a newly-formed National Trade Council run by Peter Navarro.

Ross is expected to play a major role in the NAFTA talks, having already met with Mexican Economy Secretary Ildefonso Guajardo Villareal and recently suggesting that the required notification to Congress regarding that process could be sent in the near term.

### "America first" trade policy

In [written testimony](#) submitted ahead of the hearing, Lighthizer said that his views align with those of the president in terms of pursuing an "America first" trade policy.

Trump has used the controversial phrase "America first" to describe a policy focused on ramping up the country's manufacturing potential, fighting the flight of companies overseas in order to centre more production at home, and otherwise taking steps that he says will support US workers.

However, the policy proposals and rhetoric that have emerged to date – including the prospect of a possible "border tax" for countries that do move their production base abroad, along with criticisms of WTO dispute rulings that allegedly may affect US rights and



obligations – have sparked concerns in various quarters that Washington could be moving toward a more inward-focused agenda on trade.

"I agree with President Trump that we should have an America first trade policy and that we can do better in negotiating our trade agreements and stronger in enforcing our trade laws," said Lighthizer.

The prospective US trade chief particularly referred to the importance of a well-functioning global trading system, adding that Washington would be seeking "like-minded trading partners to ensure fair trade and to encourage market efficiency."

Lighthizer said his goal as USTR would be to work with stakeholders "to develop and implement a policy that increases trade, grows the economy and makes trade freer and fairer but, most importantly, that improves the economic wellbeing of our workers, farmers, ranchers and businesses large, medium, and small."

### **NAFTA renegotiation – lessons from TPP?**

Notably, in discussing the expected renegotiation of NAFTA with Canada and Mexico, Lighthizer suggested that some useful ideas could be drawn from the Trans-Pacific Partnership (TPP), a deal that had been a priority of the previous Obama Administration. According to comments reported by Politico, Lighthizer said that trying to make similar gains on agriculture as had been made under the TPP would also be an area to explore, stating that doing so with Asian economic giant Japan would be a priority.

Trump withdrew the US from the TPP in January, as he had promised to do on the campaign trail. The future of the TPP and broader Asia-Pacific regional integration was discussed from 14-15 March among representatives from all TPP members – including the US – during a summit in Viña del Mar, Chile.

The meeting was also set to have the participation of non-TPP countries China and South Korea as well as members of the Pacific Alliance. (See Bridges Weekly, [9 February 2017](#) and related story, this edition)

### **China in focus**

The prospective USTR's stance on trade policy involving China also drew scrutiny during the Finance Committee hearing this week, with a particular focus on enforcement both within and outside the WTO system.

"I believe [the president] is going to change the paradigm on China and, if you look at our problems, China is right up there," said Lighthizer on Tuesday afternoon. "I don't believe that the WTO was set up to deal effectively for a country like China and their industrial policy," he said, hinting that the administration would look to develop "new tools" for addressing the subject.

The US and China, while often partners on policy issues ranging from climate change to the global economy, have also sparred on the international stage on topics ranging from currency valuation to the current global steel crisis, given the Asian economic giant's role as the world's largest steel producer.

### **Lawmakers indicate priorities**

The Tuesday afternoon hearing in Washington also gave clues as to congressional priorities on trade, as lawmakers tabled questions for Lighthizer ranging from NAFTA-related priority areas to trade enforcement efforts.

Orrin Hatch, the Republican Senator from Utah who chairs the Finance Committee, [indicated](#) that his priorities include seeing the next USTR take a strong stance in defence of intellectual property rights; to make good use of the "Trade Promotion Authority" legislation that was updated and renewed under US President Barack Obama; and to improve monitoring and enforcement relating to the commitments of US trading partners.

Hatch also said that he hopes the Trump Administration's trade negotiating agenda "will be able to rebalance the Obama Administration trade agreement template."

"In my view, President Obama continually sacrificed US commercial interests at the negotiating table in favour of a liberal social agenda," said the Utah senator, suggesting that his own views were more in favour of strong intellectual property rights; improved agricultural market access; and addressing topics such as trade secrets and anti-corruption provisions.

Ron Wyden, the Democratic Senator from Oregon who serves as the committee's ranking member, suggested in his [opening statement](#) that his party's lawmakers and the public are especially interested in seeing "some real specifics" on trade policy from a nominated member of the president's cabinet.

"After a campaign of shouting that NAFTA could be the worst trade deal ever, the president got into office and said our trade relationship with Canada – a NAFTA member – only needed 'tweaking.' He spent the campaign talking tough about China, but his administration has largely been quiet about their plans when it comes to China's unfair trade practices. So what I say is that our trade policy needs to deliver results, not just talk," said Wyden.

Wyden similarly highlighted the value of trade enforcement, while also calling for greater transparency on trade negotiations as well as "being on the offense in overseas markets."

### Coming up

Lighthizer will next face a vote in the Senate Finance Committee and later on the Senate floor in order to be confirmed as the next USTR. Lawmakers are also debating over whether the USTR-designate will need a waiver to be confirmed, given past lobbying work done years ago for some foreign governments, though many on both sides of the aisle have expressed a commitment to finding a solution on the matter.

ICTSD reporting; "Lighthizer vows to crack down on unfair China practices," FINANCIAL TIMES, 14 March 2017; "Trump's trade pick sails through hearing but faces procedural hangup," POLITICO, 14 March 2017; "U.S. Congress urges get-tough approach with Canada in hearing for Trump trade pick," CBC NEWS, 14 March 2017; "Commerce Sec Wilbur Ross aims to start formal NAFTA renegotiation process in the next few weeks," CNBC, 10 March 2017.

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## WORLD TRADE ORGANIZATION

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### **Japan Trade Policy Review: Structural Reforms, Abenomics in Focus**

Japan's trade policies and larger economic context came under the spotlight last week at the WTO's Geneva headquarters during its biennial [trade policy review](#), as members reviewed the latest developments in the Asian trading giant in areas ranging from agricultural policy reform to automobile market access.

These trade policy reviews include the issuing of two reports – one by the WTO secretariat and another by the government – along with a two-day meeting where members can ask questions on the various aspects of the trader's policies.

Japan's policies are reviewed every two years, as are those of the US, EU, and China, given their large share of world trade. The timing for other WTO members varies between four and six years, or longer for some of the organisation's poorest members, with the frequency depending on that country's share of global trade.

#### **"Abenomics" in progress**

The secretariat report noted that the overall orientation of Japan's trade policies has remained generally consistent with what was in place two years ago, at the time of its previous review. (See Bridges Weekly, [12 March 2015](#))

In terms of factors influencing that context, the report provided an overview of the "sluggish" economic performance during the past two years, underlining how the Asian archipelago is now struggling with an increasingly ageing population and a related population drop, along with the long-term ramifications of natural disasters that have strained public resources.

WTO members therefore pushed Tokyo to continue its efforts at implementing all "three arrows" of "Abenomics," the eponymous economic strategy of Japanese Prime Minister Shinzo Abe which is based on monetary easing, fiscal stimulus, and structural reforms. That third pillar drew particular notice last week, given its implications for trade policy and open markets.

#### **Agriculture**

As in previous years, Japan's farm trade policy drew significant attention from WTO members during last week's review. As in 2015, the secretariat report acknowledged the historical and cultural importance of Japan's agriculture sector, while noting that it contributes around 1.2 percent of GDP, and 4.6 percent of total employment.

The report also noted Japan's trade deficit in agricultural goods, with imports of over US\$53.7 billion and exports of US\$3.6 billion in 2015.

Since its last trade policy review, Japan's Food, Agriculture and Rural Areas Basic Plan has been updated, with the latest iteration setting the goal of boosting farmer incomes significantly over the coming decade through a series of policy changes, included efforts at structural reforms and productivity improvements.

Some WTO members reportedly raised questions over the pace of Japanese farm trade reforms, citing concerns over the continued difficulties in accessing the country's heavily protected agricultural market.

In addition, WTO members also called for greater transparency from Tokyo, including with submitting notifications on its agricultural support to the global trade body, according to the chairperson's [concluding remarks](#).

### **Non-tariff barriers, public procurement, other issues**

One of the topics that drew particular attention during the review involved the use of non-tariff barriers, especially in automobile trade. The issue was raised, for example, by the US, which has long tabled concerns in this area on the grounds that such measures make it more difficult to enter the Japanese automotive market.

"The United States urges Japan to remove non-tariff barriers that impede US manufacturers' ability to compete on a level playing field with their Japanese competitors, both in the area of automobiles and beyond," a [US statement](#) at the review read.

Furthermore, Japan's sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBT) measures also came under scrutiny during the review, according to the chairperson's summary, which noted concerns raised in some quarters over these going beyond what is required under international standards. The EU was among those to raise this issue, [urging Japan](#) to "accelerate the speed of its approval procedures and to assure that its SPS measures are based on science and are fully consistent with international standards."

Regarding the area of government procurement, the WTO secretariat report highlighted a change in Tokyo's regulatory framework, referring specifically to a new system of "multiple bids," and noting that public procurement provisions have become a common feature in Japanese economic partnership agreements.

During the review, some WTO members also welcomed some of the Asian economy's recent steps aimed at making it easier for smaller companies to play a part in government procurement. Separately, Tokyo's efforts in the support of renewable energy sources were also praised during the meeting, according to the chairperson's concluding summary.

Japanese Ambassador Junichi Ihara also raised Tokyo's concerns over the "growing mistrust" in the area of free trade and also reiterated his government's support of the global trading system, which the chairperson noted drew a strong welcome from other members, especially in light of the ongoing rise of inward-looking policy rhetoric in some parts of the world.

ICTSD reporting.

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## TRADE AGREEMENTS

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# EU, ASEAN Ministers Agree to Consider Trade Talks Reboot

The EU and the Association of Southeast Asian Nations (ASEAN) are preparing to examine the prospect of re-launching talks for a region-to-region trade accord, nearly eight years after the original plans for such a project were put on hold.

Negotiations between the two regions for a trade deal originally began in 2007 but were halted in 2009, with the EU and some individual ASEAN countries instead pursuing bilateral deals in the years since.

"This is a significant and timely initiative, and it shows that the EU and ASEAN are committed to take the lead together on regional and global trade. The EU remains strongly committed to advancing a positive global trade agenda in which all sides are winners," said EU Trade Commissioner Cecilia Malmström in a [press statement](#).

The announcement came following a meeting between ASEAN economic ministers and the EU trade chief on 10 March in Manila, Philippines.

Since the original region-to-region talks were paused, the EU has concluded individual agreements with Singapore in October 2014 and Vietnam in December 2015. The former is awaiting a legal ruling to clarify aspects of the ratification process, while the latter is also pending domestic ratification and other steps. (See Bridges Weekly, [23 October 2014](#))

The EU is also negotiating agreements with Indonesia, Malaysia, the Philippines, and Thailand. The remaining ASEAN members are Brunei, Cambodia, Laos, and Myanmar.

As these efforts have continued, the prospect of renewing the region-to-region talks has been repeatedly raised as a potential long-term objective, with the bilateral deals possibly serving as a stepping stone in this direction. (See Bridges Weekly, [7 May 2015](#) and [15 October 2015](#))

### Ministers warn against protectionism

Though an official timeline has not yet been announced, the ministers released a [joint statement](#) last week directing their senior economic officials to develop "a framework encompassing the parameters" of a possible region-to-region trade accord.

The statement also highlights the value of boosting trade and investment relations between the two regions, noting that two-way trade between ASEAN and the EU reached €208 billion (US\$221.6 billion) in 2016. The European Commission [ranks](#) the EU as ASEAN's second largest trading partner and ASEAN the EU's third.

The EU trade chief had indicated earlier last week during a visit to Singapore that building deeper ties within the region is a priority for the European bloc, particularly given the broader global context on trade. (See Bridges Weekly, [9 March 2017](#))

Indeed, the joint statement noted that the prospects for the wider international economy are less sombre than before, but also referred to the risks posed by growing protectionist and isolationist pressures in different parts of the world.

"We do see tendencies of protectionism and anti-globalisation across the world, closing borders and building walls, raising tariffs – that will not be a solution, but will rather reinforce the problems," Malmström told reporters following the 10 March meeting.

Given this context, the joint statement also cited the continued support from all sides for a strong multilateral trading system and the WTO.

ICTSD reporting; "Asean, EU agree to resume free-trade negotiations," BUSINESS MIRROR, 12 March 2017; "Asean and EU look to revive FTA talks," BANGKOK POST, 10 March 2017; "EU, Asean to revive free trade talks," BUSINESS INQUIRER, 11 March 2017.

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## EVENTS & RESOURCES

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# Vacancies

**EDITOR – PUENTES.** The International Centre for Trade and Sustainable Development (ICTSD) is hiring an editor for Puentes, the Bridges network's Spanish-language periodical on trade and sustainable development. Please note that the position is externally-based and on a part-time basis. Exceptional Spanish writing skills and full fluency in English (oral and written) are essential, as is a strong knowledge of trade, investment, and sustainable development policy. Additional proficiency in Portuguese is desirable. The closing date for this position is 31 March 2017, with an expected start date in April 2017. To see the full editor profile and qualifications and to apply, please visit the ICTSD [website](#).

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# Events

## Coming Soon

17 March, London, UK. **THE WAY FORWARD AFTER BREXIT.** This Chatham House event will feature Pascal Lamy, President Emeritus of the Jacques Delors Institute and a former Director-General of the World Trade Organization. Lamy is expected to discuss the potential ramifications in both economic and geopolitical terms of the UK government's upcoming exit talks with the EU, given also the electoral politics in various EU member states. This event is one in a series on "Britain and Europe: The Post-Referendum Agenda" run by the Europe Programme. Please note that attendance of this event is by invitation only. For more information on this event, please visit the Chatham House [website](#).

21 + 23 March, Jeju, South Korea. **WORKSHOP: GREEN ENERGY, TRANSPORTATION AND GREEN CITIES.** This workshop is organised by the United Nations Institute for Training and Research (UNITAR) and the Asian Development Bank Institute (ADB) and is designed to provide knowledge on green energy and transportation policy through course-based training. The aim of this workshop is to foster a better understanding of green infrastructure for development as well as green transport and energy infrastructure in developing countries. Please note that attendance at this workshop is by invitation only. For more information on this workshop, please visit the ADB [website](#).

22 March, London, UK, and online. **ECONOMIC TRANSFORMATION: A NEW APPROACH TO INCLUSIVE GROWTH.** This event is being organised by the Overseas Development Institute (ODI). This event will feature a panel of speakers from academia, government, and civil society for a discussion on economic transformation and its implications, along with what actions can be undertaken to support such a transition. This event is open to the public and will be streamed online. To learn more and register, or watch online, visit the ODI [website](#).

22-23 March, Stellenbosch, South Africa. **LEVERAGING SERVICES AND DIGITAL POTENTIAL FOR INCLUSIVE ECONOMIC GROWTH.** This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and will focus on how services and digital trade can help in meeting sustainable development objectives. To learn more and to see a provisional event agenda, please visit the ICTSD [website](#).



22-26 March, Barcelona, Spain. INNOVATE4CLIMATE: FINANCE AND MARKETS WEEK. This two-day forum is being organised jointly by the World Bank and Fira Barcelona, with support by the governments of Spain and Germany. This forum will feature high-level government representatives, along with financial and business leaders, to discuss the private sector investment needed to make possible the global transition to a low-carbon, sustainable future. For more information, please visit the World Bank [website](#).

### WTO Events

An updated list of forthcoming WTO meetings is posted [here](#). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

17 March: Council for Trade in Services

21 March: Dispute Settlement Body

21 + 22: March Informal Committee on Sanitary and Phytosanitary Measures

22 + 23: March Committee on Sanitary and Phytosanitary Measures

### Other Upcoming Events

28 March, Geneva, Switzerland. REGULATORY COHERENCE AND THE MULTILATERAL TRADE SYSTEM: LESSONS FROM THE RTAs AND OPTIONS TO PROMOTE CONVERGENCE. This dialogue is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). The objective is to help support trade policymaking in the area of regulatory coherence, particularly given the developments underway with regional trade agreements and the multilateral trading system. Please note that attendance at this event is by invitation only. For more information, please visit the ICTSD [website](#).

28 March, Brussels, Belgium. EFFORT SHARING REGULATION: WHAT DEAL CAN WE EXPECT? This meeting is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and the European Roundtable on Climate and Sustainable Transition (ERCST). Taking place at the European Parliament with the participation of Gerben-Jan Gerbrandy, Member of the European Parliament representing the Netherlands and part of the Alliance of Liberals and Democrats of Europe, this meeting aims to facilitate policy discussions regarding the development of the new Effort Sharing Regulation. For more information, please visit the ICTSD [website](#).

29 March, London, UK. POST-TPP: US ECONOMIC ENGAGEMENT IN THE ASIA-PACIFIC. This Chatham House event will feature as its guest speaker Matthew Goodman, who serves as the William E. Simon Chair in Political Economy and Senior Advisor for Asian Economics for the Center for Strategic & International Studies. Goodman is expected to discuss the US' economic strategy in the Asia-Pacific, including the potential ramifications of its withdrawal from the Trans-Pacific Partnership (TPP) Agreement. This event is one of an ongoing series focused on US and European economic issues. Please note that attendance of this event is by invitation only. For more information on this event, please visit the Chatham House [website](#).

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## Resources

THE ENVIRONMENTAL GOODS AGREEMENT: HOW WOULD US HOUSEHOLDS FARE? By Kornel Mahlstein and Christine McDaniel for the International Centre for Trade and Sustainable Development (ICTSD) (March 2017). This new research paper examines the potential benefits for US consumers should the proposed Environmental Goods Agreement (EGA) be successfully negotiated and implemented. The authors look at the implications for both consumer spending and energy savings. To download the paper, please visit the ICTSD [website](#).

TECHNICAL NOTE: NEXT STEPS UPON THE ENTRY INTO FORCE OF THE WTO AGREEMENT ON TRADE FACILITATION. Published by United Nations Conference on Trade and Development (UNCTAD) (2017). This technical note gives guidelines to countries to follow in light of the recent entry into force of the WTO's Trade Facilitation Agreement (TFA). The authors provide an overview of the pact's requirements and related deadlines, along with specific information on the estimated effects of TFA implementation. The full document is available for download at the UNCTAD [website](#).

WHITHER ECONOMIC GROWTH? By Nicholas Crafts for the International Monetary Fund (IMF) (March 2017). This op-ed suggests that today's pessimism regarding the slow pace of economic growth, especially in advanced economies, and related concerns over stagnation may be greater than warranted. Crafts points out past inaccuracies in growth-related predictions, and suggests for various reasons that the prognosis for growth is mixed. This op-ed is available to view at the IMF [website](#).

ENABLING THE BUSINESS OF AGRICULTURE 2017. Published by the World Bank (2017). This report reviews the regulatory frameworks which affect agriculture and agribusiness, looking at what costs and other hurdles these could incur. The publication's stated aim is to facilitate the development of improved regulations that ensure both food safety and quality along with making it easier for such businesses to succeed. The authors review 62 countries in their analysis. The publication is available [here](#).

WORLD DEVELOPMENT REPORT 2017: GOVERNANCE AND THE LAW. Published by the World Bank (2017). This edition of the World Bank's annual World Development Report examines the factors that negatively affect the implementation of development-focused policies – namely, those which relate to governance. The authors also provide related recommendations to help address power asymmetries, among other topics. The publication is available [here](#).

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