

# BRIDGES WEEKLY

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## GLOBAL ECONOMY

### Steel, Aluminium Tariff Talks Enter New Phase as US Grants Extra Time to EU, NAFTA Partners

US President Donald Trump issued two [presidential proclamations](#) earlier this week postponing planned tariffs on imported steel and aluminium from Canada, Mexico, and the European Union, while noting that the US has reached draft deals with Argentina, Australia, and Brazil that would exempt them permanently.

The EU, Canada, and Mexico now have until 1 June to negotiate permanent exemptions with Washington, though Trump indicated that he could issue additional proclamations extending this deadline further if necessary.

Meanwhile, the presidential proclamations issued on Monday did not specify the terms of the "agreements in principle" that the US has now reached with Argentina, Australia, and Brazil. It also left open the possibility of the steel and aluminium tariffs being imposed unless those agreements are completed in the near term.

Australian Prime Minister Malcolm Turnbull welcomed the agreement in principle reached between Washington and Canberra, issuing a [statement](#) suggesting that "the exemption reflects the fair and reciprocal trade relationship Australia shares with the United States and underpins the unbreakable friendship between our two great nations."

Turnbull added that his country would continue working with the US to address trade issues of common concern, naming specifically the dumping and transshipment of these metals by other trading partners.

#### Intense negotiating period

The news comes just over one month after Trump imposed global tariff hikes of 25 percent and 10 percent, respectively, on imports of steel and aluminium coming into the US, citing alleged national security concerns. The duties were recommended by the US Department of Commerce following an investigation under Section 232 of the 1962 Trade Expansion Act.

Those tariffs, imposed on 23 March, came with temporary exemptions for some countries. Specifically, Trump had clarified that he would be excluding Australia, Argentina, Brazil, Canada, the European Union, Mexico, and South Korea, pending further discussions. (See Bridges Weekly, [29 March 2018](#))

The increased duties still apply to all other US trading partners, including major steel exporters such as Japan, Turkey, and South Africa. China, the world's largest steel producer, is also affected, though its exports to the US are relatively low given other import policies in place. Beijing has put in place its own tariffs on a series of US products in response to the Section 232 measures, targeting goods such as fruit and pork.

The countries that were initially excluded have since been seeking "satisfactory alternative means to address the threatened impairment to the national security by imports" of those products, in a bid to avoid facing the duties. While South Korea and the US had clinched a deal in March, in tandem with talks to revise their existing trade pacts, the other countries had continued their negotiations with Washington. (See Bridges Weekly, [29 March 2018](#))

Meanwhile, the US Section 232 tariff hikes have also sparked scrutiny at the WTO, including a request by China last month for dispute settlement consultations ([DS544](#)). Various other members have requested safeguard consultations with the US, raising the possibility of compensation, though Washington has countered that the metal tariffs are not safeguard measures.

### **EU, NAFTA partners look to next steps**

The tariff saga is due to continue at least one more month, given the extensions accorded to Canada, Mexico, and the 28-nation European Union, following a frenzy of meetings among top negotiators from the countries involved.

"The United States is continuing discussions with Canada, Mexico, and the EU. I have determined that the necessary and appropriate means to address the threat to the national security posed by imports of steel articles from these countries is to continue these discussions and to extend the temporary exemption of these countries," said Trump in Monday's proclamation.

A separate [statement](#) from the White House clarified that the objective is to clinch deals on "quotas that will restrain imports, prevent transshipment, and protect the national security."

Prior to the announcement, the tariffs had been a hot-button item on the agendas of two leaders' meetings last week in Washington, with French President Emmanuel Macron and German Chancellor Angela Merkel visiting the US capital separately for discussions with Trump on various foreign policy items, including a possible reprieve from the metal tariffs. (See Bridges Weekly, [26 April 2018](#))

EU officials have since issued a statement in response to the US extension of the tariff exemption, suggesting on Tuesday 1 May that the move "prolongs market uncertainty, which is already affecting business decisions."

"Overcapacity in the steel and aluminium sectors does not originate in the EU. On the contrary, the EU has over the past months engaged at all possible levels with the US and other partners to find a solution to this issue," said a [statement](#) from the European Commission.

The EU statement also said that, while Brussels is open to continuing discussions with Washington, it would "not negotiate under threat" – adding that any "work programme" between the two sides would need to be "balanced and mutually beneficial."

Brussels has already launched a safeguard investigation in response to the US steel and aluminium tariffs, citing concern that imposing steel duties on other countries could lead to inexpensive steel ultimately arriving on the European market from abroad – with potentially devastating effects for European industry. (See Bridges Weekly, [29 March 2018](#))

Meanwhile, EU industry leaders have similarly called for both sides to reach a deal promptly, with steel association EUROFER issuing a [statement](#) on Tuesday calling for a permanent exclusion.

“Despite all the evidence of the harm to the EU-US relationship – and to our respective economies – the Administration has opted to continue a policy of uncertainty in its international trade practice,” said Axel Eggert, EUROFER’s President. “However, in our view, the EU must not bend to unilateral trade measures and should continue to back multilateral solutions under the WTO framework.”

Meanwhile, the US is currently negotiating an update to the North American Free Trade Agreement (NAFTA) with Canada and Mexico, with ministers due to reconvene on 7 May. Whether a permanent exemption from the tariffs could be tied to a completed NAFTA deal remains unclear, amid conflicting statements from negotiators on the subject.

ICTSD reporting.

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## ASIA-PACIFIC

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### **ASEAN Leaders Call for Boosting Connectivity, Resolving RCEP Trade Talks "Expeditiously"**

Leaders of the Association of Southeast Asian Nations (ASEAN) gathered in Singapore on Saturday 28 April to review the bloc's goals going forward, with Singaporean Prime Minister Lee Hsien Loong calling for greater regional collaboration and integration as a way to bolster against external pressures, including trade tensions among major economies such as the US and China.

This year's summit was held under the themes of strengthening resilience and innovative capacity, with Singapore serving as the event's host.

After the meet, the ASEAN chairperson released a statement describing officials' discussions, including their concerns over shifting geopolitical and economic realities; their interest in boosting regional economic cooperation and enhancing connectivity; and their goals of strengthening cybersecurity and facilitating "smart and sustainable" development.

"The open, rules-based multilateral trading system which has underpinned the growth of ASEAN is under pressure. The political mood in many countries has shifted against free trade," [said](#) Lee at the opening ceremony.

In particular, Lee cautioned that burgeoning trade tensions between China and the US could have implications for the Southeast Asian bloc. Earlier this year, the US imposed global tariffs on steel and aluminium imports, with some country and product exceptions, which prompted China to impose its own tariffs on select American products. (See Bridges Weekly, [29 March 2018](#) and related story, this edition)

"ASEAN countries will have to react to these major external trends," Lee said, highlighting the importance of the bloc taking on a united front and doing more to boost their internal collaboration and thus "remain a central, dynamic driving force."

The ASEAN grouping brings together Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam, with the goal of facilitating economic, political, and socio-cultural integration. Last year the bloc celebrated its 50<sup>th</sup> anniversary. (See Bridges Africa, [20 September 2017](#))

#### **Economic, trade integration**

The bloc's priorities for economic integration and trade cooperation this year include developing trade facilitation programmes further and giving political support to regional trade negotiations; supporting the development of new rules in e-commerce; boosting services trade; developing an investment climate that draws greater international interest; and cultivating a more conducive regulatory environment.

Trade facilitation initiatives, in particular, include promoting the operation of the ASEAN Single Window, a digital platform that some members have adopted with the goal of lowering trade costs, reducing border lag times, and facilitating customs procedures, for example.

This single window is currently operational among five ASEAN members, namely Indonesia, Malaysia, Singapore, Thailand, and Vietnam. These members began to exchange preferential

certificates of origin under the ASEAN Trade in Goods Agreement from January 2018, and leaders have called upon other countries to adopt this single window platform while expanding its use.

In the area of e-commerce, ASEAN countries expect to set up a separate agreement this year, with the aim of developing new rules in this respect and facilitating the bloc's efforts at improving internal connectivity and boosting trade flows. The coalition has already endorsed a deal to cooperate with another regional partner, Australia, on [digital trade standards](#), which was announced earlier this year at a separate summit and means to bring the region's regulations in line with the evolving technological landscape, while ensuring that this digital boom also supports inclusive growth.

On the services and investment front, ASEAN countries are continuing work on improving the regulatory environment and promoting cross-border transactions under the respective agreements. In services trade, countries plan to make their services exports more competitive and to clinch a "trade in services" agreement," with the latter due to be completed before 2018 draws to a close. Other priorities include boosting internal collaboration on investment within the bloc, namely by taking steps to draw in more investment from abroad.

### **Regional trade talks in focus**

Leaders also flagged the importance of advancing regional trade negotiating efforts, along with how to ensure that the group can continue positioning itself as a core regional structure for broader geographic cooperation.

According to the [Chair's statement](#), ASEAN members have committed to ramping up their efforts at both negotiating and implementing free trade agreements with key partners, without setting concrete timeframes for doing so.

"We encouraged the swift conclusion of the Regional Comprehensive Economic Partnership (RCEP) negotiations," says the statement, referring to an ongoing negotiation among 16 countries for a regional trade accord. "To this end, we instructed ministers and officials to exert all efforts to resolve outstanding issues to bring the RCEP negotiations to a conclusion expeditiously."

RCEP is an ongoing negotiation process built upon the existing agreements of ASEAN with its six dialogue partners: Australia, China, India, Japan, New Zealand, and South Korea. The talks began six years ago and address topics such as goods and services trade, investment, economic and technical cooperation, intellectual property, competition, dispute settlement, e-commerce, and small and medium-sized enterprises (SMEs), among others. The latest round of talks was held in Yogyakarta, Indonesia.

The talks are moving forward, Chinese Ministry of Commerce (MOFCOM) spokesperson Gao Feng told Xinhua News Agency last week.

"Related parties are showing an active attitude in pushing the RCEP, and the pace of negotiations is speeding up," he said.

According to the MOFCOM official, key areas such as trade in goods, services, and investment, are well advanced. The 22<sup>nd</sup> round of negotiations is currently underway in Singapore from 28 April to 8 May.

### **"Smart cities" network launches, with sustainability in focus**

Another announcement from Saturday's meeting was the [launch](#) of an ASEAN Smart Cities Network. The network's goal is to "catalyse more opportunities for growth, innovation,

capacity-building, climate change mitigation and adaptation and sustainable development while promoting mutual cultural understanding," according to the leaders' statement.

According to a separate "[concept note](#)," the 10 ASEAN countries could see up to 90 million people move to cities by 2030, thus requiring collective action to both use this movement to support economic growth while ensuring that such population shifts do not create undue environmental strains.

Twenty-six cities from all ASEAN countries have been named as pilot cities. Among those are Singapore; Bandar Seri Begawan, Brunei; Johor Bahru, Malaysia; Bangkok and Phuket in Thailand; Hanoi and Ho Chi Minh City in Vietnam; Yangon, Myanmar; Phnom Penh and Siem Reap in Cambodia; and Vientiane, Laos. The network is envisioned as a "collaborative platform" for cross-city collaboration, with the wider objective of achieving "smart and sustainable urban development."

ASEAN officials say that this new network, which can include three cities per country, would advance an inclusive approach that incorporates city-specific needs and capitalises on cities' potential, as well as considering other local factors such as development levels. They are also due to adopt individual city "action plans" for the next seven years.

In the area of renewable energy, ASEAN countries will "continue to work towards regional targets," in line with a previous arrangement reached with the International Renewable Energy Agency (IRENA) which includes, among other provisions, a goal of doubling the share of renewables in the region's energy mix by 2030.

Climate change is mentioned as another area of cooperation for ASEAN countries. In particular, the 10 countries had pledged to share information and take other steps to support the UN's Paris Agreement on climate change and meet their national-level action plans under the climate accord.

On sustainable development, the ASEAN chair's statement refers to the importance of cooperating to meet both regional goals as well as the UN's 2030 Agenda and the related Sustainable Development Goals (SDGs).

ICTSD reporting; "26 cities to pilot ASEAN Smart Cities Network," CHANNEL NEWSASIA, 28 April 2018; "32nd ASEAN Summit: Analysis and key takeaways," THE ASEAN POST, 30 April 2018; "Asean must find new areas, fresh commitment to work together: PM Lee Hsien Loong," THE STRAITS TIMES, 28 April, 2018; "RCEP negotiations making progress," XINHUA, 19 April 2018.

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## TRADE AGREEMENTS

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### Preparations for EU-Australia Trade Talks in the Spotlight as Macron Visits Sydney

French President Emmanuel Macron visited Sydney this week to discuss with Australian Prime Minister Malcolm Turnbull pathways to regional and bilateral cooperation on a suite of pressing policy issues, including trade, climate change, and security.

Top on the agenda were preparations for the formal launch of negotiations for an EU-Australia Free Trade Agreement (FTA), which is currently pending until the EU completes its domestic procedures. (See Bridges Weekly, [25 January 2018](#))

"A country at the end of the world and yet so close to us. [Malcolm Turnbull], thank you for your welcome in Australia and work in this 21<sup>st</sup> century world which no longer lets itself be impressed by distance but builds the future with all those who share values," Macron said on [Twitter](#) on Tuesday 1 May, at the same time outlining an [ambition](#) to make France one of Australia's primary partners over the next ten years.

"We have a common history and a future to write with the entire Indo-Pacific region, where the world's balances are largely defined today," Macron added, highlighting the region's increasing economic gravitational pull. Australia is involved in mega-regional trade agreements in the Asia-Pacific, as a signatory to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and as one of the negotiating parties for the Regional Comprehensive Economic Partnership (RCEP).

#### **Vision statement for the future**

On Wednesday 2 May, the two leaders released a "[vision statement](#)" outlining a series of shared pledges and priorities, including on trade.

They promised, for example, to work more closely together in the WTO context, including on addressing the current challenges facing the organisation's dispute settlement arm. The WTO's Appellate Body is currently short three judges, after the US repeatedly blocked the start of processes to replace them.

On the proposed trade deal, "leaders agreed to work toward the swift launch of the negotiation of an Australia-EU Free Trade Agreement that would embody our commitment to open markets and a rules-based trading system with the World Trade Organization at its centre," they said.

They also pledged to collaborate against growing protectionist pressures, as well as to hold meetings at the ministers' level at least once a year on trade and investment. Other areas of cooperation included cybersecurity, education and culture, and defence, as well as on climate and the environment.

For example, they reaffirmed their commitment to the UN's Paris Agreement on climate change and stressed that the upcoming Conference of the Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC) in Poland this coming December will be an essential opportunity for completing the so-called Paris "rulebook" for implementing the landmark climate deal.



### Building a coalition of support

The meeting comes on the heels of an April visit by Turnbull to Europe, comprising trips to Berlin, Brussels, and London, during which time the Australian Prime Minister sought to advance a possible agreement between Brussels and Canberra. Both EU and Australian officials have shown support for a potential deal, citing a context of political uncertainty as an instigator for enhanced cooperation.

"The most important thing right now, with growing protectionism in the world and uncertainties coming from traditional allies, is to expand this circle of friends," said EU Trade Commissioner Cecilia Malmström, according to the Brisbane Times, who received Turnbull along with European Commission President Jean-Claude Juncker in Brussels on 24 April.

Speaking in Berlin, Turnbull called Germany's support for the deal "absolutely critical."

"To meet the challenge of our times – the threat to openness, to freedom, and to our individual humanity – democracies must rediscover their power and purpose," he [said](#) at the time. "As we move to negotiate a free trade agreement between Australia and Europe, we have a special opportunity to show what we stand for, as well as what we stand against."

"Germany has always been in favour to meet Australia's wish for a free trade agreement and I think we've made significant progress on the road towards that," German Chancellor Angela Merkel [told](#) reporters.

The EU Parliament has outlined its own priorities for what type of trade deal would receive the approval of that chamber, once it is negotiated and reaches the ratification stage. The European Commission has requested that the Council approve a negotiating mandate, and a decision could potentially come either this month or next at upcoming Council meetings.

The EU Commission chief had also urged that these talks proceed rapidly in order to reach an agreement before the expiry of the current five-year mandate of the EU's executive arm in 2019. EU [officials say](#) that the deal will be negotiated in the areas of EU exclusive competence, avoiding those of shared competence with member states to facilitate future ratification. (See Bridges Weekly, [18 May 2017](#))

### Australia-EU economic ties, expected gains

The parties began laying the groundwork for negotiations in 2015, and have held several discussions to determine the scope of the planned trade agreement. The EU Commission published its proposed negotiating directives in September 2017, asking the European Council to approve final versions in 2018.

The EU and Australia are presently engaged in a [Framework Agreement](#), subsuming a network of cooperation arrangements, including on sustainable development, security and foreign policy, investment, public procurement, services, competition policy, technical barriers to trade, and intellectual property.

The EU is Australia's primary source of foreign direct investment and second-largest trading partner after China, with [bilateral trade](#) amounting to over A\$98 billion (US\$74 billion) in 2016, according to Australian government statistics. Australian exports to the bloc are primarily fuels, mining products and agricultural goods, while EU exports to Australia are largely manufactured goods and agricultural products.

France alone [accounted](#) for A\$28 billion (US\$21 billion) of direct investment in Australia in 2016, whereas Australian investment in France reached A\$55 billion (US\$41 billion). An estimated 300 Australian enterprises are in France, employing around 40,000 people. French exports to Australia are predominantly agricultural products, pharmaceuticals, and automobiles.



"The benefits of a free trade agreement between Australia and Europe will be very tangible for Europeans and indeed for Australians," Turnbull [said](#) last week, addressing reporters alongside Merkel in the German capital.

However, there are areas of potential sensitivities, particularly with regard to market access for farm goods. In particular, beef imports have been raised as an area of concern, particularly for farmers in some EU member states such as France, Ireland, Italy, and Poland.

Australian officials, meanwhile, have said that any deal must ensure improved agricultural market access for its exporters.

"The agreement must address the very restrictive farm tariffs and quotas that our farmers currently face," Turnbull said last week in Germany, encouraging the EU to loosen its restrictions on imported Australian agricultural products.

"The FTA we are seeking will deliver for Australian producers and farmers as well as their European consumers," he said.

In addition, geographical indications have been pegged as a potentially difficult issue. The topic is a sensitive one for the EU in trade agreements, with EU negotiators pushing to secure protections for product names linked to European regions, such as Parma ham and Feta cheese.

### **Parallel considerations**

The EU has also committed to negotiating a trade accord with New Zealand, the plans for which were announced simultaneously with the EU-Australia agreement. The leaders of France and New Zealand released a [joint declaration](#) on 16 April outlining areas for developing their bilateral relationship further, seeking to uphold a "sustainable, inclusive and progressive trade agenda" through a future EU-New Zealand FTA among other actions. (See Bridges Weekly, [19 April 2018](#)).

As the UK gears up for its exit from the EU, it has identified the trading relationship with New Zealand and Australia as key priorities, and has already looked to informal preparations for eventually launching formal trade talks. (See Bridges Weekly, [29 March 2018](#)).

ICTSD reporting; "France's president arrives in Sydney," 9 NEWS NOW, 2 May 2018; "EU push for Australia trade deal vote," 9 NEWS NOW, 25 April 2018; "Europe trade deal must be fair for farmers and 'show what we stand for', Malcolm Turnbull says," ABC NEWS, 23 April 2018; "Macron heading to Australia to boost defense ties, raise French profile," REUTERS, 30 April 2018; "French President Emmanuel Macron in Australia for talks on trade, climate and defence," THE STRAITS TIMES, 1 May 2018; "The EU pursues \$15b free trade talks with Australia, but there's a catch," BRISBANE TIMES, 25 April 2018.

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## EUROPEAN UNION

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### **EU Commission Outlines Spending, Policy Priorities for Post-2020 Period**

The EU's executive arm unveiled on Wednesday 2 May its proposed multi-annual budget for the bloc, calling for greater spending on climate action, cuts to agricultural domestic support, and funds for supporting the EU's Economic and Monetary Union, in a plan that is meant to be indicative of the EU Commission's policy priorities for the post-2020 period.

The proposed budget would be in effect from 2021 through 2027, and calls for setting the bloc's expenditures to €1.279 billion at current prices, when also considering inflation. Also notable in this budget is that it would apply after Brexit takes effect, and also after the planned post-Brexit transition period draws to a close on 31 December 2020 – meaning that the bloc will not have the UK as a budgetary contributor.

"With today's proposal we have put forward a pragmatic plan for how to do more with less. The economic wind in our sails gives us some breathing space but does not shelter us from having to make savings in some areas," said EU Commission President Jean-Claude Juncker.

The Commission's proposal is just one step in a much larger process, as EU member states jockey for position and resources in a negotiation that has historically been challenging. Commission officials have called for wrapping up these talks, which occur under the Council, by May 2019, warning that prolonging the process could hurt the implementation of important policies and programmes.

In the meantime, the Commission is due to release a series of proposals that would outline in more detail how this "multi-annual financial framework" will affect different sectors. For example, proposals on the bloc's Regional Development Fund and Cohesion Fund are due by 29 May, while those for the Common Agricultural Policy, European Maritime and Fisheries Fund, and the Single Market Programme are all due in early June, to name a few.

Commission officials have dubbed it an "EU Budget for the Future," with Juncker and others flagging the intended alignment with the executive branch's "thematic priorities." They have also stressed the budget's potential to meet the specific needs of a post-Brexit EU bloc, and the importance of preparing for future financial crises, should they arise.

For example, the budget makes reference to some of the bloc's economic priorities, such as its single market as well as its Economic and Monetary Union. For the latter, the Commission aims to set up a funding mechanism that would help make sure that investment flows do not take a hit during periods of economic "shock," among other measures aimed at making it easier for member states who do not use the euro to adopt it.

#### **Climate budget**

Among the proposals is an [increase](#) in how much of its spending goes towards meeting climate-specific goals, such as putting into action the UN's Paris Agreement on climate change. The EU's executive arm is suggesting that 25 percent of the budget go towards "climate mainstreaming across all EU programmes," up from the current 20 percent.

"At least 25 percent of the EU budget should be devoted to climate action," said Maroš Šefčovič, the EU Commission Vice-President for the Energy Union. "By strengthening this

link, we're taking a strategic approach – to live up to our commitments under the Paris Agreement and to accelerate an unprecedented modernisation of the entire EU economy."

While the Commission says that climate considerations will feature throughout EU programmes, including on farming, details on how this spending might be allocated or counted in practice were not immediately clear. The EU's executive branch will also outline towards the end of the year how they intend to ensure that the bloc is doing its utmost to meet the UN's Sustainable Development Goals (SDGs), given that the new proposed budget would apply through 2027 – three years before the overall deadline of the 2030 Agenda for Sustainable Development.

Along with pledging to boost climate-related expenditures, the Commission also indicated some plans specific to the EU's Emissions Trading System (EU ETS), the bloc's flagship carbon emissions reduction policy. Specifically, they have factored in the revenues of the EU ETS as a source of resources for the bloc's long-term budget. They suggest using 20 percent of the money generated under the ETS for doing so, and have also suggested that additional revenue could come from member state contributions tied to un-recycled plastic packaging waste, with countries paying a fee per kilo.

### **Agricultural spending cuts**

The budget also foresees cuts in spending to the bloc's Common Agricultural Policy (CAP) to the tune of five percent. The news comes as the EU institutions prepare for negotiations on setting out the terms of a new CAP, which is also due to take effect from 2021 onward.

The Commission has already laid out [some markers](#) of what a post-2020 CAP could look like, along with holding a consultation on the subject. The current version of the bloc's CAP is in place through 2020, having taken effect from 2014. The CAP governs the bloc's agricultural spending.

According to the [Commission](#), current CAP spending should hit €408.31 billion for the 2014-2020 period, making up a hefty portion of the bloc's budget at just under 40 percent.

The budget proposal released on Wednesday indicated that the Commission would like to see some specific changes in the structure of agricultural spending, namely in terms of better incorporating climate and environmental considerations, as well as making it easier for member states to transfer funds from different priorities as needed.

"Under the new rules, member states will be given more responsibility for making the best use of the agriculture budget. They will have more flexibility than today to shift funds between direct payments and rural development, in line with national needs and targets," the Commission said in a budget [fact sheet](#).

EU Agriculture Commissioner Phil Hogan credited part of the CAP cuts to Brexit, given that the UK will no longer be paying into the European budget at that stage.

"I have been honest and direct with farmers, making it clear to them that the combination of Brexit and the €12 billion hole it is blowing in the overall European budget, combined with the growing priority of other issues such as security, migration and defence, meant a cut to the CAP was going to be very hard to avoid," Hogan [said](#) on Wednesday.

"I regard this as a very fair outcome for our farmers, given the very challenging circumstances in which the budget has been framed. Moreover, it vindicates the argument I have been making that the CAP needs to be adequately funded to support farmers and the wider agri-food sector," he added, devoting much of his statement to what the new budget will mean in terms of direct payments for farmers and rural development efforts.

ICTSD reporting.

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## BREXIT

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# UK Parliament Debates Future of Customs Union Involvement

The UK's future involvement with the EU customs union has sparked renewed debate in the country's legislature, with parliamentarians taking a series of votes in recent weeks on the subject even as Brexit negotiations continue.

Following the votes in UK Parliament, a Brexit cabinet meeting set for Wednesday 2 May was due to discuss the customs union issue further, though no decisions were expected to emerge at the time of this writing.

The question of the UK's customs union involvement has drawn particular scrutiny given its implications for Ireland, an EU member state, and Northern Ireland, which is part of the United Kingdom. Both the EU and UK have pledged not to reinstate a hard border on the Irish isle, and thus avoid jeopardising the Good Friday peace accords.

In March, UK Prime Minister Theresa May outlined in a [speech](#) two suggested alternatives to address the customs union issue. One involves the creation of a new UK-EU "customs partnership," where the UK would apply the EU's same tariffs and rules of origin for those goods arriving in the UK and intended for the European Union. Goods intended solely for the UK market, however, would face UK tariffs and any other UK-specific requirements.

The second option for the customs union relies on the implementation of various technological tools and measures that would aim to ensure simple cross-border movement of goods, with the entry and exit declarations waived between the UK and the 27 remaining EU member states. Other methods under this option include recognising each other's trusted trader schemes and cooperating on security risks.

### UK debates intensify

In recent weeks, UK parliamentarians have engaged in intense discussions over the customs partnership proposal.

The UK's Exiting the European Union Committee indicated their concerns in a [report](#) on the government's customs plans, especially in regard to Ireland, with committee chair Hilary Benn [calling for](#) "credible, detailed proposals as to how it can operate a 'frictionless border' between Northern Ireland and the Republic of Ireland" while exiting the single market and customs union. "We know of no international border, other than the internal borders of the EU, that operates without checks and physical infrastructure. This is deeply concerning," Benn [said](#).

Following debate on 18 April, the House of Lords [voted](#) to back an amendment to the EU (Withdrawal) Bill to prevent the European Communities Act from being repealed until May's government has explained to parliament the steps it has taken to negotiate the UK's participation in the EU's customs union.

On 26 April, the House of Commons held a debate on the customs union issue in their Liaison Committee, which saw members review concerns such as what May's customs union proposals would mean for the UK's ability to negotiate future trade accords with interested third parties.

At the end of the meeting, that chamber resolved to [call](#) on the government to “include as an objective in negotiations on the future relationship between the UK and the EU the establishment of an effective customs union between the two territories.”

The UK’s legislation for withdrawing from the EU will need to undergo several additional stages in the UK parliamentary process before becoming law.

Meanwhile, during a [speech](#) in Ireland earlier this week, the EU’s chief Brexit negotiator, Michel Barnier, described the bloc’s own thoughts on the future customs relationship with the UK, including for “maintaining these cross-border exchanges on the island of Ireland after Brexit.”

He defended, for example, the legal backstop included in the Brexit transition deal announced earlier this year, in which the UK and EU agreed that Northern Ireland would abide by the single market and customs union if both sides fail to find an alternative.

He also flagged, however, that Ireland’s participation in the single market meant that “goods entering Northern Ireland must comply with the rules of the Single Market and the Union Customs Code.”

He also indicated that this backstop has no implications for the movement of people between Ireland and the United Kingdom, and said that “regulatory alignment with the single market would be strictly limited to what is needed to avoid a hard border, notably for goods.”

ICTSD reporting; “Customs union Q&A: what is it and can the UK manage without it?,” THE GUARDIAN, 23 April 2018; “Brexit bill: May under pressure after two big defeats in Lords,” THE GUARDIAN, 18 April 2018; “EU Withdrawal Bill: amendments and debates,” INSTITUTE FOR GOVERNMENT, 20 April 2018; “Can parliament force a government U-turn on the UK’s customs union membership?,” THE NEW STATESMAN, 23 April 2018; “Customs union: the battleground set to decide the fate of Brexit,” THE FINANCIAL TIMES, 25 April 2018; “PM expected to delay customs decision to appease key Brexiters,” THE GUARDIAN, 1 May 2018.

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## EVENTS & RESOURCES

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# Vacancies

The International Centre for Trade and Sustainable Development (ICTSD) is looking to fill the following vacancies.

ICTSD is hiring a Managing Editor for Bridges Africa and Passerelles, its English and French-language periodicals focusing on trade and sustainable development in the African continent. The managing editor will be part of both the Bridges editorial team and ICTSD's development team. The deadline for applications is 4 June 2018. To learn more about the candidate profile and job responsibilities, please visit the ICTSD [website](#).

ICTSD is hiring for its Bridges Graduate Fellows programme, which provides exceptional graduate students an opportunity to put their talents into action while pursuing their studies. Fellows join the Bridges editorial team to source and publish news articles. The fellowship lasts between six months to one year. The position is part-time and home-based. The deadline for applications is 25 May 2018. To learn more about the candidate profile and fellowship responsibilities, please visit the ICTSD [website](#).

ICTSD is hiring a Communications Manager who will have organisational responsibility for conceiving and implementing communications strategies across the organisation. The Communications Manager will be the focal point for engagement strategies and activity across ICTSD programmes encompassing dialogues, periodicals, and corporate communications. The deadline for applications is 31 May 2018. To learn more about the candidate profile and job responsibilities, please visit the ICTSD [website](#)

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# Events

## Coming Soon

6 May, Buenos Aires, Argentina. KEY OPTIONS FOR 2018 G20 TRADE AND INVESTMENT AGENDA FOR SUSTAINABLE DEVELOPMENT. This event is organised by the International Centre for Trade and Sustainable Development (ICTSD) in partnership with the Consejo Argentino para las Relaciones Internacionales (CARI), the Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC), and the T20 Task Force on Trade, Investment, and Taxation. It will be a side event to the first meeting of the G20 Trade and Investment Working Group (TIWG) on 7-8 May in Buenos Aires, Argentina. This event is meant to support TIWG officials as they consider the direction of the G20's work on trade and investment, along with other key topics such as the digital economy and the a more sustainable food system. For more information about this invitation-only event, visit the ICTSD [website](#).

7-8 May, Geneva, Switzerland. MULTI-YEAR EXPERT MEETING ON TRADE, SERVICES AND DEVELOPMENT, SIXTH SESSION. This meeting is being organised by the UN Conference on Trade and Development (UNCTAD). During this event, experts will examine the potential contribution that services trade can make for meeting select Sustainable Development Goals (SDGs), namely SDG 6 on clean water and sanitation, SDG 7 on affordable and clean

energy, and SDG 12 on responsible consumption and production. For more information and to register, visit the event [website](#).

8 May, Geneva, Switzerland. PUBLIC ORAL HEARING IN "US – LARGE CIVIL AIRCRAFT" APPEAL. The WTO will be hosting a public broadcast at its headquarters, featuring the Appellate Body's oral hearing for an EU-US dispute on aircraft subsidies. During this screening, participants will have access to a delayed broadcast of the opening and closing statements from both sides. For more information and to register for this public hearing (deadline 7 May), visit the event [website](#).

8-9 May, Bangkok, Thailand. DEVELOPING THE ELEMENTS OF A DISASTER RISK FINANCING STRATEGY. This Asian Development Bank (ADB) workshop will be held in partnership with the Organisation for Economic Co-operation and Development (OECD) and the Asia Disaster Preparedness Center. The meeting will focus on disaster risk management frameworks, with a specific focus on developing economics in the Asia-Pacific region. To learn more about this event, visit the [website](#).

8-10 May, Melbourne, Australia. CLIMATE ADAPTATION CONFERENCE 2018. This conference is being organised by the National Climate Change Adaptation Research Facility (NCCARF) in partnership with Engineer's Australia. The event will consider various aspects of climate impacts and adaptation efforts, and will feature workshops, panel sessions, and presentations to this effect. For more information and to register, visit the event [website](#).

9 May, Geneva, Switzerland. RETHINKING FOOD AND AGRICULTURAL TRADE NEGOTIATIONS: IDENTIFYING OPTIONS FOR PROGRESS. This event aims to bring together different stakeholders to examine the evolving landscape of global agricultural markets and policy, as well as developments in international trade policy that can affect this sector. It will also look at how recent events and trends could shape agriculture-related trade negotiations, particularly given the UN's Sustainable Development Goals (SDGs). Please note that attendance is by invitation only. For more information, including a draft agenda, 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.

7 May: WTO Introduction Day

7 May: Informal TNC Meeting at the level of Heads of Delegation

8-9 May: General Council

### Other Upcoming Events

4-8 June, Manila, Philippines. ASIA CLEAN ENERGY FORUM. Bringing together diverse stakeholders including bank and government officials, service providers, and civil society, this forum will share best practices in policy, technology, and finance to meet the region's climate and energy security challenges. The forum will include workshops, speeches, and panels on the themes of energy efficiency, renewable energy, energy access, and navigating the future. For more information and to register, visit the event [website](#).

13-14 June, Geneva, Switzerland. GLOBAL FORUM ON INCLUSIVE TRADE FOR LDCs. This event is being organised by the Enhanced Integrated Framework (EIF) at the World Trade Organization (WTO). The event will examine how trade has evolved in least developed



countries (LDCs) over the last 10 years and where it could go next, along with focusing on how to use trade in support of the Sustainable Development Goals (SDGs). Expected participants will include government and international organisation representatives, private sector actors, and academics, among others. To learn more and to register, visit the event [website](#).

2-4 October, Geneva, Switzerland. WTO PUBLIC FORUM. This annual WTO outreach event will have as its theme "Trade 2030." More specifically, the three-day meeting will consider "sustainable trade" between now and 2030, addressing topics such as technology-enabled trade and making the trading system more inclusive. Please note that the deadline for submitted proposed sessions is 4 June 2018. More information is available at the WTO's dedicated site for the Public Forum [here](#).

22-26 October, Geneva, Switzerland. WORLD INVESTMENT FORUM 2018. Over the course of 50 events including roundtables, summits, and private sector-led sessions, this annual forum, hosted by the UN Conference on Trade and Development (UNCTAD) will address global challenges for international investment in the era of globalisation and industrialisation. Stakeholders from governments, investment treaty negotiation teams, global companies, and other significant areas will come together to discuss investment-related policymaking, particularly in relation to sustainable development. For more information and to register, visit the event [website](#).

January 2019, location TBC. FIRST CARBON PRICING LEADERSHIP COALITION (CPLC) CONFERENCE. This event will be the first research conference on carbon pricing held by the Carbon Pricing Leadership Coalition (CPLC). It will bring together researchers, policy makers, and practitioners in this field, aiming for an exchange of ideas and information that can help resolve the gaps that exist between theory and existing practice. More information will be made available closer to the date. To learn more, visit the CPLC [website](#).

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## Resources

THE WTO DISPUTE SETTLEMENT MECHANISM: A TRADE COURT FOR THE WORLD. By Henry Gao for the RTA Exchange (May 2018). This paper was published by the RTA Exchange, a joint initiative undertaken by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). The author reviews the usage of dispute settlement mechanisms in regional trade agreements (RTAs), and explores the possibility for parties under these RTAs to contest cases under the WTO's dispute settlement arm. The paper is available at the ICTSD [website](#).

STRENGTHENING THE CONDITIONS FOR GLOBAL COOPERATION ON INTERNATIONAL TRADE. By Anabel González for the International Centre for Trade and Sustainable Development (ICTSD) (April 2018). This new paper examines whether the current trading environment can sufficiently support governments' efforts to achieve the Sustainable Development Goals (SDGs) and calls for countries to make a "constructive contribution" to address trade tensions and support greater cooperation. The paper is available at the ICTSD [website](#).

REFORMING DISPUTE SETTLEMENT IN TRADE: THE CONTRIBUTION OF MEGA-REGIONALS. By Stephan W. Schill and Geraldo Vidigal for the RTA Exchange (April 2018). This paper was published by the RTA Exchange, a joint initiative undertaken by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). It examines dispute settlement provisions in large regional trade agreements such as the EU-Canada Comprehensive Economic Trade Agreement (CETA) and the Comprehensive and Progress Agreement for Trans-Pacific Partnership (CPTPP), along with reviewing how these innovations may affect efforts to develop new dispute settlement provisions in other trade contexts. The think piece is available at the ICTSD [website](#).

CO2 ABATEMENT GOALS FOR INTERNATIONAL SHIPPING. By Michael Traut, Alice Larkin, Kevin Anderson, Christophe McGlade, Maria Sharmina, and Tristan Smith for the Climate Policy Journal (April 2018). This article, released concurrently as the UN shipping agency's new greenhouse gas emissions reduction target, discusses how much of the global CO2 budget could be allocated that sector. The authors also aim to contribute policy insights for the shipping industry to support the implementation of the UN's Paris Agreement on climate change. To download the complete article, visit [Taylor & Francis Online](#).

REFORMING THE FINANCIAL SYSTEM TO ALIGN WITH SUSTAINABLE DEVELOPMENT. By Simon Zadek for the Brookings Institution (April 2018). In this piece, Zadek, the co-director for UN Environment's Inquiry into the Design of a Sustainable Financial System, reflects on that report and the trends seen in incorporating sustainable development concerns into global financial markets. To read the full article, visit the Brookings Institution [website](#).

CLIMATE POLICIES, ECONOMIC DIVERSIFICATION AND TRADE. Published by the UN Conference on Trade and Development (UNCTAD) (March 2018). This paper surveys global value chains and green industrial policy to assess their potential for reducing the impacts of the implementation of climate change response measures via economic diversification. It examines how trade-related policies could further economic diversification and help to implement the goals of the UN's Paris Agreement on climate change. For a full PDF of this report in English, click [here](#).

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## PUENTES

Latin America-focussed analysis and news on trade and sustainable development  
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*Spanish language*

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Analysis and news on trade and sustainable development for the Portuguese-speaking world  
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*Portuguese language*

## 桥

Analysis and news on trade and sustainable development for the Chinese-speaking world  
<http://www.ictsd.org/bridges-news/桥>  
*Chinese language*

## PASSERELLES

Africa-focussed analysis and news on trade and sustainable development  
<http://ictsd.org/news/passerelles>  
*French languages*

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