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GLOBAL ECONOMY

WTO Members Debate Next Steps to Resolve Systemic Trade Tensions

The challenges facing the multilateral trading system took centre stage at meetings at the World Trade Organization (WTO) in Geneva, Switzerland, as members weighed in on trade tensions among some major members; the status of its global trade court; and the next steps for its negotiating arm.

Members first convened under an informal "Trade Negotiations Committee" (TNC) meeting, bringing together heads of delegation from across the WTO. That event, held on Monday 7 May, was followed by the organisation's General Council on Tuesday. The latter serves as the WTO's highest level of meeting outside of its biennial ministerial conferences.

"As long as tensions persist between major trading partners, the risk of a serious escalation remains very real. We must do all we can to avoid going down this path and taking measures that are difficult to reverse," [said](#) WTO Director-General Roberto Azevêdo on Monday 7 May at the informal TNC event.

He also warned that the continued imposition of new trade restrictions by members could have damaging effects on trade growth and trade flows, shaking up global value chains and putting jobs at risk. Last month, WTO economists released updated [forecasts](#) for global trade growth which suggested continued positive trends, with 2017 growth at 4.7 percent and 2018 growth at 4.8 percent, though this number may settle down in the years to come.

At the time, the WTO warned that the policy environment will play a crucial role in ensuring that trade growth remains strong – and that new restrictions and trade spats among countries could have far-reaching adverse effects. Concerns over what tensions could mean for the global economy have arisen at other key events, including the Spring Meetings of the International Monetary Fund (IMF) and World Bank Group (WBG), along with the recent leaders' summit of the Association of Southeast Asian Nations (ASEAN). (See Bridges Weekly, [26 April 2018](#) and [3 May 2018](#))

Members weigh systemic risks

The TNC and General Council meetings also included statements from a series of WTO members on recent trade developments, along with what these could mean for the organisation's work and success going forward.

One coalition, for example, put forward a statement during the TNC calling for members to step up and resolve some of the various challenges affecting the organisation. They cited among these the slow pace of global trade talks, which have shown little movement since December's ministerial conference in Buenos Aires, along with the functioning of existing structures such as the WTO's dispute settlement arm.

"We, 41 developing and developed members of the World Trade Organization (WTO), consider a well-functioning, rules-based multilateral trading system embodied in the WTO to be of key importance for our economies as well as for global economic stability, prosperity and development," said the group in a [joint statement](#).

The signatories included countries from across world regions, many of which are also G20 members, and included a call for WTO members to "refrain from taking protectionist measures and to avoid risks of escalation," and to use the organisation's existing bodies and frameworks for addressing their concerns.

"We underline the necessity for members to contribute to keeping the WTO effective, relevant and responsive to all members' needs, and we commit to continue working with all members to improve the WTO," they said.

US trade actions

The General Council meeting also featured an intense exchange among members over a series of US-launched trade actions that have grown in profile over the past few months.

China had asked to put on the General Council agenda three items, namely, the US' Section 232 tariffs on imported steel and aluminium; the US' Section 301 actions on China's alleged violations of intellectual property rights and use of forced technology transfers; and the Appellate Body vacancies.

"The most urgent and burning question that the WTO has to answer now is how to respond to unilateralism and protectionism," said Chinese Ambassador Zhang Xiangchen on Tuesday, according to a copy of his statement seen by Bridges.

"The prohibition on unilateral and protectionist measures became the bedrock and central elements of the multilateral trading system ever since. However, what is most dangerous and devastating is that the US is systematically challenging these fundamental guiding principles by blocking the selection process of the Appellate Body members, applying restrictive trade measures under Section 232, and threatening to impose tariff measures of US\$50 billion of goods imports from China under Section 301 of US domestic law," he added.

China criticised both the Section 232 and 301 actions for their unilateral nature and implications for the system. In the case of the Section 232 tariffs, which the US has justified on national security grounds, Zhang said that the levels of imported steel actually used in US national defence are very low. He also noted that various members have already managed to negotiate exemptions to these tariffs via quotas, in a development that raises questions for their WTO compatibility.

The US, for its part, criticised China's own "overcapacity" in steel production, while also disagreeing with those members who have suggested that the Section 232 measures are, in effect, a safeguard measure rather than a national security one.

The US also replied to China's criticisms of the Section 301 actions, saying that they did not agree with Beijing's claim that it was being harmed by the move.

US Ambassador to the WTO Dennis Shea likened China's criticisms of these trade measures to the sort of world seen in "Alice's Adventures in Wonderland," in reference to the 19th century Lewis Carroll novel.

"It is amazing to watch a country that is the world's most protectionist, mercantilist economy position itself as the self-proclaimed defender of free trade and the global trading system. The WTO must avoid falling down this rabbit hole into a fantasy world, lest it lose all credibility," said Shea, according to a copy of his statement seen by Bridges.

Aside from China, various other members also questioned whether these unilateral measures could pose severe systemic disruptions, whether the US' national security or intellectual property concerns were warranted or not.

"The European Union and its member states are very concerned by the direct and indirect impact that the measures could have – on the US market, the EU market, and on third country markets," [said](#) EU Ambassador to the WTO Marc Vanheukelen at the General Council, referring to the Section 232 tariffs.

"The US measures also distract from the important challenge of addressing the root cause of problems in the steel and aluminium sectors today. This is the reality of global overcapacity caused by non-market based production. Root cause is the global overcapacity owing to subsidies," he added.

Appellate Body impasse draws scrutiny

The continued vacancies on the WTO's Appellate Body also prompted intense discussion at this week's meetings. The US has blocked the start of processes to appoint new judges to that court, with three of the Appellate Body's seven seats now vacant. If a fourth vacancy arises this coming September, it would leave the court down to the minimal number of judges needed to sign off on any Appellate Body rulings.

The US has criticised a series of aspects of how the Appellate Body functions, such as how some judges whose terms have expired are continuing to serve on cases that they had been working on while in office. That practice is a long-standing one, outlined in the Appellate Body's Working Procedures. However, various members have argued that the US has not engaged sufficiently in discussions to resolve the problem, nor made clear what changes it would like to see to lift its hold on new appointments.

China had put the Appellate Body situation on the agenda for the General Council, and called for delinking the US' concerns over certain aspects of how the dispute settlement system functions to the actual selection of new judges. "The crown jewel of the WTO is losing its brilliance," he warned.

EU Ambassador to the WTO Marc Vanheukelen was among many who concurred that the Appellate Body situation is nearing critical levels, and calling for swift resolution.

"We are ready to have a conversation about the concerns about the Appellate Body, but we first need clarity on what the issues are. And we also need to have clarity that this will lead to unblocking the appointments," he said at the TNC meeting, according to a [transcript](#) published by his office.

The 41-country group behind the joint statement also flagged the Appellate Body appointments as an area of "importance" going forward. Indeed, the Appellate Body

vacancies are a subject that have dominated discussions in Geneva trade circles for several months, as the court also faces a hefty workload involving very complex cases.

Late last week, Appellate Body Chair Ujal Singh Bhatia told an audience at the Graduate Institute of International and Development Studies that the lack of judges is already posing severe risks to the court's work.

"The reasons for this impasse are well-known and need not be restated here. More interesting – and alarming – are the consequences of the ongoing stalemate," he [said](#).

"First, the fact that the Appellate Body is now operating at half-capacity, i.e. with only four active members, is seriously undermining the collegiality of our deliberations, reflected in Rule 4 of the Working Procedures for Appellate Review. Second, the lack of a proper geographical representation threatens to dilute the legitimacy of the Appellate Body. Finally, the decrease in serving members is likely to cause further delays in appellate proceedings," the official warned.

ICTSD reporting.

GLOBAL ECONOMY

China, US Officials Weigh Options to Ratchet Down Trade Tensions

Top officials from the US and China have been holding a series of meetings over the past week, with more on the way, in a bid to address high-profile trade tensions on industrial overcapacity, intellectual property rights enforcement, and the use of unilateral trade actions.

A high-level US trade delegation visited Beijing from 3-4 May, including US Secretary of the Treasury Steven Mnuchin, US Trade Representative Robert Lighthizer, Secretary of Commerce Wilbur Ross, and White House economic adviser Larry Kudlow. The talks yielded few concrete outcomes, however, though officials expressed a willingness to reconvene and hold further discussions.

Talks at the highest level are due to continue within days, with US President Donald Trump having a telephone conversation with Chinese President Xi Jinping on 8 May that included discussions on trade, though the White House [readout](#) provided scant details on specific content.

China's Vice Premier Liu He will visit Washington next week to continue the trade negotiations with his US counterparts, according to the [White House](#).

"As to China's expectations for the trade talks with the US, we have issued the readout regarding the trade negotiations between our two sides in Beijing last week. I only want to stress that it serves the interests of our two sides and the world to resolve differences and disputes through equal-footed negotiations and maintain the sound and steady development of China-US trade ties," said Chinese Foreign Ministry Spokesperson Geng Shuang on 8 May, in [response](#) to questions over the upcoming trip by Liu.

Representatives from the two countries also squared off at the WTO on 8 May during the trade club's General Council meeting, repeating similar arguments to those raised in Beijing and Washington, along with partaking in a high-energy debate over what the current situation between the economic giants could mean for the wider trading system. (See related article, this issue)

Trade between the two countries is significant, with China as the largest US goods trading partner with US\$578.2 billion in total two way goods trade during 2016. The trade deficit between the countries was [estimated](#) in 2016 at US\$347.0 billion in goods in favour of China, and even higher last year, though the US has a surplus of US\$38 billion in services.

Months of escalation

In recent months, tensions between the two major traders have been on the rise. One of the areas that has drawn the most scrutiny are the US' move to impose global tariffs on imported steel and aluminium, with exceptions for some countries or country groups pending further negotiations or as a result of an agreement in principle. These tariffs were imposed following a "Section 232" investigation, with the US justifying the move as necessary to ensure national security, in terms of ensuring domestic industry can appropriately supply national defence or critical infrastructure needs.

Separately, the White House has indicated plans to impose tariffs on a list of Chinese products worth approximately US\$50 billion or more, as well as potential investment restrictions, to counter China's alleged violations of intellectual property rights, forced technology transfers, and discriminatory licensing practices. This was following a "Section 301" investigation under domestic US trade law. (See Bridges Weekly, [22 March 2018](#))

The final list of goods set to face Section 301 tariffs is not yet confirmed, pending public comments and other steps in the US domestic process. The US has, however, submitted a request for WTO dispute settlement consultations to tackle a few specific areas of concern, namely around allegedly discriminatory licensing practices.

China, for its part, has imposed duties on a list of US goods, along with calling for dialogue within the WTO process and a de-escalation in tensions. Last month, Chinese President Xi Jinping also indicated that his government will be looking at making some economic policy changes, including on creating a more enabling climate for foreign investors and stepping up intellectual property rights enforcement, along with slashing tariffs on imported automobiles. (See Bridges Weekly, [12 April 2018](#))

While the pledges draw a positive response from US President Donald Trump, including via a post on social media platform [Twitter](#), tensions have since remained high between the two trading partners in light of the impending Section 301 tariffs and the existing Section 232 tariffs on steel and aluminium.

In recent weeks, both sides have suggested that they could reach some resolution on these matters, with Trump calling for reducing the US trade deficit with China. Washington officials under the current administration have placed a heavy premium on the need to reduce trade deficits with major trading partners, including through negotiating updates to existing trade deals.

For their part, Beijing officials have highlighted the strong economic ties between the two countries, and have cautioned against the use of unilateral measures that could have damaging systemic and economic implications.

"These problems can be solved through bilateral consultations or within a commonly recognised multilateral framework. However, they can never be solved through unilateral means," China's Foreign Ministry spokesperson Lu Kang [said](#) in late April.

Negotiators set out wish lists

As the meetings got underway last week, the two sides put forward competing lists of concessions that they hoped to see in order to reach a deal, copies of which were obtained by Bloomberg News and widely cited by other media outlets.

For example, the US has asked China to decrease the trade deficit between the countries by US\$200 billion from current levels by the end of the decade – in other words, reducing it by more than half. Washington has also asked that China drop WTO disputes on the Section 232 tariffs ([DS544](#)) as well as on China's non-market economy status ([DS515](#)).

Other requests included granting additional market access concessions and curbing assistance to the advanced technology sector under the "Made in China 2025" plan, among various others.

In an editorial by state-sponsored Xinhua, Beijing applauded the continued dialogue, but cautioned the US to be more open to compromise in the talks. "Being candid does not mean being self-centred. In order to bring more constructive results in future talks, the US side needs to be more rational and pragmatic and abstain from making outrageous demands," the editorial [said](#).

For its part, China has called for Washington to drop the Section 301 probe and related actions, along with asking for a change in Washington's restrictions on Huawei and ZTE and the amount of high-tech products Chinese companies can buy. China did reportedly put forward the possibility of some concessions, such as curbing automobile import tariffs further.

After last week's talks, the White House asserted that the negotiations were open and forthright, though falling short of announcing results. "The delegation held frank discussions with Chinese officials on rebalancing the United States–China bilateral economic relationship, improving China's protection of intellectual property, and identifying policies that unfairly enforce technology transfers," a White House press release [said](#).

Xinhua [reported](#) that resolving tariff issues, bilateral services trade, and two-way investment were also discussed during the meeting.

"During the talks, the two sides agreed that a sound and stable China-US trade relationship is crucial for both, and they are committed to resolving relevant economic and trade issues through dialogue and consultation," Xinhua reported.

ICTSD reporting; "U.S., China to meet with goal of calming trade tensions," THE WALL STREET JOURNAL, 30 April 2018; "Steve Mnuchin Will Head to China as Trade Tensions Mount," THE NEW YORK TIMES, 24 April 2018; " 'Very good chance' of China trade deal: Trump," CHINA DAILY, 26 April 2018; "Trump team demands China slash U.S. trade surplus, cut tariffs," REUTERS, 4 May 2018; "China, U.S. seek to maximize converging interests in economic, trade consultations," XINHUA NEWS, 5 May 2018; "U.S. and China Make Scant Progress in Trade Talks," THE WALL STREET JOURNAL, 4 May 2018; "Here's What the U.S., China demanded of Each Other on Trade," BLOOMBERG NEWS, 4 May 2018.

TRADE AGREEMENTS

EU, Mercosur Negotiations to Resume, Officials Suggest Deal Possible Soon

Negotiators from the EU and South American customs bloc Mercosur are reportedly due to reconvene this month, as officials push for an agreement in principle that would help wrap up the nearly two-decade-old trade talks.

Officials are slated to meet this month in the Paraguayan capital city of Asunción, according to the country's foreign affairs minister, Eladio Loizaga Caballero, who told reporters that he has been consulting with this counterparts both within the Mercosur bloc and across the Atlantic in Europe.

Brussels has been negotiating an association agreement with Argentina, Brazil, Paraguay, and Uruguay since 1999, which would include a trade deal. If agreed, the trade accord would cover a shared market of well over 750 million people, including areas such as goods and services trade, government procurement, intellectual property, small and medium-sized enterprises, and sustainable development.

Over the past 18 months, the pace of the negotiations has accelerated, with officials from both blocs convening repeatedly in a bid to wrap up the talks before political calendars get in the way. While Paraguay already held elections last month, Brazil is due to hold elections in October, while Argentina and Uruguay will have elections next year.

On the EU side, the bloc's institutions could see shakeups when the current European Commission's mandate comes to an end in 2019 and new European Parliament elections are held that same year.

With those timeframes in the background, trade talks have been held on various occasions throughout the year, with the most recent round taking place during the last week of April. Officials afterward indicated that while they made some advances, political sensitivities remain unresolved.

Disagreements over beef, ethanol, and automobile trade, which have long been sensitive topics for both side in the EU-Mercosur process, have proven to be among the most challenging areas to tackle, though recent reports indicate that these gaps may be narrowing down to the most sensitive political details, and that some progress has been made in pinning down numbers for beef volumes and opening up automobile market access.

Other challenging areas reportedly include opening up public procurement market access, along with certain sensitive services sectors.

Officials suggest endgame may begin soon

Brazilian President Michel Temer said last week that the EU-Mercosur talks are "practically done," suggesting that the accord, if completed, would be another form of warding off protectionist pressures while also reinforcing the Mercosur bloc's original mission of open markets.

The four-country coalition has undergone a series of political transitions, as well as economic highs and lows, over the two decades that the trade negotiations have been

underway, including periods where some of its members were pursuing more inward-focused economic policies. More recently, the group has been reinvigorating its efforts to deepen economic ties with key partners, including the EU as well as with the neighbouring Pacific Alliance group of Chile, Colombia, Mexico, and Peru.

Temer is not the only official who has suggested that the EU-Mercosur negotiations may soon be in the final stages, with EU Trade Commissioner Cecilia Malmström recently telling Agence France Presse that she expects a deal this year, and dispelling suggestions that the talks may be “in the freezer.”

Loizaga, the Paraguayan foreign affairs minister, also suggested in announcing the upcoming meetings that he expects a deal to be reached shortly. He noted in earlier comments on Twitter, however, on 28 April, that the South American coalition would need to see more flexibility from their European partners, a point that EU officials have similarly made about Mercosur.

“We expect flexibility from the European Union, the whole burden does not need to fall on Mercosur. We need to share the load between both blocs,” he said, in a Twitter [post](#) shared by the foreign affairs ministry.

EFTA officials press for own deal, watching EU-Mercosur timeframe

The push to seal a deal has also drawn the attention of other trading blocs, notably including the European Free Trade Association (EFTA), the coalition that includes Iceland, Liechtenstein, Norway, and Switzerland.

The EFTA bloc has deep economic ties with the European Union, with all EFTA members except Switzerland being part of a so-called internal market that applies the central tenets of the EU's own “single market” – namely that of free movement of people, capital, goods, and services, known collectively as the “four freedoms.” This partnership is codified under the Agreement on the European Economic Area. Switzerland and the EU, meanwhile, have inked a host of bilateral deals, which cover aspects like single market participation, among other areas.

EFTA and Mercosur began negotiating their own free trade agreement in 2017, and have held three formal rounds to date, with the latest [being held](#) this past April. The planned deal would cover issues ranging from goods and services trade to public procurement, investment, and sustainable development, officials say.

While the dates of the next round have not been confirmed, officials have indicated that these will occur in the summer months. In the meantime, Swiss Economy Minister Johann Schneider-Amman wrapped up a visit to the Mercosur countries this past week, telling reporters that clinching an EFTA-Mercosur trade accord in the short term is imperative, particularly given the advances being seen with the EU-Mercosur deal.

“What's important is that we are very close behind [the European Union]. If we manage to secure an EFTA-Switzerland deal six months after the EU that would balance things out,” he told Radio Television Suisse, a local news outlet.

ICTSD reporting; “EU, Mercosur end trade round with little progress, more blaming,” REUTERS, 27 April 2018; “Johann Schneider-Amman achève sa tournée en zone Mercosur,” RJB, 6 May 2018; “L'accord commercial UE/Mercosur “pas mis au frigo”, selon Malmström,” LE FIGARO, 4 May 2018; “Nueva ronda de negociaciones entre Mercosur y UE a mediados de mes en Paraguay,” MERCOPRESS, 7 May 2018; “Swiss economics minister upbeat about Mercosur free trade deal,” SWISS INFO, 8 May 2018; “Temer dice que Mercosur y la UE están “prácticamente cerrando” acuerdo,” EFE, 4 May 2018.

GLOBAL ECONOMY

EU Members Weigh Approach to US Tariff Talks, Details Emerge on Draft Deals for Others

As the clock winds down before a 1 June deadline for the EU's 28 members and two other countries to reach agreements with the US to avoid steel and aluminium tariffs, the officials involved have been floating ideas on how best to address the issue.

The US announced on 30 April that it would be setting this new deadline for the EU, Canada, and Mexico, which had originally been set for 1 May, while confirming agreements in principle with Australia, Argentina, and Brazil, though it did not elaborate on details at that juncture. (See Bridges Weekly, [3 May 2018](#))

For those countries still in the negotiating process, however, the White House [indicated](#) that it hopes to see deals involving "quotas that will restrain imports, prevent transshipment, and protect the national security."

The negotiations have lately brought to the fore comments from EU member state officials on how best to proceed in order to avoid the tariffs, including the possibility of granting some concessions to Washington.

The bloc's executive arm has argued that it should get a full, unconditional tariff exemption and has questioned the US' national security claims involving EU-made steel and aluminium, given their deep partnership in security issues.

The European Commission has repeatedly called on Washington to hold off on the duties, warning that it is prepared to impose its own tariffs on a list of several US-made goods if necessary and take WTO dispute settlement action. It is already pursuing a safeguard investigation domestically, prompted partly by concerns that US tariffs on other major steel producers could lead to a rapid influx of inexpensive steel on the European market, which would otherwise have been sold to the US. (See Bridges Weekly, [29 March 2018](#))

Reports suggest that US trade negotiators had floated the option of binding EU steel and aluminium exports to the US to 90 percent of last year's levels, according to unnamed officials cited by Bloomberg. Meanwhile, the EU has reportedly balked at the figure, with some member states indicating that this quota should be higher at 100 percent.

Meanwhile, a range of views have been expressed within the European Union over how the bloc should move forward, with three weeks remaining in the negotiating timeframe. Germany, which ranks among the US' top ten sources of imported steel, has asked for a permanent exemption from tariffs, warning that "neither the European Union nor the United States can have an interest in an escalation in trade relations."

"Rather, both the US and the EU would benefit from further deepening trade relations. It is particularly important that the European Union has sought talks with the United States and will continue to do so," said Germany's deputy government spokesperson Martina Fietz last week, according to comments reported by Reuters.

Germany's Economy Minister Peter Altmaier called for more talks with Washington, and has lately indicated that there could be some room to negotiate a deal. Altmaier told local

press earlier this week that one option could be clinching a focused trade accord with Washington that would involve industrial goods, thus averting the tariffs.

A few days prior, French economy and foreign ministries said in a [joint statement](#) they “agree that there is an overcapacity problem in the steel and aluminium sector,” but that while they are ready to cooperate with others to resolve these issues, this could only occur “it we are certain that we will be permanently exempted from the threat of unilateral increases in tariffs.”

Steel deals: details on quota, tariff arrangements

Meanwhile, the details about individual deals with Argentina, Australia, and Brazil are beginning to emerge, indicating that those countries have signed on to voluntary export restraints, or quotas, in order to have a permanent exemption from Washington's tariffs.

Argentina will be able to export up to 135 percent of the average level of steel sent to the US over the past three years without facing the US tariffs, while that level will be set at 100 percent for aluminium, according to a [statement](#) issued last week by the Argentine Minister of Production Francisco Cabrera.

“This is an important achievement that puts Argentine production and jobs in better conditions than those countries that did not manage to obtain tariff exemptions,” Cabrera said.

Unlike neighbouring Brazil, Argentina's steel exports to the United States did not break into the [top ten sources](#) of the US' imported steel. It is, however, among the top ten sources of imported aluminium, [according](#) to the US Commerce Department's Section 232 report.

Along with Australia and Argentina, Brazil was also among the countries that negotiated a permanent tariff exemption, details of which were confirmed late last week. Brazil's aluminium sector will face 10 percent import tariffs, while the steel industry will be subject to an import quota system, according to a [statement](#) by the Brazilian foreign affairs ministry.

The numbers were agreed following the Brazilian government's consultations with industry, after the US indicated in late April that it would impose tariffs or quotas either way, according to the ministry.

“It is important to stress that any restrictive measure to be adopted will be under the sole responsibility of the US government. The Brazilian government and the Brazilian productive sector did not take part – nor will take part – in the design and the implementation of restrictions to Brazil exports,” the statement said.

The ministry also stressed that, despite the deal, it had “clarified” to Brazil's counterparts in Washington that “the Brazilian products do not pose threats to the American national security” but that their respective industries are “integrated and complementary.”

ICTSD reporting; “EU Considers Trade Quotas to Settle U.S. Tariff Threat,” BLOOMBERG, 7 May 2018; “Australia rejects fears Trump steel tariff exemption subject to quotas,” THE GUARDIAN, 2 May 2018; “Spotlight: EU demands permanent exemption from U.S. steel tariffs,” XINHUA, 1 May 2018; “EU demands permanent exemption from U.S. steel, aluminum tariffs,” REUTERS, 1 May 2018; “German minister calls for new EU trade deal with U.S.,” REUTERS, 5 May 2018.

TRADE AGREEMENTS

NAFTA Talks at Pivotal Point as Ministers Resume Work in Washington

Negotiators from Canada, Mexico, and the US have resumed high-level discussions aimed at bringing talks for updating their North American Free Trade Agreement (NAFTA) to a successful close, with officials calling for an ambitious result despite the limited time remaining before electoral dynamics escalate.

Ministers reconvened in Washington on Monday 7 May, telling reporters that they expected to continue discussions throughout the week in order to narrow down some of the most significant gaps between them. How long this process might take was not clear at press time, and ministers have avoided naming any set timeframe for wrapping up their meetings.

"We are definitely making progress. I am not going to predict, you know, the day and the minute and the hour that we will be finished, but we are certainly very, very hard at work," said Canadian Foreign Minister Chrystia Freeland to reporters on Tuesday 8 May. "This isn't just about ministers from the three countries meeting. It is about talking to the people who are really doing the jobs in these sectors."

Freeland, US Trade Representative Robert Lighthizer, and Mexican Economy Secretary Ildefonso Guajardo Villareal, have already met on repeated occasions over the past few days, and have not said how long they intend to continue this round of discussions in Washington. Other top officials involved in this stage of the NAFTA talks include Mexican Foreign Secretary Luis Videgaray Caso and White House senior adviser Jared Kushner, among others.

Guajardo told the Reuters news agency that the teams would be in the US capital city "for as long as necessary." The Mexican official has also called for ministers to ensure a full revamp of NAFTA, rather than a "partial result." He explained that doing so would help guarantee a balanced outcome for all parties involved, according to comments reported by Politico.

At this stage, "we need to work simultaneously on all the items that are pending," he said.

Mexico is less than two months away from its general elections, set for 1 July. The US, meanwhile, holds midterm elections in November, with the primary process already well underway for congressional, senatorial, and gubernatorial races. Meanwhile, Mexico has ratified a separate regional deal known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that also includes Canada and 10 other countries, which will also rewrite the trade rules for much of the region, though it does not involve the US as a member.

Key sticking points remain

The ministerial-level talks came after the three NAFTA parties spent most of last month holding [technical meetings](#) between them to lay the groundwork for a deal. While at least six chapters of the deal were confirmed as done in March, whether more chapters have been finalised of the planned 30 total chapters is not yet clear. (See Bridges Weekly, [8 March 2018](#))

"In Washington we will work on autos but also on other key issues for Mexico such as Sunset, Chap 20, and seasonality, among others," said Kenneth Smith Ramos, the Mexican official who heads the technical side of the NAFTA talks for his country, on social media site [Twitter](#). Smith Ramos is also participating in this week's talks, as is Mexico's Undersecretary of Foreign Trade Juan Carlos Baker.

Sunset refers to whether to have a review clause in NAFTA and, if so, whether the trade deal's renewal would be contingent on all parties agreeing to continue with it after a set period of time. Chapter 20 refers to the existing accord's dispute settlement procedures, while seasonality refers to a specific aspect of agricultural goods trade, in this case to a US proposal to impose duties on imported produce depending on whether it is in season.

One of the most high-profile challenges, however, will be finding common ground on automobile trade. The US' push to both increase the level of regional content in automobiles, as well as to tie some of their production to higher wage-earning areas, has drawn scrutiny from its NAFTA partners and industry stakeholders, particularly those in Mexico, over whether it would be viable in practice.

Canada had previously put forward suggested alternatives, to mixed results. On Tuesday, reports emerged that Mexico has suggested its own formulation of automobile rules of origin, which would involve a 70 percent regional content threshold instead of the 75 percent favoured by Washington, as well as building in longer transition periods for some types of cars, along with some flexibility on the wage issue, among other provisions.

Bridges will feature a full update on the NAFTA process in its next edition, after the ministerial talks draw to a close.

ICTSD reporting; "Comercio estacional fracturaría TLCAN: SE," EL ECONOMISTA, 28 September 2017; "Mexico pitches auto proposal as NAFTA talks grind on," REUTERS, 8 May 2018; "NAFTA Talks Enter Critical Week with U.S. Pushing Hard Line," REUTERS, 6 May 2018; "NAFTA talks resume amid fears of 'zombie' deal," REUTERS, 7 May 2018; "Mexico pushes for a full deal," POLITICO, 8 May 2018; "Freeland: There's movement on NAFTA, unclear when deal will come," CTV NEWS, 8 May 2018.

EVENTS & RESOURCES

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 be responsible 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](#).

A few select junior associate and trainee positions are also listed on the dedicated ICTSD [jobs page](#).

Events

Coming Soon

11-12 May, Suzhou, China. ASIAN DEVELOPMENT BANK INSTITUTE SESSIONS ON FINANCIAL INCLUSION, FINANCIAL LITERACY, AND INFRASTRUCTURE DEVELOPMENT: SIXTH SEMINAR ON ASIA AND THE PACIFIC ECONOMIES. This Asian Development Bank Institute (ADBI) event will focus on the roles of infrastructure investment, financial literacy, and related issues in supporting sustainable, inclusive growth in the region. Sessions will focus on country-specific examples, along with cross-country cases. Event attendance is by invitation only. For more information on this invitation-only session, visit the event [website](#).

15 May, Geneva, Switzerland. NEGOTIATIONS ON FISHERIES SUBSIDIES: UNDERSTANDING OVERCAPACITY AND OVERFISHING. This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and will involve an informal, expert-informed discussion on topics such as overfishing and overcapacity, in relation to the WTO negotiations to discipline harmful fisheries subsidies. The event is part of ICTSD's WTO: Paths Forward initiative, which includes dialogues, papers, and other

contributions aimed at facilitating and spurring discussion and analysis ahead of the WTO's 12th ministerial conference next year. To learn more, visit the ICTSD [website](#).

16-18 May, Voronezh, Russia. REGIONAL CONFERENCE FOR EUROPE (ERC). This regional conference is being organised by the Food and Agriculture Organization of the United Nations (FAO). During this event, participants from FAO member states will discuss topics including e-agriculture, as well as agriculture's interlinkages with climate change, gender, and migration issues. The meeting will bring together ministers and other officials, with a focus on Europe. For more information and to register, visit the event [website](#).

17-18 May, Tokyo, Japan. STRATEGIES FOR FINANCING SOCIAL PROTECTION TO ACHIEVE THE SDGS. This Asian Development Bank Institute (ADBI) event will focus on the role that social protection has to play in supporting inclusive economic growth in the Asia-Pacific region. It will look at challenges such as financing social protection and will bring together government officials as well as experts from various institutions. For more information and to register, visit the event [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.

14 + 16-17 May: Informal Open-ended Negotiating Group on Rules (Fisheries Subsidies)

15 May: Working Party on the Accession of Belarus

16 May: Informal Committee on Technical Barriers to Trade

17 May: Committee of Participants on the Expansion of Trade in Information Technology Products

Other Upcoming Events

24 May, Geneva, Switzerland. DISCIPLINING FOSSIL FUEL SUBSIDIES FOR CLIMATE MITIGATION: WHAT TRADE POLICY OPTIONS? This event, organised by the International Centre for Trade and Sustainable Development (ICTSD), is meant to provide participants the chance to examine the interlinkages between fossil fuel subsidies and trade, looking at the different tools available under the trade system to help facilitate fossil fuel subsidy reform. The event will also provide an overview of fossil fuels' environmental and health effects. More information and registration details are available on the ICTSD [website](#).

11-12 June, Geneva, Switzerland. FACILITATION 2.0 IN REGIONAL TRADE AGREEMENTS: ENABLING TRADE IN THE DIGITAL AGE. This event is being convened under the RTA Exchange dialogue series, a joint initiative by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). It will examine the increasing sophistication and scope of trade facilitation provisions that have emerged in regional trade agreements (RTAs), looking at potential best practices and how these could feed into wider discussions, including multilaterally. Event attendance is by invitation only. To learn more, visit the ICTSD [website](#).

13 June, Geneva, Switzerland. EVOLUTION OF INVESTMENT POLICYMAKING IN RTAs AND IIAs. This event is being convened under the RTA Exchange dialogue series, a joint initiative by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). It will examine recent trends in investment policymaking under regional trade agreements (RTAs) and international investment

agreements (IIAs), aiming to support other rulemaking processes. Participants will be from governments, civil society, international organisations, the private sector, and academia. Event attendance is by invitation only. To learn more, visit the ICTSD [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](#).

15 June-27 July, online. COURSE: THE PARIS AGREEMENT ON CLIMATE CHANGE AS A DEVELOPMENT AGENDA. This course from the UN System Staff College aims to help participants develop a deeper understanding of the relationship between the UN's Paris Agreement on climate change and the UN's 2030 Agenda for Sustainable Development and related Sustainable Development Goals (SDGs). It is being offered jointly with UN Climate Change. For more information and to enroll, visit the course [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 submitting 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](#).

Resources

DESIGNING COMMON BUT DIFFERENTIATED RULES FOR REGIONAL TRADE DISPUTES. By Amy Porges for the RTA Exchange (May 2018). This paper was prepared for the RTA Exchange, a joint initiative implemented by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). It examines how dispute settlement mechanisms have been used in regional trade agreements (RTAs) and how to facilitate dispute settlement going forward. The paper is part of the RTA Exchange on Dispute Settlement project, an initiative meant for understanding and sharing best practices in this field. The paper is available for download at the ICTSD [website](#).

MAINSTREAMING TRADE TO ATTAIN THE SDGs. Published by the World Trade Organization (WTO) (May 2018). This new WTO publication examines the different aspects of the organisation's work, both in terms of negotiations and existing initiatives, and what these mean for supporting the achievement of the Sustainable Development Goals (SDGs). It also includes a series of related recommendations. The publication is available for download [here](#).

ECONOMIC AND FISCAL IMPACTS OF DISASTERS IN THE PACIFIC. Published by the Asian Development Bank (ADB) (April 2018). This new publication reviews the implications that climate change and natural disasters can have for Pacific island nations, along with the need to prepare the region for such events, given their implications for lives, livelihoods, and economic growth. For more information and to download the full report, visit the ADB [website](#).

A NEW TYPE OF LEADERSHIP FROM NATIONAL GOVERNMENTS IS ESSENTIAL FOR SUCCESS OF THE SDGs. By Charlotte Petri Gornitzka and Anthony F. Pipa for the Brookings Institution (April 2018). This new piece looks at countries' efforts to date at incorporating the Sustainable Development Goals (SDGs) into national policy, along with possible best practices and challenges to consider going forward. To read this paper, visit the Brookings Institution [website](#).

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