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GLOBAL ECONOMY

EU Gives Green Light to Australia, New Zealand Trade Talks, Amid Packed Council Agenda

Trade ministers from the EU's 28 member states gave their backing on Tuesday 22 May for the launch of negotiations for trade accords with Australia and New Zealand, paving the way for formal talks to begin in the coming months.

The announcement, which came following a meeting of the EU's Foreign Affairs Council (Trade), was part of a packed agenda that also saw ministers endorse language on how to handle the negotiation of investment agreements in the future, namely whether these should be dealt with separately from trade accords and if so, how.

Another key element of the Brussels discussions involved how to address trade tensions with the United States, particularly in light of a 1 June deadline for reaching a deal with Washington to avoid tariffs on imported steel and aluminium. (See Bridges Weekly, [9 May 2018](#))

Australia, New Zealand officials welcome launch plans

Now that the EU negotiating directives have been approved, EU Trade Commissioner Cecilia Malmström is due to travel to Australia and New Zealand for the formal trade talks' launch next month, with a first negotiating round for each process set for July.

"We are already close in terms of shared values and our open, global outlook. Together, we will now negotiate win-win trade deals that create new opportunities for our businesses, as well as safeguard high standards in key areas such as sustainable development," Malmström.

EU Commission [statistics](#) suggest that trade deals with both countries could lead to a massive increase in exports to the Oceanic nations, potentially one-third above current levels. The potential benefits for small and medium-sized enterprises are another selling point, officials say, though both the EU and its negotiating partners have acknowledged that agriculture will be especially sensitive in the talks ahead.

The Council's decision also drew swift praise from Australian and New Zealand trade officials, who welcomed the prospect of starting talks in the near term.

"[A free trade agreement, FTA] with the EU has the potential to set the benchmark for what can be achieved between like-minded partners. Australia and the EU share a commitment to the rules-based global trading system and to open markets," said a joint [media release](#) from Australian Prime Minister Malcolm Turnbull and Trade Minister Steven Ciobo.

New Zealand Trade Minister David Parker similarly praised the Council's decision, noting that the planned FTA has great economic potential and is a powerful show of partnership, particularly during a period of burgeoning protectionist pressures. He also highlighted Prime Minister Jacinda Ardern's recent meetings with EU leaders to discuss the accord. (See Bridges Weekly, [19 April 2018](#))

"It is also an endorsement of our strong backing for the talks as the next priority on our extensive free trade agenda, that includes the CPTPP, the Pacific Alliance, and RCEP," Parker said.

The CPTPP refers to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), an 11-country trade deal among a group of Pacific Rim partners, currently at the ratification stage. The Pacific Alliance refers to the four-country coalition of Chile, Colombia, Mexico, and Peru, which are jointly negotiating a trade deal with four prospective associate members, including Australia and New Zealand. RCEP refers to the Regional Comprehensive Economic Partnership (RCEP), a planned trade accord between the Association of Southeast Asian Nations (ASEAN) and its six FTA partners.

Approach to future trade agreements

Another key item on the Council agenda was a decision on how to treat future EU trade negotiations, specifically on whether to treat investment as part of this process or in separate agreements.

The EU Commission has been looking for new options for moving forward, after the European Court of Justice (ECJ) issued a ruling on the EU-Singapore trade agreement in 2017 that clarified which parts of that accord fell under the EU's exclusive competence and which were areas of shared competence with member states. "Mixed agreements" involve both. (See Bridges Weekly, [18 May 2017](#))

"The Council notes that in the future the Commission intends to recommend draft negotiating directives for FTAs covering exclusive EU competence on the one hand and separate mixed investment agreements on the other, with a view to strengthening the EU's position as a negotiating partner," the Council conclusions note.

Those conclusions clarify, however, that the final decision on whether to approve negotiations' launch on those grounds will remain with the Council. Furthermore, it suggests that this decision should not affect existing negotiating processes, with the Council also indicating a preference for "Association Agreements" to remain "mixed." Those association agreements include trade but also cover other areas of cooperation, often on the political, cultural, and security levels.

"Negotiating EU-only trade agreements should not lead to a loss of negotiation leverage for the EU to obtain ambitious standalone investment agreements," the Council said. It also suggests that in cases where an investment agreement is considered "necessary," that these should be developed in tandem with trade accords.

The Council also makes a specific reference to the EU-Australia and EU-New Zealand trade negotiations in this context, given that the Commission has only proposed negotiating

mandates for trade agreements, not investment. "This should not set a precedent for the future," the EU's trade ministers said.

US tariffs deadline looming

The bloc's approach to a 1 June deadline to secure an exemption from US tariffs on imported steel and aluminium was also on the agenda during a lunch meeting among ministers on Tuesday. While the Council conclusions gave limited details about those discussions, they did refer back to recent remarks by EU institutional leaders on the subject, namely European Council President Donald Tusk and European Commission President Jean-Claude Juncker.

Earlier this month, Tusk said ahead of a summit on the EU and the Western Balkans that "unity is our greatest strength" on trade.

"My objective is simple: we stick to our guns. This means a permanent exemption from US tariffs on aluminium and steel if we are to discuss possible trade liberalisation with the US," he [said](#).

Juncker expressed similar sentiments at the same event, suggesting that if the EU is granted a permanent exemption, then the Commission would be interested in discussing a series of topics with the US – namely, improving energy cooperation, addressing voluntary regulatory cooperation, resolving the impasse over selecting new judges for the WTO's Appellate Body, and improving "reciprocal market access" in manufacturing and government procurement.

"These talks will be based on the principles of reciprocity and WTO compatibility. We will not negotiate with the Sword of Damocles hanging over our heads," Juncker [said](#) at the time.

The EU's executive arm released [publicly](#) last week a list of US goods that would be subject to tariffs of either 10 or 25 percent. Those tariffs would only apply, however, if the US' own steel and aluminium tariffs are applied.

ICTSD reporting.

GLOBAL ECONOMY

US, China Release Statement Pledging to Tackle Trade Deficit, Boost Investment

Chinese and American negotiators issued a statement last weekend pledging to increase US exports to China, among other steps aimed at boosting trade and investment cooperation, which officials later said would avert planned "Section 301" tariffs that Washington was preparing to levy on Beijing. The statement also refers to "consensus" on acting to reduce the trade deficit that the US runs with China, with more details forthcoming.

US Secretary of the Treasury Steven Mnuchin announced on Sunday that proposed tariffs on Chinese imports had been paused. The tariffs at issue were part of various planned actions that Washington planned to take following a "Section 301" investigation into alleged intellectual property rights violations and forced technology transfers.

"Right now we have agreed to put the tariffs on hold while we try to execute the framework," he said in an interview with Fox News. Mnuchin later confirmed to lawmakers that the decision does not affect a separate set of steel and aluminium tariffs that the US has imposed on most countries, including China.

The prospect of the Section 301 tariffs had prompted China to prepare to levy duties of its own. Vice Premier Liu He, who led the Chinese delegation, told state media channels that the countries agreed to "stop slapping tariffs against each other," according to comments reported by Xinhua.

Export, investment boost planned, details unclear

The [joint statement](#) that Washington and Beijing released on 19 May includes pledges to increase US agriculture and energy exports, boost two-way investment, expand trade in manufactured goods and services, and strengthen intellectual property cooperation, without going into specific detail in terms of targets or timeframe.

"Both sides agreed to continue to engage at high levels on these issues and to seek to resolve their economic and trade concerns in a proactive manner," the statement concluded.

US Secretary of Commerce Wilbur Ross will reportedly lead an additional round of talks in Beijing next week to work out the details of the agreement. The consultations build on discussions initiated when Ross together with Mnuchin, White House economic advisor Larry Kudlow, and US Trade Representative (USTR) Robert Lighthizer travelled to Beijing earlier this month. (See Bridges Weekly, [9 May 2018](#))

"It is natural for the two countries to reach consensus this time," Liu said. "However, it should be noted that it takes time to resolve the structural problems in the bilateral economic and trade ties," he said, adding that the two countries should address their differences through dialogue and avoid exacerbating tensions in the future.

The goods trade deficit between the two countries was [estimated](#) in 2016 at US\$347 billion, according to USTR statistics, and even higher last year, though the US has a surplus of US\$38 billion in services.

The announcement comes following months of escalating trade tensions. In March, the US announced that it would impose global tariffs on imported steel and aluminium on national

security grounds, negotiating with certain countries to provide exemptions. Citing intellectual property concerns, Washington separately announced plans to impose tariffs on a list of Chinese products worth at least US\$50 billion, after the findings of the above-mentioned "Section 301" investigation, and is weighing possible restrictions on Chinese investment. (See Bridges Weekly, [22 March 2018](#))

In April, China countered with an announcement that it would be imposing duties on a catalogue of 106 American goods, targeting agricultural products and manufactured goods including beef, soybeans, corn, wheat, cars, chemicals, and whiskey.

Terms of agreement

As the latest round of US-China talks wrapped up, the two sides agreed to take "effective measures" to reduce "substantially" the US trade deficit in goods with China, without elaborating further on details in the joint statement.

China further pledged to buy "significantly" more American goods and services. This announcement was framed in the statement as a win-win, creating jobs and supporting growth in the US while also serving "to meet the growing consumptions needs of the Chinese people and the need for high-quality economic development."

However, the joint statement made no explicit reference to the US\$200 billion reduction in the trade gap by 2020 sought by the US in demands exchanged in the first round of high-level talks.

The statement also promises "meaningful increases" in American agriculture and energy exports, resolving to hammer out the specifics in later discussions.

"We expect to see a very big increase, 35 to 45 percent increases in agriculture this year alone," Mnuchin told Fox News on Sunday, adding that follow-up discussions will involve "very hard commitments in agriculture."

"In energy, [it involves] doubling the energy purchases," he added. "I think you could see US\$50-60 billion a year of energy purchases over the next three to five years."

"China has agreed to buy massive amounts of ADDITIONAL Farm/Agricultural Products - would be one of the best things to happen to our farmers in many years!" US President Donald Trump [wrote on Twitter](#) on Monday, adding, "Under our potential deal with China, they will purchase from our Great American Farmers practically as much as our Farmers can produce."

Last year, US agricultural exports to China reached US\$19.6 billion, the second largest destination globally.

Beijing separately announced on Friday that it would close an ongoing anti-dumping probe into imports of US sorghum. Dumping refers to the practice of selling goods abroad at prices below their normal value.

"The imposition of anti-dumping and anti-subsidy measures on imports of sorghum originating from the United States would have a widespread impact on consumer living costs, and does not accord with the public interest," the Chinese Ministry of Commerce said in an official statement issued last week.

The joint US-China statement also contained a commitment to improve cooperation around intellectual property, seeking to address the complaints behind Washington's planned "Section 301" actions.

"Both sides attach paramount importance to intellectual property protections," the statement reads, stating that China has agreed to carry out domestic reforms, promising amendments to relevant laws and regulations, including its Patent Law.

The statement also included language on expanding bilateral investment flows, fostering a "fair" environment for competition, and growing trade in services and manufactured goods.

"The two sides will enhance their trade cooperation in such areas as energy, agriculture products, health care, high-tech products, and finance," Liu said. "Such cooperation is a win-win choice as it can promote the high-quality development of the Chinese economy, meet the people's needs, and contribute to the US effort to reduce its trade deficit."

Lingering issues

However, many items raised in earlier wish lists remained unaddressed in the agreement. The statement did not make any mention of the US request for a suspension of government support for the advanced technology sector under the Made in China 2025 industrial plan.

In addition, Beijing had sought a change in Washington's restrictions on Chinese telecommunications giant ZTE, which had been implemented after the firm allegedly violated US sanctions on Iran and North Korea. (See Bridges Weekly, [17 May 2018](#))

Though not referred to in the statement, Mnuchin announced on Sunday that the US will be revisiting the ban on selling US components to ZTE, adding that the position on ZTE is "completely independent" of the trade consultations.

Furthermore, the agreement did not touch upon pending US restrictions on Chinese investment, though some reports suggest that these may also be put on hold. A list of possible executive actions on investment was due to be announced by the US Treasury Department this week, but it is unclear whether Washington will follow through in light of the agreement announced in Beijing.

ICTSD reporting; "Trade war fears ebb as U.S., China agree to continue talks," REUTERS, 21 May 2018; "US at odds with itself over goals of China trade talks," FINANCIAL TIMES, 21 May 2018; "US and China put trade war 'on hold'," THE GUARDIAN, 20 May 2018; "Chinese vice premier says China, U.S. agree not to engage in trade war," XINHUA, 20 May 2018; "Why the U.S.-China Trade Truce May Not Last," BLOOMBERG, 21 May 2018; "It's not over yet': key sticking points remain for US and China on trade, analysts say," SOUTH CHINA MORNING POST, 28 March 2018; "U.S. Putting 'Trade War' Against China on Hold, Mnuchin Says," BLOOMBERG, 21 May 2018.

GLOBAL ECONOMY

Ratification of African Continental Free Trade Area Gets Underway

Two months after over 40 nations signed a framework agreement for an African Continental Free Trade Area (AfCFTA), signatories are now beginning the ratification process, while also looking at the technical work needed to make the area a reality. However, analysts note that many steps remain before the deal can be fully ratified and implemented.

Before the agreement can take effect, negotiators need to prepare a list of product-specific rules of origin, determine how several aspects of modalities regarding both goods and services will be applied in practice, and develop and agree on their respective schedules of commitments. (See Bridges Weekly, [22 March 2018](#))

The AfCFTA was launched on 21 March during an extraordinary summit of the African Union (AU) in Kigali, Rwanda, with the signing of the AfCFTA by African leaders from 44 countries. The version endorsed in March included a framework agreement as well as protocols on trade in goods, trade in services, and dispute settlement, along with various annexes and other legal texts.

At the time, officials said that a second phase of negotiations that would tackle other outstanding issues, such as investment and intellectual property rights, would begin within a few months.

If successfully implemented, analysts say that the agreement could increase economic diversification and intracontinental trade significantly. A widely cited UN Economic Commission for Africa (UNECA) [study](#) from 2012 showed that the AfCFTA could lead to a 52 percent increase above the baseline in intra-African trade flows by 2022.

Although only currently signed by 44 countries, the agreement is open for signature by all 54 African nations, which would make the bloc the largest in the world in terms of country participation outside of the World Trade Organization. Together, these countries have a population of more than one billion people and a gross domestic product of US\$3.4 trillion, according to the [African Union](#).

Ratification begins

Since its signing in March, the agreement and its associated protocols and annexes have been open for country-level ratification. In order for the treaty to enter into force, a minimum of 22 countries must ratify it. Ratification processes vary by country, but generally include approval by the legislative body and consent by the executive branch of the country. Once ratified domestically, country officials will need to provide the instruments of ratification to the African Union Commission Chairperson, who serves as the depository for the agreement.

Rwanda became the first country to complete the internal ratification process, with their Lower House voting in favour of ratifying the AfCFTA on 24 April, but it has yet to deposit the instrument. Kenya and Ghana became the first countries to deposit the instrument, doing so in a [ceremony](#) on 10 May in Addis Ababa, Ethiopia. The Prime Minister of Ethiopia, Abiy Ahmed, indicated his country's intention to ratify the deal promptly.

"We congratulate the governments and people of both countries and we appreciate your commitment to the landmark achievement of the legal foundation of the African integration agenda. We expect to receive more instruments of ratification anytime from now," Chairperson of the African Union Commission Moussa Faki Mahamat [said](#) at the ratification event.

Nigeria, which initially supported the AfCFTA negotiations before deciding to hold off on signing the agreement, citing the need to re-evaluate the deal's impacts, is continuing to consult with relevant stakeholders on the effects of the agreement. Experts familiar with the situation say that Nigeria will likely join the area once national stakeholder buy-in improves.

The president of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) Iyalode Alaba Lawason spoke out on the issue in an interview with the "Leadership" newspaper in Nigeria on 21 May, asserting the importance of Nigeria's participation in the AfCFTA.

"The world has become a global village and countries who do not partake in the transformations, integrations and trade facilitation happening across the continent and other parts of the world will soon be left behind," Lawson [said](#). "The African Continental Free Trade Area (AfCFTA) Agreement offers a lot of opportunities to Nigeria so it is important that we intensely consider the benefits accruable to Nigerian businesses."

South Africa, another regional economic powerhouse, did not sign the AfCFTA, citing the need to complete domestic legal processes for acceding to international agreements. The government has yet to release a timeline for its national procedure.

Officials work on agreement details

From 30 April to 12 May, the Dedicated Session of the African Continental Free Trade Area Negotiating Forum and Legal Experts met to undertake the "legal scrubbing" of some of the AfCFTA documents, including those annexes and/or protocols involving goods trade and dispute settlement.

The African Union also [directed](#) negotiators to consider a list of "priority sectors" in trade in services and create "criteria for designating sensitive products and exclusion lists." Members of the AfCFTA negotiating forum, legal experts from member states, and external experts attended the meeting.

Countries agreed in June 2017 to liberalise 90 percent of goods tariff lines, with the possibility of allowing for longer liberalisation periods or complete exclusion from liberalisation on 10 percent for specific products. Experts have noted that the effectiveness of the agreement will depend on which tariffs lines are covered within the 90 percent, as intra-African trade is currently relatively limited to certain products whose exclusion could weaken the agreement. (See Bridges Africa, [24 August 2017](#))

Outcomes from the Dedicated Session were not publicly available at press time. Sources close to the meetings said that the review of the annex documents has been extended, and is expected to be completed by early June during a meeting of trade ministers.

During the 51st session of the Conference of African Ministers of Finance, Planning and Economic Development hosted by UNECA in Addis Ababa, Ethiopia, earlier this month, the ratification and implementation of the AfCFTA was a hot-button topic. Ministers and experts discussed remaining concerns, including limited citizen engagement on the AfCFTA, and the need for stronger implementation mechanisms.

While highlighting the benefits of the agreement, former African Development Bank President Donald Kaberuka called on African nations to do more to generate public support

for the deal. He noted that the agreement's success depends on demonstrating that the deal goes beyond eliminating tariffs, and also has the potential to support countries' efforts to diversify their economies and support people working in all sectors.

"For the AfCFTA we need to get it out of the high level conference halls to the people at all levels. This is critical to the success of this historic enterprise," Kaberuka [said](#) at the time.

Participants in a related roundtable also examined the need to address capacity constraints that could affect the accord's implementation. Trade treaty implementation in general on the continent has hit hurdles in the past due to capacity issues, according to the African Capacity Building Foundation (ACBF).

"We must focus like a laser on human capacity development. Let us make deliberate efforts to educate and develop the skills and talents of our youth and children. Without a numerate and literate youth, we shall continue to bear the brunt of our demographic vulnerabilities. With education and training, our youth will develop human capital, that is, value which creates more value," African Union Commission Deputy Chairperson Ambassador Kwesi Quartey [said](#) at the time.

Next steps

Working groups will continue to meet to negotiate outstanding issues. The Senior Trade Officials and African Union Ministers of Trade meetings are planned for 25 May to 2 June in Dakar, Senegal. Sources close to the negotiations expect to have more clarity on next steps at that stage.

Following these meetings, members will have approximately one month to undertake national consultations and prepare schedules for their commitments and concessions.

Ministers have been directed to finish the process of reviewing the annexes before the African Union Summit meeting from 1-2 July in Nouakchott, Mauritania. In August, a second round of negotiations will continue with a focus on competition, investment, and intellectual property rights. Officials and experts say that they hope that the agreement can enter into force 9-12 months from its signing date in March, with relevant committees being established in January 2019.

"Ratification of CFTA is only the beginning. To make sure countries benefit from the maximum outcomes, it means that implementation will have to be accelerated through a strong strategy," [said](#) Emmanuel Nnadozie, Executive Secretary of the African Capacity Building Foundation.

ICTSD reporting; "Parliament ratifies AfCFTA protocol," THE NEW TIMES, 24 April 2018; "SA remains committed to Africa Continent Free Trade Area: Davies," SUNDAY TIMES, 26 March 2018; "Nigeria Can't Afford To Be Left Out Of AfCFTA Agreements – NACCIMA," LEADERSHIP, 21 May 2018.

FISHERIES

WTO Fisheries Negotiators Resume Text-based Discussions, Get Work Programme Into Gear

Negotiators aiming to clinch a WTO deal on disciplining harmful fisheries subsidies concluded several days of meetings last week with an updated set of working documents, with subsequent meetings already set for June and July.

The 14-17 May meetings marked the second time that the “rules negotiating group,” the body under which fisheries subsidies are dealt with at the WTO, had met this year. The group had previously convened in April to endorse a work programme that would cover the months of May, June, and July.

WTO members are aiming to adopt a deal on fisheries subsidies in time for the organisation's next ministerial conference, set for late 2019. Members had previously attempted to adopt a deal in time for the December 2017 ministerial conference in Buenos Aires, Argentina, with the hopes of at least agreeing on language involving subsidies to illegal, unreported, and unregulated (IUU) fishing. Despite intensive negotiating work ahead of the ministerial, those efforts ultimately stumbled amid the wider political dynamics at the conference.

Members ultimately adopted a brief, two-paragraph decision in Buenos Aires setting the target of reaching a deal by 2019, with discussions in the interim to build on the work done so far. A formal date and location for that conference have not yet been confirmed. (See Bridges Daily Update, [14 December 2017](#))

Under Sustainable Development Goal [target 14.6](#), WTO members have been tasked with prohibiting those fisheries subsidies that support overcapacity and overfishing, along with making sure that state aid that goes towards IUU fishing is fully eradicated. The target date for such a deal is 2020.

Scope of fish deal

The meetings last week focused specifically on the subject of subsidies that contribute to overcapacity and overfishing, along with streamlining language from members' existing proposals on the scope of a fisheries subsidies agreement. That language on scope has now been included in an additional chapter, with the headline “Article 2,” within an extensive set of [“working documents”](#) from last year.

Those same working documents currently include streamlined sections on IUU fishing, overfished stocks, overcapacity, capacity-enhancing subsidies, notifications and transparency, and special and differential treatment. Those were developed in late 2017, in preparation for the Buenos Aires ministerial conference, with the hopes of facilitating those discussions.

The new section on scope is split into 10 heavily bracketed subsections. The working documents as a whole are described by the negotiating group chair as being “entirely without prejudice to the position of any delegation,” with the expectation that the documents will change over time as negotiations get further underway.

Under the section on scope, that proposed article puts forward options for how a fisheries subsidies deal would relate to the existing WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement). Other subsections cover aspects such as how to attribute a subsidy to a particular WTO member, along with what the proposed agreement will not cover. Among the areas being considered for exclusion from the deal's scope are subsidies for aquaculture, fuel subsidies and de-taxation schemes, inland fisheries subsidies, recreational fisheries subsidies, state aid for disaster relief, subsidies for crew safety, reducing the environmental impact of fishing and improving monitoring and control of fisheries, and subsidies "directly resulting" from other deals among members that involve granting access to exclusive economic zones.

Whether a fisheries subsidies deal would have implications for disputed waters, questions of territoriality or a member's maritime jurisdiction, is addressed in another subsection. Other potential issues to address under the subject of scope include language that would make sure that certain technical documents, such as IUU vessel lists or reports issued by regional fisheries management organisations, apply only for supporting the WTO deal's application, and are not put to other uses, such as assessing disagreements over maritime jurisdiction. One potential option also seeks to ensure that the deal's disciplines do not prevent support for small-scale and artisanal fishing, except in very specific cases related to IUU fishing.

Geneva trade officials say that members still have differing views on these substantive issues, such as on whether to cover significant operating costs like fuel in the section on "scope." Sources say, however, that negotiators did not indicate any new flexibility on these issues or other past areas of divergence, such as how to craft language around any potential legal implications for territorial disputes among members.

Coming up

The next "cluster" of fisheries negotiations is set for 11-14 June, and is due to address subsidies related to overfished stocks. Geneva trade officials say that another objective of that meeting is to continue the streamlining exercise, with a focus on the "definition" section of the agreement, building again from the language featured in members' proposals from last year.

The updated "working documents" issued after last week's negotiations do not yet feature a section on definitions. The subsequent meetings "cluster," set for late July, is meant to examine the issue of IUU subsidies. The negotiations are then expected to resume in September, following the WTO's hiatus in August.

ICTSD reporting.

CLIMATE AND ENERGY

EU Commission Proposes New Carbon Emission Standards for Trucks

Last week, the European Commission [proposed](#) setting targets for lowering truck emissions, known otherwise as heavy-duty vehicles (HDVs), for the first time, calling for 15 percent and 30 percent reductions in carbon dioxide emissions by 2025 and 2030, respectively, compared to 2019 levels.

The Commission also put forward a comprehensive action plan for batteries, seeking to "create a competitive and sustainable battery 'ecosystem' in Europe."

The proposals are part of the third and final Mobility Package developed under the Commission's "Europe on the Move" initiative, which aims to tackle EU-wide mobility issues ranging from road fatalities to air pollution and rising emissions. In that vein, the Mobility Package released last week also included proposals on safe mobility as well as connected and automated mobility.

The measures developed under "Europe on the Move" are part of the detailed implementation of the [Strategy for Low-Emission Mobility](#), adopted in July 2016.

Earlier Mobility Packages from [May](#) and [November](#) 2017 included initiatives to reduce carbon emissions by 30 percent by 2030 for new cars and vans; encourage a transition from current toll pricing schemes based on time to "smart road charging" based on distance; improve road safety; encourage long-distance bus connections as an alternative to private cars; and promote the combined use of different modes for freight transport, among others.

With the addition of emission reduction standards for trucks, Commission officials say that they have closed the gap on much-needed regulation in the transport sector. Transport contributes nearly one-fifth of the EU's greenhouse gas emissions, so regulation of emissions could be a valuable way to help meet the bloc's commitments under the UN's Paris Agreement to cut all emissions by at least 40 percent from 1990 levels by 2030. (See Bridges Weekly, [29 March 2018](#))

While HDVs make up less than five percent of vehicles on the road, they account for about one-quarter of total emissions in the sector. Commission officials say that regulation of truck emissions will also bring the EU up to speed with other leading economies that have imposed similar requirements, including Canada, China, Japan, and the United States.

Responses to the truck standards

Ahead of the Commission's proposals, several EU member states, NGOs, and other stakeholders called for "ambitious" emission reduction targets. France reportedly hoped to see targets set for 2025, 2030, and 2050 in order to accelerate efforts to make the sector less carbon-intensive. Ireland, Lithuania, Luxembourg, and the Netherlands called for reduction targets of at least 24 percent for 2025 and 35-45 percent for 2030, according to sources cited by Reuters.

Various other stakeholders also lobbied for certain factors to be taken into account. Among these was an alliance of various multinational companies, ranging from supermarket giants like Carrefour to furniture manufacturer IKEA, among others, as well as transport companies and hauliers associations, according to Transport and Environment (T&E), a Brussels-based

NGO. The alliance called for 24 percent reductions in carbon emissions by 2025, stating that the target would not only help in meeting climate targets, but also yield significant savings for businesses.

The European Automobile Manufacturers Association (ACEA) [welcomed](#) the Commission's goal of decarbonisation of road transport, as well as its "two-step approach" in setting progressively stricter targets over time. The industry trade association argued that the proposed targets may be "too aggressive," given that vehicle manufacturers start planning their strategies and production for new or updated goods several years in advance, and thus need more time to prepare.

However, [according to Maroš Šefčovič](#), the Commission Vice-President responsible for the Energy Union, the 2025 targets can be met by implementing existing technology solutions, and later targets are far enough away that the sector should have adequate time and incentives to develop new technologies.

Batteries and supply chains

In its [2016 report](#) on a European Strategy for Low-Emission Mobility, the Commission noted that by 2050, greenhouse gas emissions from the transport sector will need to be at least 60 percent lower than 1990 levels, along with being well advanced towards the goal of fully eradicating emissions. Šefčovič also [noted](#) the EC's objective of a "triple zero" in mobility: zero emissions, zero congestion, and zero accidents.

In order to reach zero emissions, experts say that full electrification of the transport sector will likely be necessary. Batteries are integral to this push, with the need to consider life-cycle sustainable criteria, ranging from extraction of raw materials or the sourcing of secondary raw materials, to the design, manufacturing, and recycling of batteries.

As part of the Mobility Package, the Commission released a comprehensive action plan for batteries. Describing the plan at a press conference, Šefčovič [said](#) that "battery production is a strategic imperative, and we have to move fast because we are in a global race."

"We need to prevent technology dependence on competitors, and we have to exploit the huge potential for investment and jobs. We expect as of 2025 that the annual [European] market for batteries will be in the realm of €250 billion a year," he added.

Šefčovič noted the importance of mapping and further exploring raw material availability in EU member states, including lithium reserves in Portugal, new discoveries of cobalt in Finland and Sweden, and secondary (recycled) raw material. He further stated that the Commission would push for free trade agreements that secure fair and sustainable access to raw materials from resource-rich countries outside the EU.

In order to increase market penetration of electric vehicles (EVs) and meet climate goals, analysts say that it will also be important to reduce tariffs on batteries and finished EVs. As reported in an [ICTSD scoping paper](#) from December 2017, batteries account for more than half of the cost of the EV power train and around one-third of total EV cost, meaning that tariff cuts could help speed up the transition to a zero-emission transport sector. (*Editor's note: the International Centre for Trade and Sustainable Development, also known as ICTSD, is the publisher of Bridges*)

The Commission's action plan also emphasises a full life-cycle approach to EU battery manufacturing, focusing on sustainable, or "green," battery production that uses secondary raw material. "This is where we believe our competitive edge lies. In sustainable, green battery production, we clearly want to be the global trendsetter," Šefčovič [said](#).

The Commission's efforts to encourage and standardise the full life-cycle of battery production is organised under the recently-formed EU Battery Alliance. This group [includes](#)

key industrial stakeholders and innovators, interested member states, and the European Investment Bank, and Šefčovič praised each group for their respective contributions.

Support for member states' binding emissions targets

With the release of the third and final Mobility Package, EU Commissioner for Climate Action and Energy, Miguel Arias Cañete, [said](#) that “all sectors must contribute to meet our climate commitments under the Paris Agreement.”

“That's why, for the first time ever, we are proposing EU standards to increase fuel efficiency and reduce emissions from new heavy-duty vehicles,” he added.

Commission officials note that setting these standards will help capture a type of emissions that currently lies outside the scope of the bloc's flagship carbon market, the EU Emissions Trading System (EU ETS). They say that having such standards will help member states achieve their binding annual emission reductions under EU's [Effort Sharing Regulation](#) for 2021 to 2030, which was recently released on 14 May.

ICTSD reporting; “EU states call for ambitious truck CO2 emissions targets,” REUTERS, 7 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

29-31 May, Phnom Penh, Cambodia. POLICY WORKSHOP ON SMART GRIDS: PROMOTING CROSS-BORDER AND REGIONAL ENERGY COOPERATION. This event, co-organised by the Asian Development Bank (ADB) and the United Nations Development Programme (UNDP), will bring policy makers together to promote effective energy cooperation among countries in Asia and the Pacific to ensure sustainable energy security in the region. For more information, visit the event [website](#).

29-31 May, Rome, Italy. MULTI-STAKEHOLDER DIALOGUE ON BIODIVERSITY MAINSTREAMING ACROSS AGRICULTURAL SECTORS. This dialogue is being organised by the UN Food and Agriculture Organization (FAO) and the Convention on Biological Diversity (CBD) as an informal way for stakeholders from multiple sectors to identify areas of joint action in support of the Sustainable Development Goals (SDGs), particularly in relation to biodiversity. For more information, visit the event [website](#).

29-31 May, Copenhagen, Denmark. PLASTICS IN A CIRCULAR ECONOMY: DESIGN OF SUSTAINABLE PLASTICS FROM A CHEMICALS PERSPECTIVE. This forum, organised by the Organisation for Economic Co-operation and Development (OECD), seeks to address the growing negative impact of plastic waste on human health and the environment through high-level discussions on innovation and policy approaches. For more information, visit the event [website](#).

30-31 May, Bangkok, Thailand. ASIA SEMINAR ON THE PROMOTION OF SUSTAINABLE DEVELOPMENT GOAL PROJECTS. The UN Conference on Trade and Development (UNCTAD) and the International Institute for Trade and Development of Thailand are offering this seminar to help investment promotion agencies (IPAs) develop and market bankable, Sustainable Development Goals-oriented projects. Expert participants are expected from UNCTAD, the private sector, and investment agencies from the region. For more information, 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.

28 May: Dispute Settlement Body

28 May: Informal Committee on Market Access

29 May: Trade Policy Review Body – Guinea and Mauritania

30 May: Council for Trade in Services

30 May: Informal Open-ended Dispute Settlement Body – Special Session

31 May: Trade Policy Review Body – Guinea and Mauritania

31 May: Working Party on State Trading Enterprises

Other Upcoming Events

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 June, Paris, France. 2018 STATE OF THE EU ETS - PARIS MEETING. This event is part of the International Centre for Trade and Sustainable Development's (ICTSD) outreach meeting series on the 2018 State of the EU Emissions Trading System (ETS) report. During the event, the authors will present their independent research on the issue to add to the policy debate. Stakeholders will then be given an opportunity to discuss report findings in a roundtable setting. To learn more 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](#).

15 June, Berlin, Germany. 2018 STATE OF THE EU ETS – BERLIN MEETING. This event is part of the International Centre for Trade and Sustainable Development's (ICTSD) outreach meeting series on the 2018 State of the EU Emissions Trading System (ETS) report. During the event, the authors will present their independent research on the issue to add to the policy debate. Stakeholders will then be given an opportunity to discuss report findings in a roundtable setting. 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 enrol, 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

INVESTMENT TRADE FACILITATION: A PRACTICAL PERSPECTIVE. By Andreas Dressler for the E15 Initiative (May 2018). This new think piece is part of the E15 Initiative, jointly implemented by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum (WEF). The author examines the services provided by investment promotion authorities (IPAs) to foreign investors in order to facilitate foreign investment in the host state. After this investigation, the brief goes on to examine what hurdles IPAs face in providing these services, and suggests ways to address these challenges. To read and download the complete policy brief, visit the ICTSD [website](#).

EARLY VIEWS ON ASEAN'S FRONTRUNNER CITIES ON THE SDGS AND LOCAL DATA MANAGEMENT. By Wei Chin for the Institute for Global Environmental Strategies (IGES) (April 2018). The Association of Southeast Asian Nations (ASEAN) launched their Model Cities plan to assist with regional planning to help cities reach the Sustainable Development Goals (SDGs). This new paper uses interviews with key stakeholders to shed light on regional perspectives on the SDGs and data management. To download the full research report, visit the IGES [website](#).

EVOLUTION OF THE GLOBAL FINANCIAL NETWORK AND CONTAGION: A NEW APPROACH. By Yevgeniya Korniyenk, Manasa Parnam, Rita Maria del Rio-Chanon, and Mason A. Porter for the International Monetary Fund (IMF) (May 2018). In this new working paper, the authors use a multilayer network framework to evaluate the interlinkages within the international financial system and how it may respond to future shocks. Through their investigation, they examine changes in the system after the 2008 economic crisis in terms of how countries affect the global financial system. To view the full text, visit the IMF [website](#).

BOOSTING GENDER EQUALITY THROUGH ADB TRADE FINANCE PARTNERSHIPS. Published by the Asian Development Bank (ADB) (May 2018). This new publication reviews the ways that women are faring in the private banking sector where the gender gap in leadership remains high. It then offers suggestions on how to improve women's participation and leadership in this field. For more information and to download the complete report, visit the ADB [website](#).

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<http://www.ictsd.org/bridges-news/bridges-africa>
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<http://www.ictsd.org/bridges-news/puentes>
Spanish language

МОСТЫ

CIS-focussed analysis and news on trade and sustainable development
<http://www.ictsd.org/bridges-news/MOSTY>
Russian language

PONTES

Analysis and news on trade and sustainable development for the Portuguese-speaking world
<http://www.ictsd.org/bridges-news/pontes>
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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