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GLOBAL ECONOMY

Trade Expected to Top Hefty Agenda as G7 Leaders Arrive in Charlevoix

Leaders from the G7 coalition of advanced economies are due to arrive in Charlevoix, Canada, on Friday 8 June for two days of meetings that are expected to focus heavily on trade.

This year's summit, hosted under the Canadian presidency, is meant to cover five main themes, dealing with inclusive growth; future job trends; gender and women's economic empowerment; peace and security; and climate change, energy, and ocean conservation and preservation issues.

Despite this busy agenda, trade is expected to have a particularly high-profile role during this weekend's talks, after a meeting of G7 finance ministers and central bank governors from 31 May to 2 June ultimately ended with six of the seven members asking US Treasury Secretary Steve Mnuchin to convey their frustrations with recent US tariffs on steel and aluminium.

"Concerns were expressed that the tariffs imposed by the United States on its friends and allies, on the grounds of national security, undermine open trade and confidence in the global economy," said a chair's [summary](#) of the discussions.

The tariffs were imposed following a Section 232 investigation, a provision of the 1962 Trade Expansion Act that involves examining whether imports are having an adverse impact on the US' national security prospects. The steel probe [looked at](#), for example, whether the flow of these imports into the US was limiting the US' ability to ensure that its domestic producers can meet its national defence or critical infrastructure needs.

However, the use of this type of investigation, and subsequent tariffs, has drawn harsh criticism from US trading partners. Prior to these recent probes, Section 232 investigations had not been used since the early 2000s, and was mostly used in the 1980s and 1990s. Several countries have argued, both at the WTO and elsewhere, that the use of national security justifications for setting import duties or curbs could set a risky precedent.

"Ministers and Governors had a frank exchange on the benefits of an open rules-based trading system and many highlighted the negative impact of unilateral trade actions by the United States. Ministers and Governors agreed that this discussion should continue at the Leaders' Summit in Charlevoix, where decisive action is needed," the G7 finance chair's summary said last week.

The G7 consists of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. The EU is also represented, specifically via the presidents of the European Commission and Council, along with officials from the European Central Bank and Eurogroup.

While some countries were exempted from the steel and aluminium duties, usually in exchange for agreeing to a quota on their exports of these metals to the US, none of the G7 members were among those excluded.

Some of the G7 members, namely Canada and the EU, learned late last week that they would ultimately be facing the duties, after having been granted additional time to negotiate. Mexico, which is not a G7 member, was also among those who had been given more time but ultimately did not receive an exemption.

"Friends sometimes disagree. The results of our discussions are proof the G7 can bring progress on important issues to our citizens and help grow our economies for the benefit of everyone. But this progress is only possible when we work together. Unfortunately the actions of the United States this week risk undermining the very values that traditionally have bound us together," [said](#) Canadian Finance Minister Bill Morneau.

Trade tensions, international forums

The current trade context has taken centre stage during a series of high-level meetings in multiple forums in recent weeks, including during an annual trade ministers' gathering at the Organisation for Economic Co-operation (OECD) headquarters in Paris last week, along with high-level meetings in Brussels between the EU and China. (For more on the EU-China meetings, see related story, this edition)

The OECD trade ministers' meeting, for example, referred to a "consensus minus one among members" on a statement which referred to the "importance of multilateralism" as a form of both cooperation and a way of ensuring "peace and prosperity." That statement, not backed by the US but endorsed by the remaining ministers, also included a detailed section on trade and investment's respective roles in supporting "strong and inclusive growth," covering topics ranging from digital trade to industrial overcapacity.

Meanwhile, the fall-out from the Section 232 steel and aluminium tariffs continues at the bilateral level, with many of the countries affected confirming their plans to respond with their own tariffs on select American products. Several countries have notified the WTO of their plans to suspend concessions on US goods, in some cases within a few weeks, in response to the metal tariffs. In some cases, those members plan to suspend concessions to the tune of several million dollars' worth of imports or more.

Among these members are the EU, China, Japan, Russia, and Turkey, who have referred to their rights under WTO safeguard rules in doing so. Canadian and Mexican officials have also confirmed their plans to impose their own tariffs on US products. The US has argued at the WTO that its Section 232 tariffs are not actually safeguard measures, which are temporary import curbs to protect an industry from an import surge that is or could cause them economic damage.

Wider G7 agenda

While trade has largely dominated international headlines about the upcoming G7 meeting, the overall agenda for the two-day gathering in Charlevoix also covers a series of areas, many with sustainable development implications.

Ministerial level meetings have been held or are planned for all five of the above-mentioned [theme areas](#), namely gender equality, peace and security, climate and environment, the future of work, and inclusive growth. There have also been “public engagement papers” prepared for each of these areas.

Along with reviewing recent developments in these areas, G7 members are also expected to see how they are doing on past commitments, such as phasing out fossil fuel subsidy use within a set timeframe, and stakeholders will be looking to see whether these are upheld, expanded upon, or scaled back in the leaders' final communiqué. (For more on fossil fuel subsidy reform, see related story, this edition)

“As G7 partners, we share a responsibility to ensure that all citizens benefit from our global economy, and that we leave a healthier, more peaceful, and more secure world for our children and grandchildren,” said Canadian Prime Minister Justin Trudeau in a statement outlining the themes. On gender, this year's G7 host has launched a “Gender Equality Advisory Council” aimed at mainstreaming this issue across other work areas, rather than being siloed.

ICTSD reporting.

GLOBAL ECONOMY

EU, China Officials Weigh Areas of Trade, Investment Cooperation

The past week has been a pivotal one for EU-China trade ties, as high-level officials met in Brussels to review areas of cooperation and shared concern, including on trade and investment, while discussing global trade tensions and bilateral irritants.

The discussions were held in the context of the EU-China Strategic Dialogue, an event which occurs regularly and whose origin dates back over a decade. It also comes within weeks of a bilateral leaders' summit.

This year's iteration of the strategic dialogue, however, comes at a time of heightened trade tensions on an international scale, which have manifested in unilateral trade measures from major economies like the US, along with measures that affected trading partners have pledged to take in response.

Geopolitical situation

Among the most high-profile challenges that both sides raised last week was the need to shore up the multilateral trading system and tamp down protectionist pressures, particularly in light of the current trade context.

One of the main issues that has affected both sides significantly are the US' global tariffs on imported steel and aluminium, which Washington has argued are justified on national security grounds, following an investigation under a specific domestic trade law that allows for such probes.

Many of Washington's top trading partners have warned that using national security justifications for such unilateral trade measures not only sets a risky precedent in terms of its systemic implications, but also could have damaging economic ramifications. (See Bridges Weekly, [9 May 2018](#))

China and the EU have each filed WTO requests for consultations on these measures, known as Section 232 measures for the provision of US trade law that describes them. Both have also asked to join the dispute settlement consultations that India requested with the US last month ([DS547](#)). The EU's own WTO complaint [was filed](#) less than a week ago, after the US confirmed that it would not be granting Brussels an exemption from the duties.

Only a handful of countries have been granted exemptions from the Section 232 tariffs, either in exchange for agreeing to voluntary export quotas or a combination of a quota and a tariff. While the EU, Canada, and Mexico had been given more time to negotiate with the US, deals to avert the duties ultimately proved elusive. (See Bridges Weekly, [31 May 2018](#), and related story, this edition)

The burgeoning global tensions over the duties has prompted calls from high-level officials for a de-escalation, and warnings that a proliferation of unilateral measures, particularly among major players, could have painful effects for the international economy. EU and Chinese officials in Brussels repeated those calls last Friday.

"The European Union is not at war with anyone. We do not want to be, for us this is out of [the] question," said Federica Mogherini, EU High Representative for Foreign Affairs and Security Policy, who also serves as a European Commission Vice President.

"The European Union is a peace project, including on trade," she told reporters in response to questions over whether the current situation amounts to a "trade war," while adding that the European bloc must still make sure to "defend its interests."

"At present, unilateralism and protectionism are on the rise with each passing day. As two stabilising forces in the international landscape, China and the EU should strengthen strategic communication, promote strategic mutual trust, deepen strategic cooperation, jointly maintain the purposes and principles of the Charter of the United Nations (UN), and safeguard the multilateralism process and the global free trade system," said a formal [statement](#) from China's Foreign Affairs Ministry regarding the discussions.

Both Mogherini and her Chinese counterpart Wang Yi, State Council and Minister of Foreign Affairs, also reviewed some of the issues that have caused friction between Brussels and Beijing in the past, with the EU official referring specifically to industrial overcapacity.

Investment treaty talks

One of the agenda items last week was the status of bilateral talks between the EU and China for a stand-alone investment deal, which kicked off in late 2013.

"Our negotiations on a Comprehensive Agreement on Investment are ongoing, and the European Union is committed to achieving an outcome that is balanced and ambitious. And I believe we were extremely positive, both of us on the perspective of continuing this work," said Mogherini.

The EU and China have held 16 negotiating rounds to date, covering topics such as national treatment, expropriation, transparency, and sustainable development, according to an EU Commission [summary](#) of the most recent negotiating round.

Along with facilitating foreign direct investment from both sides, another [key objective](#) of this deal would be to move from having individual investment agreements between EU member states and China to having a deal that would apply across the European bloc. When the talks were getting ready to kick off nearly five years ago, some officials suggested that, should these negotiations lead to an eventual accord, it could serve as a starting point for someday negotiating an EU-China free trade agreement. (See Bridges Weekly, [19 September 2013](#))

EU-China WTO case on technology transfers

While the Brussels discussions focused heavily on opportunities for cooperation, the two sides have also experienced trade frictions, both in the past and at present, which Mogherini alluded to in her remarks to reporters.

Indeed, the meeting between top EU and Chinese officials came in parallel to Brussels submitting a WTO complaint on various Chinese laws which the EU says have a detrimental effect on the bloc's companies that do business with the Asian economy.

"Technological innovation and know-how is the bedrock of our knowledge-based economy," [said](#) EU Trade Commissioner Cecilia Malmström on 1 June. "We cannot let any country force our companies to surrender this hard-earned knowledge at the border."

Some of the five-page [complaint](#) deals with alleged conditions and mandatory contract terms for importing foreign technologies. The EU claims that foreign intellectual property right holders face limitations when it comes to "freely negotiat[ing] market-based

contractual terms in licensing and other technology-related contracts concerning the import of technology to China."

This is not in line with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the EU says. The TRIPS Agreement lays out the rights of patent holders, along with setting out rules on trade secrets, as well as WTO member obligations to provide effective protection for intellectual property rights.

Alleging that technology transfers among domestic companies do not face the same transaction conditions, the EU blamed China for violating the non-discrimination obligations under the TRIPS Agreement.

In the complaint, the EU also faulted China for its application and administration of related Chinese laws "with a view of inducing the transfer of foreign technology to China." This is not "a uniform, impartial and reasonable manner" for China to "apply and administrate" all its laws, as required under the General Agreement on Tariffs and Trade (GATT) and as promised by China when joining the global trade club, said the EU.

European Commission officials note that while their complaint has some features in common with a separate US dispute ([DS542](#)) that Washington filed as part of its "Section 301" actions dealing with allegedly unfair Chinese commercial practices, the EU version covers some additional areas. (See Bridges Weekly, [22 March 2018](#))

China's Ministry of Commerce issued a response to the complaint on 3 June, with the person leading the agency's Treaty and Law Division defending the government's efforts at protecting intellectual property rights.

"The Chinese government has always attached great importance to the protection of intellectual property rights and adopted many strong measures to protect the legitimate rights and interests of domestic and foreign intellectual property rights holders," said the [statement](#), according to an informal translation.

The official also noted an existing "working group" between the EU and China on the subject, highlighting the importance of bilateral cooperation and dialogue, while adding that Beijing will also respond to the complaint in line with WTO dispute settlement rules.

A [report](#) from the European Union Intellectual Property Office (EUIPO) released this week estimated that counterfeit goods cost the EU €60 billion in 13 economic sectors, leading to some 434,000 lost jobs. The report notes that many of these, though not all, originate in China or Hong Kong and then repackaged in transit countries.

ICTSD reporting.

GLOBAL ECONOMY

Japan, EU, US Set Out Initial Joint Plan to Tackle Industrial Overcapacity, Forced Tech Transfers

The top trade diplomats of Japan, the US, and the EU met in Paris, France, late last week to discuss joint measures to counter allegedly unfair competitive conditions caused by market-distorting subsidies, state-owned enterprises, and forced technology transfers by third countries.

The meeting is the third in a series of trilateral talks, launched on the margins of the Eleventh WTO Ministerial Conference last December in Buenos Aires, Argentina. (See Bridges Daily Update, [13 December 2017](#))

Officials say that their discussions aim to enhance cooperation to respond to trade-distortive practices with a view to fostering a more level global playing field.

EU Trade Commissioner Cecilia Malmström, Japanese Trade Minister Hiroshige Seko, and US Trade Representative Robert Lighthizer led the dialogue, which took place on the sidelines of the Organisation for Economic Co-operation and Development (OECD) ministerial-level meetings.

"The Ministers confirmed their shared objective to address non market-oriented policies and practices that lead to severe overcapacity, create unfair competitive conditions for our workers and businesses, hinder the development and use of innovative technologies, and undermine the proper functioning of international trade, including where existing rules are not effective," said the [joint statement](#) issued after the discussions closed.

Concretely, discussions sought to identify indicators that signal the presence of "non-market oriented policies." The criteria dictate, among other features, that enterprises are held to international accounting standards and are free to make decisions with regard to prices, purchases, and sales, along with decisions on investments and capital allocation in response to market signals and without "government interference." The parties agreed to continue talks in this area and to confer with other trading partners to advance the development of reliable indicators and "maintain market oriented conditions."

Ministers also reaffirmed their commitment to addressing market-distorting measures by working together in other existing international coalitions, naming the G7, G20, and the OECD among them, as well as sectoral initiatives such as the Global Forum on Steel Excess Capacity.

New rules on industrial subsidies?

Furthermore, discussions focused on elaborating a road map to advance possible new WTO rules on industrial subsidies and state-owned enterprises (SOEs), included in the joint statement in the form of a scoping paper.

"The three partners share the view that the existing WTO rulebook on industrial subsidies should be clarified and improved to ensure that certain emerging developing members do not escape its application," read the joint scoping paper.

The scope of any future negotiations would need to cover improved transparency, according to the scoping paper, with a view to establishing incentives for members to notify subsidies exercised in their jurisdictions in line with WTO transparency obligations. Ministers said that non-compliance could serve to obstruct the sound evaluation of the "trade effects" of "notified subsidy programmes" and undermine the performance of the trade body's monitoring function.

Keeping pace with notification commitments has long been a concern among WTO members, many of whom have raised the issue in relation to subsidy programmes across different sectors, including non-industrial ones.

The scoping paper also called for discussion on the characterisation of public bodies and SOEs. "Such entities are the backbone and the distinctive feature of certain state-driven economic systems, through which the state decisively governs and influences the economy," the paper reads.

Finally, ministers agreed on the need for more stringent rules on subsidies, urging the "outright" ban of the most harmful subsidies, along with calling for subsidising countries to be forced to demonstrate that the provision of state aid does not have negative economic ramifications for trading partners.

Other suggestions included crafting disciplines "that provide a targeted remedy" for state aid that supports excess capacity, along with improving WTO rules to facilitate better information collecting on subsidies and their implications.

The three sides pledged to initiate domestic steps before the end of the year, which they say could serve as a basis for future negotiations. They also highlighted the importance of securing the requisite political momentum by engaging a critical mass of major industrial subsidy providers in talks.

Forced technology transfer

The joint statement also communicates a shared view that technology transfers from foreign to domestic businesses cannot be made mandatory or pressured through the means of joint venture requirements, foreign equity restrictions, and administrative review and licensing procedures, among other examples.

Citing general "growing concerns," the officials agreed to strengthen cooperation and the exchange of information and best practices to find mechanisms to address harmful forced technology transfer policies and practices of third countries and, in relevant cases, to pursue legal action at the WTO.

The joint statement issues a strong criticism of combat government measures that support unauthorised access to the computer networks and trade secrets of foreign businesses, the "systematic investment" in overseas companies for the purpose of acquiring intellectual property and transferring technology to domestic companies, and allegedly unfair licensing measures that give domestic entities an edge over foreign firms.

The EU this week launched a WTO case against China, citing forced technology transfers that the bloc says contradict global trade rules designed to protect intellectual property rights, among others. (For more on the EU-China case, see related story, this edition)

"We cannot let any country force our companies to surrender hard-earned knowledge at its borders," Malmström said on Twitter on Friday.

The US recently raised a similar claim, proposing Section 301 measures aimed at providing "relief from unfair trade practices" in relation to China's intellectual property practices. (See Bridges Weekly, [22 March 2018](#))

Japan, EU express concern over US steel, aluminium tariffs

In a bilateral meeting on Thursday, Minister Seko and Commissioner Malmström issued their own joint statement in response to the US tariffs on imported steel and aluminium, and the announced additional probe into auto imports, which will also be conducted under Section 232 of the 1962 Trade Expansion Act. That provision involves investigations and potential remedies for imports, using the justification of national security. (See Bridges Weekly, [31 May 2018](#))

"Both ministers concurred that the measures under consideration in the investigation on autos and auto parts, if imposed, would have a major restrictive impact affecting a very substantial part of global trade," the [EU-Japan joint statement](#) reads. "This would cause serious turmoil in the global market and could lead to the demise of the multilateral trading system based on WTO rules."

The two officials agreed to cooperate closely in broaching their concerns with the US and urged other countries to follow suit. Brussels has released in its own right a catalogue of US products that will be hit with duties if Washington does not rescind the metal tariffs.

The EU and the US economies combined account for approximately half of global GDP and nearly a third of world trade flows, according to EU estimates.

"If players in the world do not stick to the rule book, the system might collapse – and that is why we are challenging today both the US and China at the WTO," Malmström said. "We are not choosing any sides, we stand for the multilateral system."

ICTSD reporting; "Trump and Allies Set for Showdown Over Trade," BLOOMBERG, 3 June 2018.

AGRICULTURE

EU Commission Outlines Potential Farm Subsidy Cuts in 2021-2027 Proposals

The European Commission unveiled a set of legislative [proposals](#) on 1 June that would cut farm subsidies to European agriculture in the bloc's next 7-year financial framework, while also granting member states greater authority over how support is allocated.

The €365 billion legislative proposals outline how the EU's Common Agricultural Policy (CAP) could function after next year's planned departure of the UK, a net financial contributor to EU funds. They follow an earlier budget announcement from the Commission on 2 May, which covered a range of policy areas, including agriculture. At the time, the Commission had previewed some of the proposed CAP cuts while promising further detail in a few weeks. (See Bridges Weekly, [3 May 2018](#))

The Commission said its agricultural budget plans would contribute to improving the environmental sustainability of EU farming, while also supporting climate action.

"Today's proposal delivers on the Commission's commitment to modernise and simplify the Common Agricultural Policy; delivering genuine subsidiarity for member states; ensuring a more resilient agricultural sector in Europe; and increasing the environmental and climate ambition of the policy," said Phil Hogan, EU Commissioner for Agriculture and Rural Development, in a press [statement](#).

The Commission also argued that the new CAP proposals would distribute support more fairly, improving the targeting of payments to small farms while boosting the ability of the EU agricultural sector to compete on international markets.

"These solid proposals will contribute to the competitiveness of the agricultural sector, whilst at the same time they reinforce its sustainability," [said](#) Jyrki Katainen, European Commission Vice-President in charge of Jobs, Growth, Investment, and Competitiveness.

Re-nationalising EU farm policy?

The Commission's blueprint would accelerate a move towards allowing EU member states more freedom to shape farm support policies, although the Commission says it would approve and monitor national plans for consistency and to help safeguard the EU's single market.

The framework for the 2014-2020 CAP already allowed EU governments some degree of greater freedom to design farm policy schemes, such as by allowing them to "re-couple" support to production under certain circumstances. A series of EU farm policy reforms in recent decades have aimed at reducing the impact of government interventions on domestic and international markets by delinking farm subsidies from inputs and outputs. (See Bridges Weekly, [27 June 2013](#))

Under the new proposals for the post-2020 CAP, member states would have slightly less scope to provide production-linked payments than they do at present. In addition, national governments would still be able to switch support from rural development programmes to direct payment schemes, or vice versa, although some environmentalists have expressed

concern that this could lead to funding for the former category being eroded under pressure from farm groups.

EU member states would be able to transfer up to 15 percent of the support allocated to them between the two categories, according to the Commission, while also being able to transfer an additional 15 percent from direct payment schemes to rural development programmes on environmental or climate grounds.

The cuts to the overall CAP budget that were previewed on 2 May would amount to 15 percent over the 2021-27 period once inflation is taken into account, according to analysis by Alan Matthews, Professor Emeritus of European Agricultural Policy at Trinity College Dublin. The figure is considerably greater than the five percent cut in nominal terms presented by the European Commission.

"The message is clear," Matthews wrote in an [article](#) online shortly after the Commission announced the proposed cuts. "Direct payments to farmers must be relatively protected, even at the expense of severe cuts to Pillar 2 rural development expenditure." The CAP is split into two main pillars, which have some interlinkages, with Pillar 1 dealing with direct payments and Pillar 2 addressing rural development.

However, the Commission anticipates that EU member states would contribute more of their own resources to rural development programmes in the 2021-27 period, following the introduction of new rules aimed at maintaining support to these schemes.

"Greening" requirements reformulated

The new proposed CAP features a new formulation for the EU's environmental conditions for agricultural payments, which include a greater role for member states in setting out how these conditions are met.

Under the current framework, producers must maintain permanent grassland, protect "ecological focus areas," and diversify their crops.

The proposed 2021-2027 CAP would have farmers respect a set of conditions that includes these and other earlier requirements, although under the new proposals EU member states would define the minimum standards that producers need to meet. In addition, national governments within the bloc would also be required to establish an "eco-scheme," which farmers can choose to enrol in if they wish.

The existing conditions have come under fire from some farm groups, who argue that the criteria are burdensome and ineffective, and environmental campaigners, who have complained that the measures are often only poorly matched to ecological outcomes.

The Commission is now proposing that 30 percent of each country's allocated rural development funds would be used to address environmental and climate issues, and that 40 percent of the overall CAP budget would contribute to climate action, although environmental groups have [questioned](#) the rationale behind these calculations.

Capping payments to large farms

The Commission's proposals also resurrect plans to establish mandatory caps on payments to the largest EU farms – an idea that the European institutions considered in the talks on CAP reform which led to the adoption of the current framework, but that the bloc ultimately adopted only on a voluntary basis. (See Bridges Weekly, [27 June 2013](#))

Payments should be capped at €100,000, the Commission said, with support to farms receiving more than €60,000 also set to be reduced under the new proposals.

Small and medium-sized farms would also receive a higher level of support per hectare, under a proposed mandatory scheme that again builds on voluntary arrangements under the current farm policy framework. The Commission also proposes putting in place separate measures to help young farmers.

Farm groups, industry, and environmental organisations react

Despite an extensive consultation process in 2017, the Commission's proposals have received a mixed reaction from different European groups. (See Bridges Weekly, [9 March 2017](#) and [6 July 2017](#))

"We are very concerned about the impact of these proposals," said Joachim Rukwied, president of the European farmers' organisation COPA, in a press [statement](#).

"Direct payments, that are the best and by far most efficient way to stabilise farmers' incomes and to help them to better manage income risks, are being eroded further under this proposal," Rukwied said.

Environmental campaigners were also critical of the new proposals, albeit for different reasons. A [statement](#) from Birdlife Europe criticised the potential lack of guaranteed support for the protection of biodiversity and sustainable agriculture.

"This proposal drives another nail in the coffin of European biodiversity and puts the future of European farming in jeopardy. The CAP at this point has lost its last shred of legitimacy as a way of spending almost half a trillion euros of citizens' money," said Ariel Brunner, Birdlife Europe's Senior Head of Policy.

The EU food and drink industry association, FoodDrinkEurope, also cautioned against expanding the role of EU member states in implementing the future CAP. A [statement](#) from the group warned that "safeguards are essential in areas such as coupled income support to ensure a level playing field within the Single Market for farmers and the operators they supply."

Coming up

The Commission's proposals make up just one step in a negotiating process with the other EU institutions, and the final outcome could differ significantly from what the EU's executive branch has suggested.

The European Parliament, as well as EU ministers in the Agriculture and Fisheries Council, are now expected to consider the Commission's proposals in a bid to shape agreement on the future approach to the bloc's farm policy before the current financial framework expires.

The talks will also take place in parallel to similar discussions in Washington on the Farm Bill, which is due to set the direction for US farm subsidies over a five-year period. (See Bridges Weekly, [26 April 2018](#))

At the same time, the role of agricultural support in distorting global markets remains a key topic in talks at the WTO, which recently resumed in Geneva under the aegis of a new chairperson. (See Bridges Weekly, [31 May 2018](#))

ICTSD reporting.

CLIMATE AND ENERGY

Canadian Government Nationalises Pipeline, Fuelling Debate on Fossil Fuel Subsidies and Trade

Last week, the Canadian federal government purchased the Trans Mountain pipeline and expansion project from energy infrastructure company Kinder Morgan for C\$4.5 billion (US\$3.5 billion), calling the move essential for reaching new markets and creating jobs, amid environmental concerns from climate policy stakeholders.

Under the agreement, the government takes ownership of the existing pipeline, which carries crude and refined oil from the central province of Alberta to the west coast of British Columbia. The government also takes over the pipeline expansion project, a "twinning" of the existing line, which will increase carrying capacity from 300,000 to 890,000 barrels per day.

Kinder Morgan halted construction of the project in April, given strong opposition from environmental groups and indigenous communities, as well as a legal challenge from the provincial British Columbia government.

On 8 April, the company announced it was suspending all non-essential spending on the pipeline expansion. Kinder Morgan gave the Canadian government a 31 May deadline to resolve the political problems with British Columbia, setting in motion a rapid negotiation period that ultimately culminated in the purchase.

"The project became too risky for a commercial entity to go forward with it; that's what Kinder Morgan told us," said Prime Minister Justin Trudeau in a Bloomberg Television interview last week.

Finance Minister Bill Morneau said, "When we are faced with an exceptional situation that puts jobs at risk, that puts our international reputation on the line, our government is prepared to take action," according to comments reported by Reuters.

In addition to immediate protests from various environmental groups, over 800 Canadian businesses signed a petition pushing back against the purchase, according to Global News.

The [petition](#) criticised what it termed "a dangerous and unnecessary pipeline project," calling the purchase "out of step with the future prosperity of Canada, and out of sync with the wishes of Indigenous people."

John Horgan, the British Columbia Premier, also indicated that the province would continue to pursue legal action to establish its right to restrict increased shipments of oil to its ports, according to comments reported by Reuters.

Government highlights "business case" for purchase

Despite judicial uncertainty, Trudeau emphasised the prudence of the pipeline purchase, saying, "there is a very strong business case for this pipeline," particularly in relation to trade, given the currently limited options for selling Canadian oil abroad.

"Because we only have one market – the United States – for our oil resources, we lose about C\$15 billion (US\$11.6 billion) every year," said Trudeau, noting that Canada faces a cap when selling to its southern neighbour. "We are going to ensure that [the pipeline] gets built so

that we can get our resources to new markets through a responsible pipeline," he said, referring to the potential of selling this pipeline's outputs to other Pacific economies.

Trudeau also defended the pipeline within a broader environmental context, saying "growth of the economy and protecting the environment go together," while cautioning against forcing a choice between them. He added that "in order to be able to protect our environment, we do need to be able to have a strong and growing economy."

He pointed to the government's climate change plan, which he said includes a national price on carbon emissions in collaboration with Canadian provinces, as well as a multi-billion dollar oceans protection plan that he deems "world-class."

G7 commitments to phase out "inefficient fossil fuel subsidies"

Some commentators have characterised the government's purchase as counter to a G7 commitment to phase out inefficient fossil fuel subsidies. Canada currently holds the rotating presidency of the G7, with the annual leaders' summit kicking off in Charlevoix this Friday.

At its Pittsburgh Summit in 2009, the G20, which includes the G7 countries, [committed](#) to "rationalise and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption." At its 2016 summit, the G7 further [committed](#) to eliminating inefficient fossil fuel subsidies by 2025.

Mark Campanale, executive director of the Carbon Tracker Initiative, described the pipeline purchase as "government subsidising a market failure," according to comments reported by Climate Home News. He expressed concern that as economies transition to clean energy technologies, "taxpayers will be left with a wasting and stranded asset."

Similarly, Shelagh Whitley, head of climate and energy at the Overseas Development Institute (ODI), characterised the government purchase as a subsidy, since "the free market is not willing to bear this [environmental risk] any more."

How to characterise the government purchase is in part a definitional issue, experts say. G20 and G7 commitments have not clearly defined what constitutes an "inefficient fossil fuel subsidy" or even a "fossil fuel subsidy" in general, as reported in an [ICTSD Brief](#) on the subject. (*Editor's note: ICTSD is the publisher of Bridges.*)

According to the Canadian federal government, once the pipeline expansion is complete, there will be a significant increase in revenues due to higher corporate income taxes and oil royalties.

The government also plans to sell the pipeline eventually, possibly at a profit. Richard Mason, a fellow at the University of Calgary's School of Public Policy and the former CEO of the Alberta Petroleum Marketing Commission, has argued that a completed pipeline would command a good price, according to comments reported by Global News.

Even so, analysts have noted that the private market was struggling to complete the pipeline expansion without government intervention, and have questioned whether supporting this project will actually lead to better prospects for exporting these fuels to other markets that are further afield.

Further complications include uncertainty about the timeframe of phasing out fossil fuel subsidies. While the government purchase of the pipeline comes before the G7's self-imposed 2025 phase-out deadline, some experts warn that the infrastructure project has the potential to lock-in increased oil production for decades to come.

How the G7 and G20 will address fossil fuel subsidies at their summits this year remains to be seen. While the G7 summit kicks off this weekend, this year's G20 will be held in Argentina from 30 November to 1 December.

Environmental groups issue G7 subsidy scorecards

Ahead of this weekend's G7 summit, a group of environmental non-governmental organisations, including Overseas Development Institute, the Natural Resources Defense Council, and others, released [G7 fossil fuel subsidy scorecards](#) for the G7 member countries, excluding the EU, which is a non-enumerated G7 member. Some EU member states are part of the G7 in their individual capacity.

According to the [report](#), G7 governments give at least US\$100 billion per year in subsidies for the production and use of fossil fuels. The report urges countries to take greater action to phase out fossil fuel subsidies; calls for defining and fully documenting subsidies; and warns against their failing to create accountability mechanisms for the countries' commitments.

Among the seven countries examined, Canada ranked third best overall across seven indicators, which include different types of subsidies as well as transparency and commitments. However, Canada ranked lower on support for oil and gas production, as it provides more fiscal support (per unit of GDP) to oil and gas production than all other G7 countries.

The report also notes the countries' commitments to the UN Sustainable Development Goals (SDGs), which call for "rationalis[ing] inefficient fossil-fuel subsidies" in SDG 12. It further cites the UN's Paris Agreement on climate change requirement for countries to make "finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."

Turning the various commitments on fossil fuel subsidies into concrete action remains a big challenge. Some [experts](#) suggest dealing with this issue in the WTO, arguing that its binding nature, enforcement mechanism, and experience in negotiating sectoral subsidies disciplines could help advance reform. In a first step, a group of 12 WTO members issued a joint declaration at the 11th Ministerial Conference in Buenos Aires, Argentina, last December.

ICTSD reporting; "Trans Mountain pipeline will attract buyers if Ottawa can complete expansion, experts say," GLOBAL NEWS, 31 May 2018; "Trans Mountain pipeline was too risky for Kinder, Trudeau says," BLOOMBERG, 29 May 2018; "Over 800 businesses slam Trudeau government's purchase of Trans Mountain pipeline," GLOBAL NEWS, 30 May 2018; "Canada to buy Kinder Morgan oil pipeline in bid to save project," REUTERS, 29 May 2018; "Canada oil pipeline buyout 'subsidising a market failure,'" CLIMATE HOME NEWS, 31 May 2018.

TRADE AGREEMENTS

India, Singapore Upgrade Trade Deal, Pledging to Boost Economic Ties

India and Singapore have clinched a deal to update their Comprehensive Economic Cooperation Agreement (CECA), in a bid to boost bilateral trade and facilitate economic cooperation on multiple fronts. The changes are part of the accord's second review, with officials flagging in particular the tariffs cuts and simplified rules of origin.

"I am especially happy about the completion of the second review of our Comprehensive Economic Cooperation Agreement. But both of us agree that second review is not our destination, it is just a halt. Our executives will soon start discussions to upgrade and improve this agreement," [said](#) Indian Prime Minister Narendra Modi after the meeting with Singaporean Prime Minister Lee Hsien Loong.

Following the CECA update, tariffs on 30 products will be slashed or fully eliminated, matching the rates set under a separate free trade agreement between India and the Association of Southeast Asian Nations (ASEAN), of which Singapore is a member. The revised tariffs apply to a variety of sectors, including select foodstuffs and nylon moulding powder.

"The upgraded agreement will enable more Singapore companies to qualify for lower tariffs. This improves local exporters' access to the Indian market. I encourage our companies to make full use of the upgraded agreement and explore more opportunities for collaboration in India," [said](#) S Iswaran, the Minister for Trade and Industry of Singapore.

The two countries agreed to more flexible general rules of origin, inclusion of a "de minimis" provision, and new product-specific rules for goods such as machinery parts and edible oils. Officials say that these changes will make it easier for Singaporean goods to qualify for preferential tariffs under CECA.

General rules of origin refer to criteria applied to determine if a good can qualify for preferential treatment under a free trade agreement, and are also designed to prevent trade deflection by transshipment of goods. A de minimis provision excludes a certain minimal part of goods from other sources from these rules of origin requirements, or sets a certain threshold with regards to fulfilling this origin criteria.

The India-Singapore CECA [entered into force](#) in August 2005, with the two sides concluding their first review just over two years later. Along with slashing import tariffs and covering other areas such as investment and trade in services, the deal was also designed to help support a separate deal on avoiding "double taxation," along with tackling areas such as the movement of people, and putting in place "multiple recognition agreements" for certain products.

Total bilateral trade grew from S\$16.6 billion (US\$12.4 billion) in 2005 when the CECA was first signed to S\$25.2 billion (US\$18.9 billion) in 2017, according to statistics released by both sides. They already have significant economic ties, including in relation to other trading partners in the region – India is Singapore's largest trading partner in South Asia, while the latter ranks as New Delhi's second largest trading partner within the 10-country ASEAN grouping.

Comprehensive cooperation

During Indian Prime Minister Narendra Modi's visit to Singapore last week, the two parties also endorsed a series of deals in the fields of the training of public service officials, cyber security, narcotics control, and defence cooperation.

Modi [praised](#) current Indian-Singaporean ties as being New Delhi's "warmest and closest," highlighting the wealth of opportunities across different policy areas should the two sides continue their efforts at developing deeper ties.

"In international forums, we speak in one voice in the cause of a rules-based order, sovereign equality of all nations, and free and open pathways of commerce and engagement. Economics is the heartbeat of the relationship," Modi added.

"Against this backdrop of a closer economic partnership and new areas of synergies, the prospects for future collaboration are bright," said Iswaran at a business event.

Their deal on nursing, meanwhile, involves a "mutual recognition agreement" aimed at making sure both sides have a "better understanding of the parties' standards in regulating the training and practice of nursing," according to an annex linked to a joint India-Singaporean government statement.

In the field of digital cooperation, countries launched a few new digital payment schemes, including RuPay, a new app-based rupee remittance system. Some industry officials and government leaders have suggested that the launch could boost transaction flows by potentially several billion dollars, given the significant travel between the two countries for work or tourism.

Regional outreach

The two parties collaborate within a wider regional realm, given Singapore's ASEAN membership, along with the free trade agreement (FTA) between the two, as well as their membership in the larger 21-economy Asia-Pacific Economic Cooperation (APEC) Forum.

India and ASEAN signed a free trade agreement in 2003, though some transition time was granted through 2011 for five of ASEAN's members, namely Brunei, Indonesia, Malaysia, Thailand and Singapore. The other, mostly newer ASEAN members brought the agreement into full effect later, in 2016.

"When India opened up to the world and turned to the East, Singapore became a partner and a bridge between India and ASEAN," [said](#) Modi.

Officials from both countries said that they support ongoing negotiations on the Regional Comprehensive Economic Partnership Agreement (RCEP), which aim to bring the ten ASEAN members and their six FTA partner countries, namely Australia, China, India, Japan, New Zealand, and South Korea, under one overarching trade accord. (See Bridges Weekly, [3 May 2018](#))

"We will work with all, most of all with ASEAN, to reach an early conclusion to Regional Comprehensive Economic Partnership. As India's engagement with the region grows, Singapore will remain a gateway to ASEAN and the broader East. This year, Singapore's Chairmanship of ASEAN will take India's relations with ASEAN further and farther ahead," Modi added.

ICTSD reporting; "Singapore, India to cut tariffs on 30 more products after trade pact review," THE STRAITS TIMES, 1 June 2018; "India, Singapore Relations Warmest And Closest: PM Modi," NDTV, 31 May 2018; "India, Singapore to upgrade Comprehensive Economic Cooperation Agreement," THE ECONOMIC TIMES, 1 June 2018.

EVENTS & RESOURCES

Events

Coming Soon

7-8 June, New York City, US. GLOBAL SYMPOSIUM ON THE ROLE OF MICRO-, SMALL- AND MEDIUM- ENTERPRISES (MSMEs) IN THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGs). The objective of this United Nations symposium is to provide contributions to the 2018 High-Level Political Forum on Sustainable Development on the role that companies of smaller and medium sizes can play in terms of meeting sustainable development objectives, with participants meant to help clarify and elaborate possible recommendations in this field. To learn more, visit the event [website](#).

11 June, London, UK. COMPETITION POLICY 2018. This Chatham House annual conference will examine various facets of competition policy in the current context, particularly amid wider developments in fields such as investment and technology. Speakers from the private sector, academia, and government will reflect on the connections between antitrust, innovation, and investment. For more information and to register, visit the event [website](#).

11 June, New York City, US. FINANCING FOR SDGs – BREAKING THE BOTTLENECKS OF INVESTMENT, FROM POLICY TO IMPACT. Convened by the President of the 72nd Session of the UN General Assembly, H.E. Mr. Miroslav Lajčák, this meeting on financing the Sustainable Development Goals (SDGs) will aim to bring together a range of perspectives on the various challenges and opportunities that private and public sector actors face in developing partnerships that can support the Sustainable Development Goals (SDGs). For more information, visit the event [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](#).

11-14 June, Lilongwe, Malawi. CBA12: LOCAL EXPERIENCE DRIVING CLIMATE ACTION. This meeting is being organised by the International Institute for Environment and Development (IIED) to bring together investors, donors, and government representatives for dialogue around local experiences of climate change. The workshops will be centred on three streams: transforming local experience into improved policy and investments; developing a mutual understanding of climate finance; and developing new innovations in adaptive technology. For more information and to register, visit the event [website](#).

12-15 June, Washington, US. DISRUPTIVE INNOVATIONS, VALUE CHAINS, AND RURAL DEVELOPMENT. Sponsored by the International Consortium on Applied Bioeconomy Research (ICABR) and the World Bank Group, this conference will look at how the agricultural sector is adapting to new value chains and technology, as well as what these changes mean for policy. For more information and to register, visit the event [website](#).

13 June, Geneva, Switzerland. ONGOING 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 June, Brussels, Belgium. EU FOR TALANOIA. The European Commission is organising this "Talanoa Dialogue" in a bid to support continued discussions around the implementation of the UN's Paris Agreement on climate change, with a specific focus on the bloc's potential contributions in this area. Talanoa Dialogues are part of the UN Climate Change programme initiative to increase inclusive, participatory, and transparent conversation on climate change. For more information and to register, visit the event [website](#).

13-14 June, Geneva, Switzerland. GLOBAL FORUM ON INCLUSIVE TRADE FOR LDCs. This event is being organised by the Enhanced Integrated Framework (EIF) at the World Trade Organization (WTO). The event will examine how trade has evolved in least developed countries (LDCs) over the last 10 years and where it could go next, along with focusing on how to use trade in support of the Sustainable Development Goals (SDGs). Expected participants will include government and international organisation representatives, private sector actors, and academics, among others. To learn more and to register, visit the event [website](#).

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.

8 June: Working Group on Trade, Debt, and Finance

8 June: Meeting of the Informal Working Group on MSMEs

11 June: Informal Committee on Agriculture

11-12 June: Committee on Agriculture

11 + 13-14 June: Informal Open-ended Negotiating Group on Rules (Fisheries Subsidies)

12 + 14 June: Trade Policy Review Body – Colombia

13-14 June: Global Forum on Inclusive Trade for LDCs

Other Upcoming Events

15 June, London, UK. GLOBAL TRADE LANDSCAPE SERIES: US TRADE IN AN AGE OF PROTECTIONISM. This Chatham House event will explore the implications of the Trump administration's economic rhetoric and decisions on domestic and global trade policy. Presenters will address what the future of US trade policy may look like, and whether it will benefit the US economy and US job growth. It will also consider implications for the rules-

based global trade system, including at the WTO and in terms of bilateral relations with major economic players. This event is for Chatham House Corporate Members only. For more information, 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](#).

19 June, London, UK. THE FUTURE OF US-UK TRADE RELATIONS. This Chatham House roundtable event focuses on the likely key issues of a potential US-UK bilateral trade agreement. Panellists will discuss the geopolitical landscape for negotiation of an agreement, as well as issues that may hamper an agreement and how they might be resolved. To learn more and to register, visit the event [website](#).

2-4 October, Geneva, Switzerland. WTO PUBLIC FORUM. This annual WTO outreach event will have as its theme "Trade 2030." More specifically, the three-day meeting will consider "sustainable trade" between now and 2030, addressing topics such as technology-enabled trade and making the trading system more inclusive. Please note that the deadline for submitting proposed sessions has been extended to 15 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

INTERNATIONAL INVESTMENT AGREEMENTS (IIA) ISSUES NOTE: RECENT DEVELOPMENTS IN THE INTERNATIONAL INVESTMENT REGIME. Published by the UN Conference on Trade and Development (UNCTAD) (May 2018). This issues note discusses a number of recent developments in international investment policymaking, including what the authors term a recent "turning point," where the pace of new IIAs is surpassed by effective treaty terminations. The note also addresses most countries' efforts to generate sustainable development-oriented IIAs in line with UNCTAD's Reform Package for the International Investment Regime. It also discusses the modernisation of old-generation treaties and other trends. To download the report, visit the UNCTAD [website](#).

G7 FOSSIL FUEL SUBSIDY SCORECARD: TRACKING THE PHASE-OUT OF FISCAL SUPPORT AND PUBLIC FINANCE FOR OIL, GAS AND COAL. By Shelagh Whitley, Han Chen, Alex Doukas, Ipek Gençsü, Ivetta Gerasimchuk, Yanick Touchette, and Leah Worrall (June 2018). The G7 scorecards on fossil fuel subsidies were developed by authors from four non-governmental organizations: the Overseas Development Institute (ODI), the Natural Resources Defense Council (NRDC), the International Institute for Sustainable Development (IISD), and Oil Change International (OCI). The accompanying policy brief notes that the G7 countries have provided at least US\$100 billion annually in fossil fuel subsidies in recent years. It ranks each country in seven indicator categories and provides overall scores. The report also offers a number of recommendations including increased transparency and reporting, along with tracking progress better. To access the scorecards and policy brief, visit the ODI [website](#).

ECONOMIC DEVELOPMENT IN AFRICA REPORT 2018: MIGRATION AND STRUCTURAL TRANSFORMATION IN AFRICA. Published by the United Nations Conference on Trade and Development (UNCTAD) (May 2018). This year's Economic Development in Africa Report focuses on the relevance of intra-African migration to regional and continental economic integration. It aims to offer new insights for African governments along with migration stakeholders elsewhere, elaborating on the relationship between migration and economic and trade policies. Focusing on patterns of intra-African migration, the report adopts a human-centred narrative in identifying opportunities for surplus labour in different sectors across the continent. The paper is available for download [here](#).

EU CLIMATE DIPLOMACY: POLITICS, LAW, AND NEGOTIATIONS. Various authors, edited by Stephen Minas and Vassilis Ntousas (2018). This book brings together experts in the field of climate diplomacy to assess the EU's work as part of the global response to climate change. The authors' contributions are organised into three sections that cover different domestic and international facets of the EU's climate action efforts. To purchase or rent the book, visit the publisher's [website](#).

TRUMP TARIFFS PRIMARILY HIT MULTINATIONAL SUPPLY CHAINS, HARM US TECHNOLOGY COMPETITIVENESS. By Mary E. Lovely and Yang Liang for the Peterson Institute for International Economics (PIIE) (May 2018). In this new analysis on the impacts of the US' Section 301 tariffs, the authors examine sectors targeted by proposed tariffs, characteristics of US imports, and exports by foreign and joint venture enterprises. Based on their investigation, the authors conclude that the US' tariff strategy may be more harmful to US companies than to China. To download the brief, visit the PIIE [website](#).

POLICY COHERENCE FOR SUSTAINABLE DEVELOPMENT 2018: TOWARDS SUSTAINABLE AND RESILIENT SOCIETIES. Published by the Organisation for Economic Co-operation and Development (OECD) (May 2018). The 2018 edition of OECD's *Policy Coherence for*

Sustainable Development addresses how integrated and coherent policies, along with strong institutions, can contribute to the “transformation towards sustainable and resilient societies,” the UN High-Level Political Forum (HLPF) theme. The report identifies challenges and opportunities that governments face in implementing the UN Sustainable Development Goals (SDGs). It also recommends eight building blocks for enhancing policy coherence for sustainable development (SDG target 17.14); identifies emerging institutional best practices; and describes options for tracking national progress on policy coherence for sustainable development. To download the report, visit the OECD [website](#).

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