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## GLOBAL ECONOMY

### US, China Tariffs Begin Taking Effect, WTO Members Begin China Trade Policy Review

The first instalment of the US' Section 301 tariffs on China took effect on Friday 6 July, targeting US\$34 billion worth of Chinese products with an ad valorem tariff of 25 percent. The sectors affected by the tariffs include automobiles, aerospace, information and communications technology, and industrial machinery, among others. China's own tariffs on US\$34 billion in US products are also now in place, officials say, targeting [goods](#) such as soybeans.

The US duties in place target 818 tariff lines, and the Office of the US Trade Representative [indicated](#) last month that the products are meant to involve "industrially significant technologies, including those related to China's 'Made in China 2025' industrial policy."

The US has also said that it is ready to impose tariffs on an additional 284 tariff lines, with these due to go into effect after Washington completes the relevant domestic procedures. These 284 tariff lines account for US\$16 billion in imports.

The US tariffs were imposed following a Section 301 investigation, which refers to the provision of the 1974 Trade Act allowing for investigations and potential responsive measures in response to allegedly unfair practices by trading partners. (See Bridges Weekly, [22 March 2018](#))

The Office of the US Trade Representative also released on 7 July an explanation of how US companies who wish to import some of the affected products can request their exclusion from the tariffs. Interested parties have until early October to ask that the US exclude a product from the duties, which would be time-bound at one year, along with being backdated from when the tariffs took effect.

China, for its part, responded in kind on Friday with tariffs on US\$34 billion of American imports, covering over 500 commodities, and has pledged to impose tariffs on an additional US\$16 billion if Washington moves ahead with the second tranche of duties.

The Chinese Ministry of Commerce also issued a statement, as reported by state-run news agency [Xinhua](#), which said that “these tariffs violate the World Trade Organization (WTO) rules and represents a typical ‘trade bully,’ posing a grave threat to the security of global industry and value chains.”

The escalation in tariffs, along with sparking concern among other WTO members and trade officials, has also provoked resistance from some US companies with operations in Beijing. The American Chamber of Commerce in China warned that greater trade tensions between the economic giants could be dangerous, and that the two governments must find a negotiated solution.

“There are no winners in a trade war. Counter-productive import tariffs, such as these, hurt not only the economies of the US and China, but those of every country around the world,” [said](#) William Zarit, Chairman of the American Chamber of Commerce in China.

### **Lighthizer: USTR prepping tariffs on additional US\$200 billion in Chinese goods**

While each side is set to impose tariffs on another US\$16 billion of goods, unless the US and China manage to agree on a compromise, US President Donald Trump has now asked his trade team to also prepare tariffs that target even more Chinese imports.

“As a result of China's retaliation and failure to change its practices, the President has ordered USTR to begin the process of imposing tariffs of 10 percent on an additional US\$200 billion of Chinese imports,” [said](#) US Trade Representative Robert Lighthizer on Tuesday 10 July. “This is an appropriate response under the authority of Section 301 to obtain the elimination of China's harmful industrial policies.”

The US trade chief reiterated past concerns over alleged forced technology transfers and discriminatory licensing practices, which had been cited as the basis of the original Section 301 investigation against China, and are part of the justification for the existing tariffs. He also said that China's move to respond with its own tariffs were cause for escalation.

“Unfortunately, China has not changed its behaviour – behaviour that puts the future of the US economy at risk. Rather than address our legitimate concerns, China has begun to retaliate against US products. There is no justification for such action,” he added, while noting that the new tariff list has not yet been finalised, given the need for a public comment period and other steps.

The US\$200 billion in goods targeted would face a 10 percent tariff, should these duties go ahead. The goods involved would cover over 6000 tariff lines. According to a [notice](#) in the Federal Register, the notice, comment, and public hearing period would last through the summer and is scheduled to continue through 30 August, meaning that the tariffs would not be in place until September at the earliest.

Notably, the goods on the list published by USTR do not exclusively target products related to the “Made in China 2025” industrial strategy. Products on the list include foodstuffs, chemicals, coal, metal ores, tobacco products, textile fabrics, yarn, cotton, and building materials, among others.

“Modification of the action in this investigation by taking a supplemental US\$200 billion action is appropriate in light of the statutory goal of obtaining the elimination of the acts, policies, and practices covered in the investigation,” the Federal Register notice says.

The USTR announcement has drawn a strong rebuke from some key US trade lawmakers, including from the President's own Republican Party.

Orrin Hatch, the Utah Republican who chairs the Senate Finance Committee, [said](#) on Tuesday that “although I have supported the administration's targeted efforts to combat

China's technology transfer regime, tonight's announcement appears reckless and is not a targeted approach."

His counterparts on the House Ways and Means Committee have issued similar warnings. Kevin Brady, the Texas Republican who chairs that panel, as well as Dave Weichert, the Washington state Republican who chairs the Trade Subcommittee, issued a [joint statement](#) on Tuesday calling for Trump to meet with Chinese President Xi Jinping in person to resolve the matter.

"With this announcement, it's clear the escalating trade dispute with China will go one of two ways – a long, multi-year trade war between the two largest economies in the world that engulfs more and more of the globe, or a deliberate decision by President Trump and President Xi to meet and begin crafting an agreement that levels the playing field between China and the US for local farmers, workers, and businesses," said Brady.

Brady also criticised trade officials on both sides for not holding "serious trade discussions" to address the matter, and for not indicating plans to hold negotiations any time soon.

### **WTO members review China trade policy**

Across the Atlantic, WTO members began their biennial review of China's trade policies and macroeconomic environment this week at the organisation's Geneva headquarters, with the two-day event beginning on Wednesday 11 July and due to conclude on Friday 13 July.

China, as one of the world's four largest traders, faces this review every two years, though this interval will change to three years from 2019 onward. The review is based off a WTO secretariat report as well as a government report, with delegations able to submit questions both before and during the meeting. According to a Geneva trade official, China received nearly 2000 written questions from its fellow WTO members ahead of the review.

During the first day of the event, the US, EU, Canada, Japan, and various other delegations gave statements either asking questions or providing feedback on China's trade policy environment during the period under scrutiny.

Chinese Vice Minister Wang Shouwen, meanwhile, gave an opening statement before these interventions, highlighting the various contributions China has made to the WTO, both since joining in December 2001 as well as in the specific two-year period under examination.

Wang also noted the challenges facing the system, including from a lack of judges on the WTO's Appellate Body, as well as from the US' above-mentioned use of Section 301 investigations, as well as a separate tool referred to in trade shorthand as Section 232. The latter is a provision of a 1960s-era US trade law which allows for investigations and potential measures targeting imports in response to national security concerns.

The US ambassador to the WTO, meanwhile, gave a detailed statement outlining a series of criticisms of China's trade policies, as well as Beijing's purported response to Washington's various concerns.

"Given China's very large and growing role in international trade, and the serious harm that China's state-led, mercantilist approach to trade and investment causes to China's trading partners, this reckoning can no longer be put off. If the WTO is to remain relevant to the international trading system, change is necessary," [said](#) US Ambassador to the WTO Dennis Shea on Wednesday.

Shea specifically highlighted the Chinese government's role in attempting to support industrial development domestically, arguing that Beijing gives such industries "massive, market-distorting subsidies and other forms of state support" while trying to hamper the competitiveness of their overseas counterparts. His criticisms also included claims of lax

enforcement of intellectual property rights, forced technology transfers, and cyber theft, among others.

"It is clear, moreover, that the WTO currently does not offer all of the tools necessary to remedy this situation," Shea added. He argued that the dispute settlement mechanism has limitations as a tool to address these concerns, and said that "there is no clear path toward the negotiation of new rules to address the unique problems posed by China's state-led, mercantilist trade and investment regime."

*(Editor's note: A full report on China's TPR will be included in the upcoming Bridges Weekly, with the event due to conclude at the end of this week.)*

### **WTO warns of rising G20 trade restrictions**

The escalating tensions among major players, fuelled by the US and China, has had knock-on effects across the global trade and investment system. Trade officials and analysts alike have debated what continued frictions could mean for the global economic recovery, as well as the multilateral trading system's medium and long-term resilience against such challenges. Of particular concern are the potential impacts on smaller economies that are particularly susceptible to such changes.

WTO Director-General Roberto Azevêdo issued a warning last week on a "disturbing increase in trade-restrictive activity by major economies," following the release of a semi-annual update on such measures being applied by G20 members. Azevêdo's statement came within days of the first tranche of US-China tariffs mentioned above, though the WTO update was previously scheduled.

"More than twice as many restrictive measures were applied during the period in question as in the previous six months. It's time for anyone who cares about the health of the economy to sit up and take notice," [said](#) Azevêdo on Twitter late last week.

The WTO report on G20 trade restrictions and facilitating measures covered the period of mid-October 2017 to mid-May of this year. The report therefore does not cover, for example, the tariffs that the US and China imposed on Friday 6 July.

The WTO found that G20 economies have put in place "39 new trade-restrictive measures," in different forms, while also enacting 47 trade facilitating measures, noting that the latter type of measure covered more trade, in terms of value. The global trade club also noted that goods such as steel, iron, plastics, and cars, were among those facing trade remedy measures in the form of new investigations.

The WTO chief, along with other economic agency heads, also warned that the growing use of trade restrictive measures could be damaging not just to the health of the global economy, but to the continued strength and durability of the global trade system.

"The multilateral trading system was built to resolve such problems and it has the tools to do so again. However, further escalation could carry potentially large risks for the system itself," said Azevêdo, together with Ángel Gurría, Secretary-General of the Organisation for Economic Co-operation and Development (OECD), and Mukhisa Kituyi, Secretary-General of the UN Conference on Trade and Development (UNCTAD), in a joint summary of the report on G20 trade and investment measures.

While the WTO part of the report covers trade restrictions and trade facilitating measures, the OECD and UNCTAD issued their own review of developments in the investment policy landscape, which the two agencies say "also show a mixed picture."

ICTSD reporting; "U.S. has ignited largest trade war in economic history: China's MOC," XINHUA, 8 July 2018.

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## GLOBAL ECONOMY

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### **BRICS Trade Ministers Look to Closer Economic Ties, Issue Support for Multilateralism**

Last week, delegates and trade ministers from BRICS economies met in Magaliesburg, South Africa to discuss ways to strengthen the multilateral trade system and foster closer economic cooperation between BRICS member countries on a range of policy areas, including e-commerce.

The meeting comes as leaders gear up for the 10<sup>th</sup> annual BRICS Summit on the theme "BRICS in Africa: Collaboration for Inclusive Growth and Shared Prosperity in the 4<sup>th</sup> Industrial Revolution," which will be held in Johannesburg later this month.

The BRICS are a grouping of major emerging markets comprising Brazil, Russia, India, China, and South Africa, and together account for 22 percent of global GDP. The coalition began including South Africa in its meetings in 2010.

#### **Systemic issues**

Ministers focused on identifying means to support the multilateral trade system amid mounting global trade tensions. The bloc has been affected by Washington's decision to implement steel and aluminium tariffs on national security grounds, though Brazil was granted an exemption and instead faces a combination of quotas and tariffs, depending on the sector involved.

China and Russia have already filed WTO disputes on the subject, as have various other WTO members, with Switzerland being the latest to file a [request for consultations](#) at the global trade club. (See Bridges Weekly, [5 July 2018](#))

Furthermore, US tariffs of 25 percent targeting additional Chinese products went into force on Friday, following an investigation into China's intellectual property practices and alleged forced technology transfers. Beijing applied its own measures on US\$34 billion worth of US products the same day. (See Bridges Weekly, [21 June 2018](#) and related story, this edition)

"We are deeply concerned with the systemic impact of unilateral measures that are incompatible with World Trade Organization (WTO) rules and that put the multilateral trading system at risk," read the [joint communiqué](#) issued following the BRICS meeting.

The meeting came just as the [WTO announced](#) that 39 new trade-restrictive measures were introduced by G20 countries between mid-October 2017 and mid-May 2018, double that of the previous review period. The news has caused trade watchers to ramp up their warnings on the state of global trading system, and the risks it could create for consumers, producers, and the overall frameworks that have governed world trade for decades.

"We meet as trade ministers at a time of great turbulence in the global trading environment," said South African Minister of Trade and Industry Rob Davies, who chaired the meeting. "We are seeing disruptive and destructive behaviour by the current leadership of the world's largest economy."

"We need to position the BRICS partnership differently and ensure that it contributes to inclusive growth and that development is at the centre of everything that we do in order to

change the world," said South African Small Business Development Minister Lindiwe Zulu, according to [SA News](#). South Africa currently holds the rotating presidency of the BRICS.

Chinese Assistant Minister of Commerce Li Chenggang urged the BRICS to continue to lead economic globalisation efforts and lend their backing to the multilateral trading system, according to a [press release](#) issued by the Chinese Ministry of Commerce (MOFCOM).

"We reaffirm the centrality of the rules-based transparent, non-discriminatory, open and inclusive multilateral trading system (MTS), as embodied in the WTO," ministers said in the communiqué, pledging to "make all efforts to strengthen the multilateral trading system and make the WTO more responsive to the needs of its members."

Ministers also underline the role of trade in supporting development, noting that the development dimension must remain a central component of WTO's work. The coalition has made similar comments in the past, both in the BRICS formation as well as at the WTO in their individual capacities or as part of other negotiating groups.

"The BRICS Trade Ministers emphasise the need for inclusive growth and global trade rules that facilitate the effective participation of all countries in the multilateral trading system," according to the BRICS Statement of Support for an Inclusive Multilateral Trading System, issued as an annex after the meeting, along with the communiqué.

The statement highlights the importance of special and differential treatment; capacity building efforts, including via the WTO's Aid for Trade Initiative; and preservation of policy space for developing members to pursue their development objectives. It also emphasises food security and the need for agricultural reform as a priority area.

### **Deepening intra-BRICS economic cooperation, including on e-commerce**

Ministers discussed pathways to improved cooperation in the bloc across a range of areas, including trade facilitation, investment, trade in services, e-commerce, intellectual property rights, trade promotion, and small and medium-sized enterprises (SMEs).

The grouping pledged to enhance cooperation on e-commerce, underlining "the need to address the digital divide." E-commerce proved to be a key component of the meeting's deliverables, with ministers endorsing a non-binding Cooperation Framework on Inclusive E-Commerce Development, aiming to exchange experiences as well as lessons learned in "promoting development through e-commerce."

They also pledged to examine possible policy tools to harness and control "the potentially disruptive effects of e-commerce."

Other elements of the framework include developing a better understanding of e-commerce in cooperation with international organisations; developing ICT infrastructure with a view to enhanced connectivity; and sharing experiences with regard to regulating data flows.

The discussions built on previous progress in BRICS cooperation on e-commerce, including the endorsement in 2015 of the Framework for BRICS E-Commerce Cooperation and the BRICS E-Commerce Cooperation Initiative in 2017, followed by the establishment of the BRICS E-Commerce Working Group.

According to a [2017 report](#) from the International Trade Centre (ITC), a joint UN-WTO agency, and the UN Industrial Development Organization (UNIDO), BRICS countries are seeing e-commerce play an increasing role in their overall economies, though the report also notes differences in the volume of e-commerce sales across the group.

"The analysis of the BRICS e-commerce ecosystem indicates that certain challenges are common to all BRICS countries. This includes bureaucratic procedures, unfavourable tax regimes, underdeveloped delivery infrastructure, a lack of e-commerce skills in SMEs, hindering their ability to compete with larger companies, and adequate mechanisms for ensuring privacy and security of data," the report says, while noting that each country also has individual circumstances to deal with.

BRICS trade ministers last week also pledged to strengthen collaboration on trade in services, given that BRICS members made up only 12.1 percent of global trade in services in 2016. The BRICS agreed to enhance information sharing and communication across organisations charged with gathering trade in services statistics, and thus get a better sense of the current situation.

BRICS countries further agreed to work together to support micro, small, and medium enterprises (MSMEs) in the economy, urging information sharing on regulating MSMEs, and facilitating their access to finance and public services as part of the BRICS MSME Cooperation Framework.

Ministers encouraged cooperation on trade facilitating measures aimed at increasing intra-BRICS trade, including through endorsing the Working Mechanism on technical regulations, standards, methodology, and conformity assessment procedures.

They also endorsed the terms of reference for a review of the BRICS 2013/14 joint trade study aimed at identifying opportunities to promote trade in value-added products between BRICS.

"The BRICS cooperation is at a key stage of development at present," read the MOFCOM press release, encouraging members to explore new modes of collaboration to capitalise on the opportunities of the digital economy and contribute to the BRICS' shared interests.

For its part, "China will continue to relax market access by a large margin, strengthen intellectual property rights protection, actively expand imports, and create an easy and orderly investment environment for entrepreneurs across the world including the BRICS countries," according to the same press release.

ICTSD reporting; "BRICS ministers welcome South Africa as Chair," BUSINESS REPORT, 5 June 2018; "BRICS commit to multilateralism," SA NEWS, 5 July 2018; "BRICS trade ministers discuss protectionism, tariffs in South Africa," CGTN Africa, 5 July 2018.



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## BREXIT

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### **Brexit Talks Get New UK Chief, Government to Propose Terms for Future EU Relationship**

The Brexit negotiations saw a series of landmark developments over the past week, with UK Prime Minister Theresa May's cabinet endorsing a statement outlining the "UK vision" for the country's future relationship with the European Union, ahead of another round of negotiations with EU officials next week.

Meanwhile, Dominic Raab was confirmed as the new head of the department conducting the negotiations for the United Kingdom, after David Davis stepped down from the post last weekend. The internal political situation in the May government reportedly remains fluid, particularly after Boris Johnson resigned as foreign minister less than 24 hours after Davis announced his departure.

Both officials had indicated that they disagreed to some extent with the prime minister's approach to the Brexit talks, worrying that the result would involve closer ties to the EU than what they say the 2016 Brexit referendum result implies, and speculation is rife that future political upheaval may be forthcoming – or, at the least, that passing legislation to formalise the overall Brexit withdrawal deal this autumn will be challenging.

The cabinet ultimately endorsed the UK prime minister's proposal, though the endorsement came before Davis and Johnson resigned from their posts this week. Reports indicate, however, that the plan approved last week has enough backing to allow the current government to move forward.

#### **Chequers position paper**

May had gathered her cabinet at Chequers, the estate which has traditionally served as the UK prime minister's country home, on Friday 6 July to present a proposal that would guide the UK's approach to negotiating its future relationship with the European Union.

The discussions followed weeks of debate over whether May's preferred approach on contentious issues such as customs cooperation and market access would pass muster domestically, while also garnering a positive reception from EU negotiators.

"Our proposal will create a UK-EU free trade area which establishes a common rule book for industrial goods and agricultural products. This maintains high standards in these areas, but we will also ensure that no new changes in the future take place without the approval of our Parliament," [said](#) May after the meeting at Chequers.

The [government statement](#) issued after the Chequers meeting provides a preview of the "four main elements" that will serve as the core of a UK government "white paper" on the Brexit talks, which is due on 12 July.

That section of the government statement is devoted largely to trade, both in terms of the future UK-EU trading relationship as well as the UK's foreign trade interests with other partners. For example, the UK is proposing that it share a "common rulebook for all goods including agri-food" with the European Union, while noting that it plans to take another approach for services trade that would allow for "regulatory flexibility," given the expected market access limitations post-Brexit.



Furthermore, the statement suggests that the two sides should set up “strong reciprocal commitments related to open and fair trade into the legal agreements that define the future relationship,” adding that this would include a commitment to make sure that current regulatory standards with environmental and/or social implications do not “fall below their current levels.”

The document also indicates how the UK would like UK-EU accords to be adjudicated in the future, with each side using their domestic legal system within a “joint institutional framework.”

### **Customs relationship, future trade deals**

Among the most high-profile questions before Chequers would be whether the UK Prime Minister would continue to advocate for a “customs partnership” that leaves in place EU tariffs and rules of origin in cases where goods transit through the UK on their way to the European market. (See Bridges Weekly, [3 May 2018](#))

“The UK would apply the UK’s tariffs and trade policy for goods intended for the UK, and the EU’s tariffs and trade policy for goods intended for the EU – becoming operational in stages as both sides complete the necessary preparations. This would enable the UK to control its own tariffs for trade with the rest of the world and ensure businesses paid the right or no tariff – in the vast majority of cases upfront, and otherwise through a repayment mechanism,” the Chequers statement says.

The Chequers statement also touts the potential benefits of such an approach, saying that it would ensure “frictionless access” for goods trade; respect existing peace accords between Northern Ireland and the Republic of Ireland and avoid the establishment of a hard border; allow for the UK to exit both the EU’s Common Agricultural Policy (CAP), which governs farm support in the bloc, and the Common Fisheries Policy, which governs fisheries management; and allow for an “independent trade policy.”

Regarding that latter point, the position paper says that it would provide the UK with the freedom to determine its own trading relationships with foreign partners. Currently, the EU has exclusive competence for trade, coordinating and consulting with member states to craft common positions in international trade negotiations. While trade deals are negotiated by the Commission, they require approval by member states in the Council, as well as members of the European Parliament, and in some cases if the deal’s substance requires, may also need approval by member state legislatures.

Talks in Geneva on how to separate out the UK’s commitments from the EU-wide ones at the WTO are ongoing, with the most recent development involving the UK asking to join the plurilateral Government Procurement Agreement (GPA) formally after Brexit, given that the EU is already a party. The UK has already put forward a market access offer for parties’ consideration, which involves the same terms as the wider EU, according to a [WTO summary](#) of recent discussions on the subject.

“The UK would have its own seat at the WTO, be able to set tariffs for our trade with the rest of the world, and have the ability to secure trade deals with other countries – including potentially seeking accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership,” the Chequers statement says.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is an 11-country trade accord among various Pacific Rim economies in Asia, Latin America, North America, and Oceania. It is the successor to the Trans-Pacific Partnership (TPP), which had included the United States, and which was signed but not fully ratified.

The US later withdrew, prompting negotiations to suspend some CPTPP provisions. That accord is now at ratification stage, with Mexico and Japan having already approved the deal

in their domestic legislatures. It needs at least six signatories to enter into force, or half of the accord's signatories, after which other countries can negotiate accession if they choose. If the UK does ask to join the CPTPP, it would be among the first non-Pacific Rim countries to do so.

The UK has indicated interest in a host of trade deals with other partners, including Australia, New Zealand, and potentially the US, once Brexit takes place next year. Under the terms of the post-Brexit "transition deal," the UK can negotiate and sign such accords, but they cannot take effect until after the transition period ends on 31 December 2020.

### **Barnier: Talks advanced, prepping for next round**

European officials have said that they are watching the developments in the UK closely, and have highlighted the importance of keeping the pace of the negotiations on track, both in terms of wrapping up the terms for the UK's withdrawal from the EU as well as hammering out the details of their future relationship.

"Chequers discussion on future to be welcomed. I look forward to White Paper. We will assess proposals to see if they are workable & realistic in view of [the European Council] guidelines," [said](#) Michel Barnier, the EU's chief Brexit negotiator, on 6 July via Twitter.

Barnier also confirmed that the next EU-UK negotiating round would be held next week, with a focus on the withdrawal agreement, along with the UK "white paper" that is due for release on Thursday 12 July.

Since then, Barnier said during a speech at the [Council on Foreign Relations](#) on 10 July that the Brexit talks are well advanced, with only about one-fifth of the withdrawal negotiations still unresolved.

"Our challenge is to make sure that Brexit happens in an orderly way. We all know that the no-deal scenario would have substantial costs. And after twelve months of negotiations, we have agreed on 80 percent of the withdraw agreement," he said.

He also underscored the importance of wrapping up the Brexit withdrawal talks in a way that ensures that negotiations on the future UK-EU relationship go smoothly.

"An orderly withdrawal would pave the way to an ambitious future relationship that we all want. In March this year, the European leaders have offered to the UK to work on an ambitious free trade agreement based on zero tariffs and no cut-outs," he said, while clarifying that this was not the same as keeping the UK in the EU's single market.

"Unfortunately, this partnership cannot amount to membership. Membership matters. Outside the European Union, you cannot have the same rights and benefits [as] inside. For example, being part of a single market is reserved to those respecting its rules," he said.

ICTSD reporting; "EU reacts with dismay to British Brexit chaos," FINANCIAL TIMES, 10 July 2018.

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## DIGITAL ECONOMY

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### **EU Parliament Questions US Compliance with Data Privacy Shield, Calls for Suspension**

The European Parliament adopted a resolution last week to suspend the EU-US Privacy Shield agreement, saying the US' compliance efforts to date "fail to provide enough data protection for EU citizens." The non-binding document calls for putting the deal on ice unless the US shows that it has upheld the deal's terms by 1 September 2018.

The motion was put forward by the EU Parliament's Civil Liberties, Justice, and Home Affairs Committee in June, and passed with 303 to 223 votes with 29 abstentions at a plenary session last week.

"This resolution makes clear that the Privacy Shield in its current form does not provide the adequate level of protection required by EU data protection law and the EU Charter," [said](#) Committee Chair and rapporteur Claude Moraes. Moraes is an EU parliamentarian from the UK, and serves as part of the Group of the Progressive Alliance of Socialists and Democrats in that chamber.

In a debate that took place the day before the vote, Věra Jourová, the European Commissioner for Justice, Consumers, and Gender Equality, [said](#) that the EU's executive branch "will not hesitate to act upon its obligations and to make use of its power to suspend the Privacy Shield." A suspension, however, "is not warranted," she added.

"I would like to recall that the Privacy Shield was set up to offer a high level of protection for personal data. It provides the adequate level of protection required by EU data protection law and the EU Charter," said Jourová.

In its first report on the functioning of the trans-Atlantic legislation in October last year, the Commission [said](#) the data exchange under the Privacy Shield was meeting European data protection standards, while also providing a set of recommendations to improve its functioning in the future.

The Privacy Shield acts as a mechanism for US-EU exchange of personal data for commercial purposes, aimed at safeguarding "fundamental" privacy rights of European citizens. First adopted in July 2016, it replaced the Safe Harbour arrangement, which the European Court of Justice ruled to be invalid in October 2015. (See Bridges Weekly, [8 October 2015](#))

To join the Privacy Shield framework, a US-based organisation has to undergo a series of steps. This includes making a public pledge to fulfil the framework's requirements, along with "self-certifying" that it is doing so, according to a description on the relevant [US government website](#) for the shield. A similar arrangement is in place between the US and Switzerland.

"While joining the Privacy Shield is voluntary, once an eligible organisation makes the public commitment to comply with the Framework's requirements, the commitment will become enforceable under US law," the site [notes](#).

### Specific concerns

The parliamentary resolution comes largely as a response to the Facebook-Cambridge Analytica data breach, lawmakers noted, which involved the unauthorised collection of personally identifiable information of 87 million Facebook users, and affected 2.7 million European citizens. Facebook is certified under the Privacy Shield, while Cambridge Analytica was disbanded after the scandal.

Given this context, several European Parliament members say that they [fear](#) that certain companies may use the data they collect to influence electoral processes, such as by trying to shape public views on political subjects or candidates. Such influence efforts have already been documented and prosecuted in the UK.

In the debate, Jourová [said](#) that the Cambridge Analytica data breach took place before the Shield was in place, even though the breach was discovered after the Shield took effect in 2016. She also argued that the new shield puts rules and systems in place that could prevent future breaches from occurring.

"Thanks to stricter conditions for the sharing of personal data with third parties, and more stringent rules on data retention, the data of our citizens is now better protected when it is transferred to the United States," she added. She welcomed the US Federal Trade Commission opening an investigation on the case.

Several EU parliamentarians explained that they supported a suspension given their fears that actions to address data misuses by US companies is slow, and that there still is no permanent ombudsperson in place under the new US administration to oversee the Privacy Shield's implementation.

EU authorities should thus investigate cases of data misuses and if appropriate, take action to suspend or ban data transfers under the Privacy Shield, the resolution [says](#).

The recent adoption of the Clarifying Lawful Overseas Use of Data Act (CLOUD Act), a piece of US legislation that was signed into law this year, also came under review during the EU lawmakers' meeting. The CLOUD Act expands the potential reach of law enforcement when it comes to accessing data located abroad, with some limitations.

"The CLOUD Act could have serious implications for the EU as it is far-reaching and creates a potential conflict with the EU data protection laws," states the resolution.

European Commission officials, while acknowledging these concerns, have suggested that a suspension may be premature, along with causing other hurdles for EU businesses. Jourová [warned](#) that suspending the regulation would increase costs for smaller companies.

"As many of the speakers mentioned, there are also concerns regarding small and medium-sized European enterprises. I remember the time after 6 October 2016 when Safe Harbour was annulled by the European Court of Justice. What do you think of the big American companies? What are they doing?... [There was] panic and a big problem of sudden legal uncertainty. That's why we worked so hard on creating the new system, fully tailored to the requirements of the European Court of Justice," she said.

In a public letter to the European Parliament, the American business association AmCham [echoed](#) these concerns. "If the Privacy Shield is suspended, opportunities for businesses with operations in both the EU and the US and in particular small and medium-sized enterprises will be highly limited," the letter says.

In addition, Jourová warned that suspending the deal with such little notice would affect individuals in the EU, given that their personal data would no longer benefit from the Privacy Shield's additional protections.

### European data protection regulations

The discussions on the Privacy Shield come less than two months after the EU's General Data Protection Regulation (GDPR) took effect. The GDPR is designed to help govern the use of personal information, giving EU-based individuals a greater say how their data is treated, along with aligning European countries' approach on data privacy, among other objectives. (See Bridges Weekly, [31 May 2018](#))

The Privacy Shield is focused specifically on regulating cross-border data exchanges between the EU and the US, with nearly 4000 companies from both sides signed up to the new framework. The GDPR and Privacy Shield are meant to be complementary tools.

"Even though the Privacy Shield predates the entry into application of the EU's new rules, the General Data Protection Regulation, we negotiated the Shield with the new standards in mind," [said](#) Jourová.

The Privacy Shield also envisions an annual review process, in line with the GDPR's requirement for having a periodic review mechanism in place, with set timeframes.

Various EU lawmakers, however, noted that their concerns still stand, given current events. "In the wake of data breaches like the Facebook and Cambridge Analytica scandal, it is more important than ever to protect our fundamental right to data protection and to ensure consumer trust. The law is clear and, as set out in the GDPR, if the agreement is not adequate, and if the US authorities fail to comply with its terms, then it must be suspended until they do," Moraes said regarding the parliamentary resolution.

The second annual review of the Privacy Shield, led by US Commerce Secretary Wilbur Ross and Commissioner Jourová, will be held in Brussels in October.

ICTSD reporting; "Facebook hit with first fine over Cambridge Analytica data scandal," FINANCIAL TIMES, 11 July 2018.

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## GLOBAL ECONOMY

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### China, Germany Pledge to Deepen Trade, Investment Ties

German Chancellor Angela Merkel and Chinese Premier Li Keqiang pledged to deepen trade cooperation between them this week, including on supporting the multilateral order. They also endorsed nearly two dozen accords aimed at easing trade and investment between them.

"On trade issues as in other fields we trust in multilateralism," said Merkel following the meetings, according to a [summary](#) issued by the German Federal Government.

Li and Merkel similarly told reporters in a joint press event that safeguarding the multilateral, rules-based trading system under the WTO umbrella is essential for both countries, while pledging to take further action to facilitate cross-border investment flows and establishing an investment climate that is conducive for meeting that goal.

Xinhua, the Chinese state-run news agency, [reported](#) that both sides welcomed efforts to also facilitate financial flows and deeper macroeconomic discussions, and said that the Chinese premier had emphasised Beijing's commitment to also improve intellectual property rights enforcement. The latter area has been raised in EU-China talks previously, including at recent meetings meant to lay the groundwork for a leaders' summit planned for next week. (See Bridges Weekly, [28 June 2018](#))

"Germany and China are united by their interest in working together on progress and solutions for great, global issues," said Merkel's Christian Democratic Union (CDU) party, according to comments reported by Deutsche Welle.

The two officials endorsed various government cooperation documents whose scope ranged from agriculture and education to telecommunications and cars, according to Xinhua. Meanwhile, the commercial pacts are set to cover €20 billion (US\$23.5 billion), officials said, and involve various sectors.

#### Industrial and technological cooperation

Besides governmental cooperation projects between German and Chinese agencies, the forum brought together private sector representatives from both countries to facilitate deals between companies such as chemicals producer BASF and the BMW, Daimler, and Volkswagen car companies, to name a few.

Among the commercial deals was an accord between the Chinese firm Contemporary Amperex Technology Ltd (CATL) to build an EU electric car battery plant in the German state of Thuringia.

"This is a new step for Germany, and good news for the state of Thuringia," said Merkel about the Thuringia plans.

Another step was the signing of a non-binding memorandum of understanding (MOU) by BASF, a top chemical producer, and the governor of the Chinese province of Guangdong. The MOU was signed in front of Merkel and Li, and would allow BASF to potentially [invest](#) €10 billion over several years in a chemical complex in Guangdong while retaining full control of the plant, without needing a Chinese partner. Merkel had also highlighted the

value of this accord, noting the change in approach from past “joint venture” projects. According to BASF, China is the world's most significant market for chemicals.

Other commercial deals include a [strategic partnership](#) between Suning Holdings Group and SAP SE to collaborate on technological research into topics like cloud computing and artificial intelligence, among others, which proponents say could support connectivity efforts within the framework of the Belt and Road Initiative (BRI).

### **Chinese, Eastern European leaders meet**

The Berlin meeting was one of several on the Chinese premier's agenda as he visits Europe this week. Li also met with leaders from 16 countries from Central and Eastern Europe, within an existing framework known as the “16+1” group, in Bulgaria this past weekend.

The 16+1 summit format [aims](#) to develop Chinese collaboration with eleven EU member states and five Balkan countries across various policy areas. These 16 countries include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia.

Li [described](#) the framework as yet another opportunity for Beijing to support “European integration,” given that the coalition also has participation from other European countries and the EU institutions. The meetings in the Bulgarian capital city of Sofia saw both sides endorse various bilateral accords, which officials say could support infrastructure projects that will be part of the Belt and Road Initiative.

ICTSD reporting; “China, Germany agree to oppose protectionism,” XINHUA, 10 July 2018; “Merkel, Li affirm belief in free trade as they sign cooperation ventures,” HANDELSBLATT, 10 July 2018; “Trade worries put extra burden on Germany-China talks,” DEUTSCHE WELLE, 10 July 2018; “Premier Li calls for further efforts for stronger China-Germany trade,” XINHUA, 10 July 2018; “With raft of deals, China and Germany swear to keep trade free,” REUTERS, 9 July 2018.



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## CLIMATE CHANGE

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# Green Climate Fund Meeting Results Prompt Questions Over Climate Finance Challenges

The Green Climate Fund (GCF) board concluded its meetings last week in Songdo, South Korea, without being able to reach decisions on Fund replenishment, approve new projects, or add new Accredited Entities through which projects are implemented, prompting questions on how to ensure climate finance goals are met.

According to a GCF [press release](#), the meeting consisted of "four days of challenging and difficult discussions between Board members" on these issues.

The GCF is the flagship fund of the UN Framework Convention on Climate Change (UNFCCC). It was established in Cancún, Mexico, in 2010 at the 16<sup>th</sup> Conference of the Parties (COP). The fund is part of the Convention's financial mechanism, and it is meant to [provide](#) balanced funding for climate change mitigation and adaptation projects in developing countries.

The GCF aims to help deliver on a 2009 pledge from developed countries to mobilise US\$100 billion per year by 2020 for climate mitigation and adaptation activities. (See BioRes, [21 May 2014](#)) The GCF itself is not meant to secure US\$100 billion per year, but rather to help "leverage and crowd in additional financing" from the private sector or development banks, and both developed and developing countries have [affirmed](#) the GCF's role "as a key institution for global climate finance," according to the organisation.

The GCF became operational in 2014. Its initial resource mobilisation period is 2015-2018, and it has raised US\$10.3 billion in pledges to date. The Fund has 76 projects in its [portfolio](#), with 43 percent of its current funding aimed at mitigation, 29 percent at adaptation, and 28 percent meant to be cross-cutting.

Last week's board meeting was led by co-chair Lennart Båge from Sweden, with co-chair Paul Oquist of Nicaragua unable to attend due to the domestic political crisis. Reports from multiple outlets indicated that much of the meeting was spent addressing procedural issues, such as finalising the agenda, leaving little time for substantive work.

As the GCF approaches a new resource mobilisation period, Fund replenishment proved to be a major point of contention. US representative Geoffrey Okamoto reportedly suggested that the process should be "donor-driven," according to comments reported by Climate Home News. Some board members and other experts have characterised this as potentially running counter to the GCF's intended shared power division between economies of different levels of development.

The comments from Okamoto drew particular scrutiny given that US President Donald Trump's administration has decided not to meet the US' remaining US\$2 billion commitment to the Fund. The US contributed US\$1 billion into the Fund during the administration of former President Barack Obama.

The board was ultimately unable to approve any of 11 proposed projects, which were aiming to secure nearly US\$1 billion in funding. The next opportunity for approval of these projects will be at the board's next meeting in October.

As the meeting came to a close, Executive Director Howard Bamsey resigned with immediate effect, and the board has now started the process to select a new chief.

Expressing his regret to observer organisations and other stakeholders who attended the meeting, co-chair Båge said that "this has been a very difficult and disappointing Board meeting for all of us, but most importantly for those people who are most vulnerable to climate change impacts, and who depend on the activities of the Fund."

### **The state of climate finance ahead of COP 24**

This year is an important one for climate negotiations, with a deadline of early December at COP24 in Katowice, Poland, to finalise a "rulebook" to operationalise the UN's Paris Agreement on climate change. Mid-year negotiating meetings in Bonn, Germany, failed to produce a draft negotiating text, so a special session will be held in Bangkok, Thailand, from 3-8 September in a bid to lay the groundwork for the Katowice meetings. (See Bridges Weekly, [17 May 2018](#))

Climate finance is an important and difficult point as negotiators seek to develop the operational guidelines for the Paris Agreement. As the GCF has [noted](#), many developing countries have said that they hope the GCF can help support their efforts to fulfil their domestic climate pledges, known as Nationally Determined Contributions (NDCs), under the Paris Agreement.

Excluding the US, developed countries who have made past finance pledges have reconfirmed their commitments, although UN negotiators are still grappling with technical questions such as how climate finance is defined under the Paris Agreement, accounting methods, and ensuring that these financial flows are predictable and can be improved. These discussions are expected to resume in Katowice, where ministers are also due to hold a biennial review on the state of climate finance.

While GCF officials and many climate watchers have expressed their disappointment in being unable to meet their climate finance objectives for last week's meetings, they have also noted the Fund's past successes, and highlighted future opportunities to advance their work this year.

In a statement, co-chair Båge said that "whilst the results of the meeting are disappointing, we should not overlook that the Fund has a strong portfolio of transformational projects, with many already under implementation in support of the climate ambition of developing countries."

As part of the COP24 process, the UNFCCC Standing Committee on Finance (SCF) is due to deliver its Biennial Assessment and Overview of Climate Finance Flows, which should help clarify the current state of climate finance. The SCF's last assessment, produced in 2016 for COP22 in Marrakech, identified challenges with data collection and analysis across a wide variety of sources, as well as noting that funding for mitigation efforts well exceeded funding for adaptation. (See Bridges Special Update (COP 22), [13 November 2016](#))

ICTSD reporting; "Green Climate Fund meeting 'disappointing', chief quits," REUTERS, 4 July 2018; "Board meeting turns 'toxic' as UN climate fund runs low," CLIMATE HOME NEWS, 3 July 2018; "UN climate fund chief resigns for personal reasons while board meeting collapses," CLIMATE HOME NEWS, 4 July 2018; "8 takeaways from the Green Climate Fund meltdown," CLIMATE HOME NEWS, 6 July 2018.

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## EVENTS & RESOURCES

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# Events

### Coming Soon

9-18 July, New York, US. HIGH-LEVEL POLITICAL FORUM ON SUSTAINABLE DEVELOPMENT 2018. The High-Level Political Forum (HLPF) continues this week, having started on 9 July. The forum is convened under the auspices of the UN Economic and Social Council (ECOSOC) and will include three days of ministerial meetings from 16-18 July. Other special events and side events will take place throughout the ten-day forum. The theme of this year's forum is "Transformation towards sustainable and resilient societies." The Sustainable Development Goals (SDGs) that will be reviewed in depth are Goals 6, 7, 11, 12, 15, and 17. More information, including on special and side events, is available on the forum [website](#).

16-17 July, Geneva, Switzerland. 2<sup>ND</sup> OCEANS FORUM ON TRADE-RELATED ASPECTS OF SDG 14. This forum, organised by the UN Conference on Trade and Development (UNCTAD), aims to provide a platform for information exchanges and policy debates over how to meet the trade-related targets of SDG 14 on life below water. The forum will also identify public and private best practices to meet the trade-related targets of SDG 14, building on existing tools. For more information, visit the event [website](#).

16-20 July, Rome, Italy. COMMITTEE ON FORESTRY (COFO). The biennial COFO session, organised under the auspices of the UN Food and Agriculture Organization (FAO), brings together forest services and government officials, non-governmental organisations, and other stakeholders to discuss policy and technical issues. This session's theme is "Forests and the Sustainable Development Goals (SDGs) – from aspiration to action," and it will coincide with World Forest Week, a series of events organised by FAO and its partners. At the session, the Committee will explore the role of forests in meeting the SDGs, especially SDG 15, and provide guidance on FAO's future work in forestry. For more information, visit the event [website](#).

18-19 July, Yokohama, Japan. INTERNATIONAL FORUM FOR SUSTAINABLE ASIA AND THE PACIFIC 2018 (ISAP2018). Organised by the Institute for Global Environmental Strategies (IGES) and the UN University Institute for the Advanced Study of Sustainability (UNU-IAS), this annual forum has the theme "Driving Transformative Actions through Integrated and Innovative Approaches" for 2018. It aims to facilitate diverse discussions on sustainable development in the Asia-Pacific region, especially in light of the Paris Agreement and the UN Sustainable Development Goals (SDGs). Sessions will assess progress in the region as well as priorities for the future. 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.

13 July: Committee on Sanitary and Phytosanitary Measures

13 July: Trade Policy Review Body – China

16-19 July: Geneva Week (Non-resident Members and Observers)

16 July: Informal Open-ended Committee on Agriculture – Special Session

16 July: Informal Open-ended Council for Trade in Services - Special Session

17 + 19 July: Trade Policy Review Body - Israel

### **Other Upcoming Events**

3-4 September, Cape Town, South Africa. GREEN ECONOMY COALITION (GEC) GLOBAL MEETING 2018. The theme of this meeting is "Giving everyone a stake in the green economy." It will focus on ways to ensure that a transition to a green economy is also equitable, inclusive, people-focused, improving the lives of all. GEC is co-hosting the event with the African Centre and Trade & Industrial Policy Strategies. The event will be held immediately before the UN Partnership for Action on Green Economy (PAGE) Ministerial Conference. For more information, visit the event [website](#).

4-5 September, Paris, France. OECD BLOCKCHAIN POLICY FORUM. This forum, organised by the Organisation for Economic Co-operation and Development (OECD) will explore the potential benefits and challenges associated with blockchain technology. The conference will have as its theme "Distributed Ledgers: Opportunities and Challenges," and will aim to provide a platform for governments and other stakeholders to discuss blockchain regulatory policy. Experts from business and academia will present on topics, including the potential economic impact of blockchain and its ability to enhance inclusiveness and promote sustainability. For more information, visit the event [website](#).

6-7 September, Cape Town, South Africa. PARTNERSHIP FOR ACTION ON GREEN ECONOMY (PAGE) 2018 MINISTERIAL CONFERENCE. The third UN PAGE Ministerial Conference will focus on "Advancing Inclusive and Sustainable Economies," and is hosted by the Department of Environmental Affairs of South Africa. PAGE brings together experts from UN agencies, civil society, and government to collaborate and work towards meeting the 2030 Agenda on sustainability. This year's conference will showcase the role of innovation, entrepreneurship and inclusivity in driving green growth. Other thematic areas include green finance, economic and social inclusion, and circular economy. For more information, 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. More information is available at the WTO's dedicated site for the Public Forum [here](#).

2-4 October, Manila, Philippines. ASIA WATER FORUM 2018: INFORMATION, INNOVATION, AND TECHNOLOGY. The Asian Development Bank (ADB) will host the Asia Water Forum, focusing on the theme, "Information, Innovation, and Technology." The conference aims to facilitate discussion of a variety of water issues, including issues of supply, water use for food and energy, sanitation, and water resources management. It will also explore themes that affect these issues, such as resilience, inclusiveness, finance, and sustainability. The conference will examine how increased knowledge and advanced technology can aid member countries and improve development projects in the region. All sessions will be conducted in English. For more information, visit the event [website](#).

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](#).

27-29 November, Paris, France. SIXTH GREEN GROWTH KNOWLEDGE PLATFORM (GGKP) ANNUAL CONFERENCE. The GGKP annual conference will take place in conjunction with the Organisation for Economic Co-operation and Development's (OECD) Green Growth and Sustainable Development Forum. The focus of the GGKP conference is "Inclusive solutions for the green transition: Competitiveness, jobs/skills and social dimensions." The conference seeks to address distributional impacts of green and low-carbon policy reforms, analysing inclusive solutions for stakeholders who might be harmed by such a transition. The conference will include panel discussions among a variety of stakeholders, including policymakers, academia, civil society, business, and labour. To learn more, visit the event [website](#). GGKP is also calling for papers for the conference, with a deadline of 30 July. For more information on relevant themes for submissions, visit the GGKP [website](#).

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

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## Resources

**THE WILLING WORLD: SHAPING AND SHARING A SUSTAINABLE GLOBAL PROSPERITY.** Written by James Bacchus and published by the Cambridge University Press (June 2018). In this book, Bacchus, who served twice as Chairman of the Appellate Body of the WTO and is Senior Counsellor at the International Centre for Trade and Sustainable Development (ICTSD), among other roles, aims to explain how willing actors around the world can work towards cooperative economic and environmental solutions in the face of global trends of governments turning inward. He highlights the value of leveraging, linking, and scaling up local and regional partnerships, as well as the importance of an enhanced, international rules-based system. Specifically, Bacchus argues that international rules and enabling frameworks should treat the economy and environment as one, and suggests ways to do so. To purchase the book, visit the publisher's [website](#).

**GLOBAL VALUE CHAINS AND SUSTAINABLE DEVELOPMENT GOALS: WHAT ROLE FOR TRADE AND INDUSTRIAL POLICIES?** By Judith Fessehaie and Mike Morris for the International Centre for Trade and Sustainable Development (ICTSD) (July 2018). This report is a result of the authors' work on ICTSD's Inclusive Economic Transformation research programme on global value chains (GVCs). The authors review a number of case studies in order to analyse GVCs across a variety of sectors and countries. The authors identify trends across sectors in order to advance policy recommendations focused on aligning value chain production with the UN's Sustainable Development Goals (SDGs). To download the report, visit the ICTSD [website](#).

**HOW CAN THE ARGENTINIAN G20 PRESIDENCY SUPPORT TRADE'S CONTRIBUTION TO A SUSTAINABLE FOOD FUTURE.** Published by the International Centre for Trade and Sustainable Development (ICTSD) (July 2018). This policy brief examines the role of trade in contributing to a "sustainable food future," one of the top priorities identified by Argentina for its 2018 presidency of the Group of Twenty (G20). It reviews previous G20 discussions on food security, focusing on soil health, which Argentina has identified as a core concern. The brief makes three proposals for the G20 to consider, advocating for a recognition of the importance of trade and investment to a "sustainable food future" and for continued focus on the intersection of these issues in various international forums. To download the brief, visit the ICTSD [website](#).

**2017 JOINT REPORT ON MULTILATERAL DEVELOPMENT BANKS' CLIMATE FINANCE.** Published by the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IDB), and World Bank Group (WBG) (June 2018). This annual publication, produced by various multilateral development banks (MDBs) provides an overview of climate finance committed by these international agencies. Reviewing the six MDBs, the report shows a 28 percent increase in climate financing in 2017 compared to the previous year, for a total of US\$35.2 billion. Of this total, US\$27.9 billion was invested in climate mitigation projects while US\$7.4 billion was devoted to climate adaptation projects in emerging and developing countries. The report also explains its methodologies for tracking climate finance. Future reports will also include data from the Islamic Development Bank. The report can be accessed on the Green Growth Knowledge Platform (GGKP) [website](#).

**OECD-FAO AGRICULTURAL OUTLOOK 2018-2027.** Published by the Organisation for Economic Co-operation and Development (OECD) and the UN Food and Agriculture Organization (FAO) (July 2018). This joint report analyses and makes projections for agricultural commodities, biofuels, and fish. This edition also contains a special section on

agriculture and fisheries in the Middle East and North Africa. The report projects that over the next decade, real agricultural prices will remain low globally due to reduced growth in global demand. It also projects that land-abundant countries, primarily in the Americas, will increase net exports, while North Africa and the Middle East will see an increased reliance on imports. To download the report, visit the OECD [website](#).

THE EUROPEAN UNION'S PROPOSED DIGITAL SERVICES TAX: A DE FACTO TARIFF. By Gary Clyde Hufbauer and Zhiyao (Lucy) Lu for the Peterson Institute for International Economics (PIIE) (June 2018). This PIIE Policy Brief discusses proposed European Commission taxes that would affect large US multinational corporations (MNCs). Specifically, it looks at a digital services tax and a digital profits tax, and how US MNCs in the digital industry, like Google and Facebook, may be affected. The authors argue that the proposed taxes could face questions over their WTO compliance, along with noting possible US countermeasures if the taxes are implemented. To download the brief, visit the PIIE [website](#).

BLENDING CLIMATE FUNDS TO FINANCE LOW-CARBON, CLIMATE-RESILIENT INFRASTRUCTURE. By Joshua P. Meltzer for the Brookings Institution (June 2018). This Brookings Working Paper analyses financing needs for low-carbon, climate-resilient (LCR) infrastructure around the world, which it defines to include renewable energy, energy efficiency, mass transit, and more compact cities. It estimates that US\$85 trillion of LCR infrastructure will need to be invested by 2030 in order to meet the UN's Paris climate change agreement goals. The paper makes recommendations on how multilateral climate funds (MCFs) can best be used to enhance LCR infrastructure investment, including through working with multilateral development banks (MDBs). To download the paper, visit the Brookings [website](#).

ASIAN DEVELOPMENT BANK (ADB) SUSTAINABILITY REPORT 2018: INVESTING FOR AN ASIA AND THE PACIFIC FREE OF POVERTY. Published by the ADB (June 2018). This biennial report covers the ADB's sustainability efforts for the 2016-2017 period as part of its new long-term strategy to eradicate poverty in Asia and the Pacific and meet commitments under the UN's Sustainable Development Goals (SDGs) and Paris Agreement on climate change. The bank has undertaken a number of steps in the review period to enhance its environmental and sustainability impact. These include merging its lending under the Asian Development Fund with ordinary operations to provide more assistance; issuing green bonds in 2016 and 2017; and increasing financing of climate mitigation and adaptation projects. To download the report, visit the ADB [website](#).



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