

# BRIDGES WEEKLY

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## GLOBAL ECONOMY

### EU, US Leaders Pledge to Negotiate "Zero Industrial Tariffs," Set Up Working Group on WTO Reform

European Commission President Jean-Claude Juncker and US President Donald Trump announced on Wednesday 25 July that they had agreed to take a series of steps in the short and medium-term to ratchet down trade tensions between them, and plan to avoid introducing new unilateral tariffs as they advance subsequent negotiations on certain issues.

These agreed steps will include working towards zero tariffs between the EU and US in industrial goods, with the exception of automotive; setting up a working group to address WTO reform issues; facilitating EU purchases of US liquefied natural gas (LNG); and increasing EU purchases of US soybeans.

Speaking in the White House Rose Garden after their meeting, the two leaders [welcomed](#) the results of their discussions, with Juncker referring to the meetings as "constructive." The deal was presented in front of reporters as well as US senators and congressional representatives.

Trump, for his part, suggested that the decisions reached on Wednesday would put the trans-Atlantic economies on a path that would improve their long-standing partnership, along with allowing them to address concerns over US steel and aluminium tariffs, as well as the tariffs that the EU has imposed on various US goods in response.

"So we had a big day. Very big. We met right here at the White House to launch a new phase in the relationship between the United States and the European Union — a phase of close friendship; of strong trade relations in which both of us will win; of working better together for global security and prosperity; and of fighting jointly against terrorism," said Trump.

European Commission President Jean-Claude Juncker had travelled to Washington with European Trade Commissioner Cecilia Malmström to meet with Trump, as well as various economic officials and lawmakers. Along with lowering bilateral tensions, EU officials were looking to avert the potential imposition of US tariffs on imported

automobiles, given an ongoing Commerce Department investigation into whether automotive imports are putting US national security in jeopardy.

### Action points

According to Trump, the two sides will now set the sights on negotiating towards “zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods.” They will also set up meetings between the relevant officials on standards, and aim to boost services trade, along with trade in chemicals, medicines, and medical products.

The EU will also work to import more LNG and soybeans from its American partners. Soybeans are a key US agricultural export, with the EU one of its main destinations. According to EU statistics cited by Juncker in a separate speech this week, the 28-nation bloc already imports over one-third of its overall soybeans for domestic consumption from its American partners.

American soybean farmers have lately taken a hit when it comes to exporting their products to one of its key destination markets, namely China, according to a brief [report](#) from the US Department of Agriculture (USDA) earlier this month. China has included soybeans in the goods that it is targeting with tariffs, in response to the US' own duties on various Chinese goods. (See Bridges Weekly, [12 July 2018](#))

The same report found that US soybean exports are gaining a better foothold in other markets, particularly relative to key competitors such as Brazil and Argentina. The EU is one of the destination markets that was already showing signs of growing demand for some US soybean products, due partly to domestic production issues. The USDA predicted in a separate July [report](#), however, that overall US soybean exports for 2018/2019 are still slated to see a drop.

On the WTO, the US and EU will set up an “Executive Working Group” with a mandate to tackle various issues of shared concern. The working group would be open to other, “like-minded” partners. Trump said these topics would include “unfair trading practices, including intellectual property theft, forced technology transfer, industrial subsidies, distortions created by state-owned enterprises, and overcapacity.”

Separately, the EU and China have also set up their own working group on WTO reform, which leaders announced after a high-profile summit earlier this month. (See Bridges Weekly, [19 July 2018](#))

How these different working group efforts would feed into negotiations at the WTO remains unclear at this stage. Officials are beginning to lay the groundwork for their Twelfth Ministerial Conference (MC12), their highest level meeting, and are due to agree on a date and venue during a formal gathering of the General Council that begins on Thursday 26 July. Kazakhstan is the only bidder as a potential MC12 host.

Juncker noted that these WTO reform discussions would be contingent on putting any new US or EU duties on hold, saying that “as long as we are negotiating, unless one party would stop the negotiations, we will hold off further tariffs, and we will reassess existing tariffs on steel and aluminium.”

What these discussions could also mean for related issues – such as the WTO disputes that each side has filed recently, with the US targeting the EU's duties in response to the steel and aluminium tariffs, and the EU targeting those same metal tariffs in a separate case – remains to be seen. (See Bridges Weekly, [19 July 2018](#))

### **Juncker: "Responsible global leadership" essential**

Later that day at the Center for Strategic and International Studies (CSIS), Juncker [highlighted](#) the value of the EU-US trading relationship, while also pledging that the upcoming talks on standards would not lead to key labour, environmental, and other protections being lowered. He also reiterated past arguments that tariffs are not a solution to national security concerns, including when it comes to cars.

"Our economies are more intertwined than at any point in history. The challenges we face are global in nature, from the pressures of climate change to migration, to peace and security across the world. Now is the time for a responsible global leadership. Time to renew our partnership by falling back on what unites us: trust, values, shared interests. The transatlantic partnership must remain the anchor of global stability and the driver of our common prosperity," he said.

He highlighted trade as an essential component of this, given the millions of jobs it creates on both sides of the Atlantic, and noted that while the EU has a surplus in goods trade with the US, the reverse holds true for services.

"This is not a reflection of a lack of openness or reciprocity. In fact the opposite is true. It actually shows that the trade between us is working because our economies best cater to each other's needs," he said.

Ultimately, he said that after Wednesday's talks "everything is more or less okay," while adding that he was "happy" to have reached an accord with his US counterpart and that they would always "keep dialogue open."

### **Preparing for the meeting**

Leading up to the meeting, both sides had made clear that the event would be a high-stakes one for the bilateral relationship, which had grown fraught largely due to their disagreements on tariffs and differing interpretations over the nature of their existing trade ties.

US President Donald Trump said this week that his use of tariffs on trading partners overall to gain leverage in rectifying "unfair" treatment was beginning to bear fruit, while praising his administration's use of the strategy so far. He did not refer specifically to the EU in this comment, however.

"Tariffs are the greatest! Either a country which has treated the United States unfairly on Trade negotiates a fair deal, or it gets hit with Tariffs. It's as simple as that – and everybody's talking! Remember, we are the 'piggy bank' that's being robbed. All will be Great!" [said](#) Trump on Twitter on Tuesday 24 July.

That same day, administration officials confirmed that the US Department of Agriculture (USDA) would be looking to mobilise approximately US\$12 billion through different [government mechanisms](#) in support for American farmers whose goods have been targeted by duties from US trading partners, which were imposed in response to US steel and aluminium tariffs.

"President Trump is taking strong action, as he promised, to make sure America's farmers and ranchers are not left to bear the brunt of illegal retaliation by China and other countries. The Trump Administration will continue to defend our economy from unfair trading practices and work to advance free, fair, and reciprocal trade relationships," [said](#) US Trade Representative Robert Lighthizer in response to the news.

Prior to the meeting with Juncker, Trump suggested that he and the EU Commission chief should clinch a deal that eliminates “tariffs, barriers, and subsidies,” though he expressed some scepticism that this would be the outcome of Wednesday’s talks.

“That would finally be called Free Market and Fair Trade! Hope they do it, we are ready – but they won’t!” he [said](#) on Twitter.

ICTSD reporting.

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## GLOBAL ECONOMY

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### **Pacific Alliance, Mercosur Leaders Ink Plan for Closer Ties at Puerto Vallarta Summit**

The presidents of Chile, Colombia, Mexico, and Peru wrapped up a presidential summit for the Pacific Alliance this week, agreeing to bring the bloc closer with the neighbouring customs union Mercosur, while confirming South Korea as a new candidate for associate member status.

The leaders' meeting, held in the Mexican coastal city of Puerto Vallarta, comes seven years since the Pacific Alliance was formed, with leaders pledging to dedicate themselves further to meeting their "strategic vision" for 2030 and support work that aligns with the UN's Sustainable Development Goals (SDGs).

"We declare our firm goal of continuing to promote sustainable and inclusive economic development, and the competitiveness of Pacific Alliance members, in our globalised world by supporting free trade and regional integration," leaders said in their final communiqué, known as the [Declaration of Puerto Vallarta](#).

The Pacific Alliance meeting comes at a time of intensified international tensions on trade, which in turn has spurred many coalitions to ramp up their efforts at negotiating new trade accords or finalising existing processes. The geopolitical climate was noted by Colombian President Juan Manuel Santos during the meeting, who [pledged](#) at the summit's close that he and his fellow Pacific Alliance leaders would work to ensure that their coalition serves as a powerful bulwark against protectionist pressures.

"We are proponents of free trade and we do not like protectionism, we instead support integration. We are part of this global architecture that has evolved bit by bit, carefully and with much difficulty, with the objective of developing a global order. We will defend multilateralism," he said.

Along with looking at prospective new partners and the state of intra-regional trade, leaders also agreed to develop the Alliance's work further in topics such as gender, where they hope to incorporate that lens into the group's overarching activities, while reaffirming their existing commitments to multilateral environmental and climate accords.

The meeting also saw the end of Colombia's presidency of the bloc, with the role now falling to Peru for the coming year. Peruvian President Martín Vizcarra said that his country, in its upcoming presidency of the Alliance, would aim to achieve a series of milestones aimed at advancing the coalition's internal integration and the cementing of new partnerships.

Among these objectives, he [said](#), would be "boosting intra-Pacific Alliance trade, make it easier for small and medium-sized enterprises (SMEs) to access financing, and wrap up negotiations with associate member candidates."

#### **Latam free trade zone?**

Leaders highlighted that one of the key achievements of the Puerto Vallarta talks was reaching an "action plan" for the coming year that would bring their bloc closer to Mercosur, the long-standing customs union which includes Argentina, Brazil, Paraguay, and Uruguay as members.

"This was the first joint summit of the Pacific Alliance and Mercosur that allowed us to move from a roadmap to an action plan that allows us to prepare for a free trade zone covering much of Latin America," [said](#) Chilean President Sebastián Piñera after the meeting.

The action plan was not publicly available at press time. However, a [summary](#) published by the Pacific Alliance indicated that the two groups have agreed to work on objectives such as "removing non-tariff barriers, regulatory cooperation, trade promotion and SMEs, trade facilitation in goods and services, and tourism."

Both sides are also looking to "exchange experiences" on topics such as inclusive digital trade and gender, among others, and will meet regularly to review their progress on these various streams of work.

### **South Korea to become candidate for associate member**

Foreign ministers met the day prior, which included preparatory talks for the leaders' summit as well as discussions with trade ministers from Ecuador and South Korea, according to a [communiqué](#) published afterward by the Mexican government. Both Ecuador and South Korea have asked to be considered for associate member status with the Pacific Alliance.

The presidential declaration issued on Tuesday 24 July confirmed that South Korea will become a candidate for associate membership, while noting that talks with Ecuador on its request are still ongoing. Formal negotiations with South Korea to become an associate member will take place after negotiations wrap up with the four existing candidates for that same status.

Leaders also noted that talks with the four existing candidates for associate membership are advancing well, while stopping short of announcing particular breakthroughs. Officials from Australia, Canada, New Zealand, and Singapore are already negotiating to become associate members of the bloc, after the Pacific Alliance announced the creation of this new status one year ago. (See Bridges Weekly, [6 July 2017](#))

The Pacific Alliance has also expanded its roster of observer countries, adding on Belarus, Serbia, and the United Arab Emirates. Their group of observer countries now numbers at 55, covering parts of the Americas, northern Africa, Asia, Europe, and Oceania. That observer role differs significantly from associate member status, the latter of which involve the negotiation of free trade accords with the group.

For example, observers can participate in Pacific Alliance meetings upon invitation, and the role can be a launching pad for requesting associate member status so long as those observers had trade accords with two of the four Pacific Alliance full members.

One of the [stated objectives](#) of the Peruvian presidency will be to develop relationships with these observers further, including reviewing how to align these relationships with the bloc's "strategic vision" for 2030.

Concurrently, Singapore and the Mercosur countries [announced](#) the launch of negotiations for a free trade accord on the sidelines of the Pacific Alliance meeting, which Mercosur officials praised as the bloc's first foray into the southeast Asian region.

"Singapore is a commercial hub for one of the most dynamic regions in the global economy, and we hope that this process will generate opportunities for Argentina in goods and services trade in southeast Asia," [said](#) the Argentine Foreign Affairs Ministry on Monday 23 July.

ICTSD reporting.

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## GLOBAL ECONOMY

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### **Trade Tensions, Economic Implications Fuel Debate at G20, WTO Meetings**

The escalation in trade tensions among various economies sparked intense discussions in meetings from Buenos Aires, Argentina, to Geneva, Switzerland, this past week, as officials in both the G20 and WTO context weighed what this continued strain could mean for the global economy, for the multilateral trading system, and for individual countries and their constituents.

On Monday and Tuesday of this week, WTO members gathered at the organisation's Geneva headquarters for informal meetings of the Trade Negotiations Committee (TNC) and at the level of Heads of Delegation (HoDs), with trade tensions a key item for discussion.

"There is real and justified concern about the escalation we are seeing. Whether or not you call it a trade war, certainly the first shots have been fired," [said](#) WTO Director-General Roberto Azevêdo on Tuesday 24 July.

Along with warning that this would have a significant commercial impact, he also called on members to become more vocal in raising awareness of the risks of new restrictive measures, along with advocating for the positive benefits of trade.

"There is also a potential systemic impact, which poses a greater threat in the longer term, particularly if countries begin to accept this tit-for-tat dynamic as the new normal," he warned.

The global trade club has a series of meetings planned this week, on multiple fronts that deal both systemic trade issues as well as their efforts at crafting updated trade rules.

For example, negotiators have been meeting during the first half of the week to advance talks on disciplining harmful fisheries subsidies, with a busy work programme planned from September to December. WTO negotiators working on farm trade met last week, with members weighing a suite of new proposals and planning to meet on a monthly basis after the global trade club resumes its meetings in September.

Meanwhile, the WTO General Council is meeting on 26-27 July, with a packed agenda that includes reports on the negotiations and implementation of past ministerial decisions; submissions from members on how to approach the future of an existing moratorium on duties on electronic transmissions; as well as an agenda item requested by the United States to discuss its papers on China's allegedly "trade-disruptive" economic model.

Members are also due to sign off on the date and venue for their next ministerial conference, with Kazakhstan being the one member to have submitted a bid to host. When the WTO returns from its August hiatus, members are slated to have a hefty workload, addressing both the continued tensions over new, unilateral tariffs, as well as the impasse over naming new judges to the Appellate Body, and how to advance subject-specific negotiations on areas like fish and agriculture.

**G20 finance officials: Dialogue, action essential to "mitigate risk"**

The WTO meetings at the start of the week come just after finance ministers and central bank governors from the G20 coalition of major advanced and emerging economies stressed the value of trade and investment to create jobs and spur continued economic growth.

They also cautioned after their meeting in Buenos Aires on Sunday 22 July that "heightened trade and geopolitical tensions" could take a severe toll on the global economy. The officials' meeting marked their third such gathering under the Argentine G20 presidency.

"International trade and investment are important engines of growth, productivity, innovation, job creation, and development. We reaffirm our Leaders conclusions' on trade at the Hamburg Summit and recognise the need to step up dialogue and actions to mitigate risk and enhance confidence," they added.

They also repeated past language on "working to strengthen the contribution of trade to our economies," without specifying further what this dialogue and these actions should or could entail. Some officials afterward indicated that the meetings were, however, a positive sign, even if more work remains to de-escalate the current situation.

"As trade tensions cast a shadow of uncertainty over the global economy, my meetings with international partners in Buenos Aires showed encouraging support for multilateral solutions. Europe will continue to work to build bridges, while firmly defending our interests," said Pierre Moscovici, European Commissioner for Economic and Financial Affairs, on [Twitter](#) after the meeting concluded.

**Lagarde: Policymakers must tackle trade tensions, craft updated rules**

Leading up to the G20 meeting, the International Monetary Fund (IMF) released an update to its projections for the global economy's performance, with Managing Director Christine Lagarde urging officials to look past short-term concerns towards more far-reaching implications.

"Even as we confront the immediate threats to the global economy we cannot afford to ignore the long-term challenges," the IMF chief said. "Trade tensions are already leaving a mark, but the extent of the damage depends on what policymakers do next."

She thus called G20 members to "move past self-defeating tit-for-tat tariffs" and engage in talks to craft new or updated trade rules, covering topics such as e-commerce, digital services, and intellectual property rights. Doing so, she said, would be key in helping prepare the workforce of the future while also averting job losses from the rise of automation.

The IMF also issued projections for a series of potential economic scenarios, warning that global GDP could take a significant hit by 2020 if all tariff announcements come to fruition, especially if the tariffs also put a damper on "investor confidence."

"Under one scenario, if all currently announced tariffs go into effect, global output would be reduced by 0.1 percent in 2020. And if investor confidence is shaken by these tariffs, our simulation shows that global GDP could decrease by 0.5 percent – or roughly US\$430 billion – below the current projection for 2020," said Lagarde.

ICTSD reporting.



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## BREXIT

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# EU, UK Debate Next Steps as Key October Summit Approaches

Last week, European ministers convened in an EU27 format in Brussels to discuss for the first time the UK's "[white paper](#)" proposal for a post-Brexit partnership. Chief Brexit negotiator Michel Barnier later presented the meeting's conclusions, with safeguarding the EU's negotiating principles and protecting the bloc's economic interests at the core.

Barnier separately met with Dominic Raab, the newly appointed UK Secretary of State for Exiting the EU following David Davis's resignation, to take stock of progress on the withdrawal agreement and review the white paper. (See Bridges Weekly, [12 July 2018](#))

The two sides are eyeing an agreement by October 2018, in order to steer away from a "cliff-edge" Brexit in which no deal is reached before the UK's withdrawal in March 2019. The [European Commission](#) says that if this "no deal" scenario occurs, then the two sides would not employ the planned "transition period" and that the bloc's laws would no longer apply to London.

### EU response to Chequers

The UK's "Chequers" white paper outlines a proposal for the country's departure from the EU's single market and the customs union, laying out a new economic cooperation framework that proponents say is aimed at minimising disruption to trade between Britain and the EU.

In a [statement](#) released following the EU27 ministerial meeting, Barnier noted that there are "several elements [of the white paper] that open the way for a constructive discussion," adding his support for the proposal for a free trade agreement that would be at the "core of our future economic relationship."

However, he also raised questions about whether the white paper is fully in line with some of the principles underpinning the EU's negotiating mandate.

"First of all, are the proposals in the White Paper compatible with the principles that the 27 Heads of State and Government have defined since the beginning of this negotiation – principles which the foreign ministers recalled today? They are: the integrity of the Single Market and Customs Union and our Common Commercial Policy; the indivisibility of the four freedoms; the autonomy of the European Union's decision-making," he said.

The UK's blueprint would see an end to the free cross-border movement of people between the UK and the European bloc, and EU negotiators have long held that access to the bloc's single market is contingent on respecting its four freedoms of goods, capital, services, and labour.

The proposals were also evaluated from the perspective of EU economic interests, noting that EU firms could face "unfair competition" where services are not included in the "common rulebook" that would apply to goods, leaving the UK in a position to "diverge."

Furthermore, the statement takes issue with the practicality of implementing select proposals, stating "Brexit cannot, and will not, be a justification for creating additional bureaucracy."

In this respect, Barnier highlighted the proposed combined customs territory, through which either UK or EU tariffs would be applied to goods entering the UK depending on whether they were destined for the UK or European markets, respectively. He noted that it could have the potential of creating new risks of fraud as well as new financial and administrative burdens for businesses and customs agencies.

In addition, the statement questioned the legal viability for the bloc to apply customs rules to a non-member outside of its governance structures.

"This White Paper is the fruit of an intensive – and necessary – debate in the United Kingdom," read the statement, suggesting that much work remains to be done. "Everybody can see that this debate is not yet over."

### **Independent trade policy**

The Chequers white paper further aims to set the stage for an "independent trade policy," through which the UK would be able to set its own trade policy course and strike new international trade agreements with non-EU partners during the transition period. (See Bridges Weekly, [19 July 2018](#))

Last week, a [Trade Bill](#) also passed in the UK Parliament's lower chamber, aimed at guiding the transition of existing EU trade agreements.

The Bill also proposes to establish an independent UK Trade Remedies Authority, which would permit the UK a measure of autonomy in applying its own trade remedy measures in a context of mounting global trade tensions.

"With rising global concern over protectionism and unfair trading practices, a key component of the Bill is ensuring the UK is able to defend its industries," said Liam Fox, one of the bill's co-sponsors in a 20 July [statement](#), adding that membership in the European bloc means that UK industry interests are currently balanced against other member state needs.

The Bill also includes provisions for the UK's accession to the plurilateral WTO Government Procurement Agreement (GPA) in order to secure continued liberalised access to foreign government contracts. The UK presently benefits from the agreement through its EU membership. The legislation is being processed in the House of Lords and will undergo a second reading in September.

In Geneva, negotiations are ongoing on how to extricate UK commitments from those of the wider European Union, given that the EU bloc notifies its commitments collectively rather than by member state. The UK has also formally requested to join the GPA post-Brexit and recently submitted a market access offer on the same terms as those enjoyed by the European Union, which GPA parties are currently considering.

Talks are also ongoing in Geneva to allocate what proportion of EU tariff-rate quotas, previously shared by the bloc, will belong to the UK post-Brexit, as well as resolving its goods and services schedules.

Last week, the UK notified its draft schedule for goods commitments to the WTO, which officials say replicates the country's current schedule under EU membership. The schedule has since been [circulated](#) to WTO members for review and certification, kicking off a three-month period for discussion and clarification.

The draft schedule is being notified under the "1980 Procedures for the modification and rectification of Schedules." Should no members disagree with the changes over the coming

review period, the schedule will be treated as final, according to a WTO summary of the process.

"The schedule provides the foundation for future UK independent trade policy [and] FTAs," [said](#) Julian Braithwaite, UK Ambassador to the WTO, on social media site Twitter on 19 July.

### **Next steps**

The EU and UK aim to finalise a deal before the European Council Summit scheduled for October 2018 in order to provide enough time for ratification in the relevant legislatures.

The deal would provide for a 21-month transition period, as previously announced, during which time the UK would still be subject to EU laws, though without any stake in decision-making. UK officials stress, however, that they are laying contingency plans in place should the talks fail to produce an agreed outcome.

"We're going to be increasing the preparations for no deal, but we're focused above all on the negotiations to get the best deal," said Raab following his meeting with Barnier in Brussels, noting that 80 percent of the withdrawal agreement has already been agreed. Barnier has similarly indicated that the bulk of the withdrawal issues have been resolved.

The two sides may continue talks through the summer, including through usual break in August.

"We've only got 12 weeks really left to nail down the details of the agreement, so I set out our proposals, and offered to meet with Michel Barnier throughout the summer to intensify negotiations, to get some energy, get some drive and get some heat on them to make sure we can conclude this agreement in good time," Raab said, according to comments reported by the Guardian.

"I'm sure in good faith, if that energy and that ambition is reciprocated, as I'm confident it will be, we will get there," he added.

ICTSD reporting; "Barnier dismisses Theresa May's Brexit white paper demands," THE GUARDIAN, 20 July 2018; "Brexit: Countries begin difficult talks on dividing up Britain's EU trade quotas," THE INDEPENDENT, 26 June 2018; "Barnier welcomes Raab by stressing urgency of Irish border deadline," THE GUARDIAN, 19 July 2018; "Michel Barnier questions Theresa May's Brexit White Paper," BBC, 20 July 2018; "Liam Fox MP: The Trade Bill will provide continuity and security to UK business beyond Brexit," POLITICS HOME, 20 July 2018.

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## TRADE AGREEMENTS

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### **EU, Mercosur Negotiators Weigh Possible Target Dates for Resolving Trade Talks**

Negotiators and ministers from the EU and Mercosur held a series of meetings this month in Brussels, Belgium, to take stock of their efforts to develop a trade accord, along with whether they should set a new target date for wrapping up the talks before the end of 2018.

The meetings were held on the sidelines of a separate ministerial meeting between the EU and the CELAC countries, with the latter acronym referring to the Community of Latin American and Caribbean States. CELAC is a regional bloc of 33 countries spanning from Mexico in North America to Central and South America, as well as the Caribbean. The EU-CELAC meeting also touched on trade, as well as various other areas of inter-regional cooperation.

Negotiators working on the EU-Mercosur accord had previously met in Montevideo, Uruguay, in June with a view to advance technical work. Prior to the latest meetings in Brussels, EU Agriculture Commissioner Phil Hogan had ruled out the possibility of the two sides announcing an agreed outcome this month. (See Bridges Weekly, [14 June 2018](#))

The EU-CELAC meetings, meanwhile, led to a joint [declaration](#) entitled "Building bridges and strengthening our partnership to face global challenges" that included references to "the importance and ratification and full implementation of existing Association and Trade Agreements between the EU and CELAC partners and the successful conclusion of ongoing negotiation processes between the EU and some CELAC countries and regions."

It did not specify any timeline for doing so, however. All four Mercosur countries – Argentina, Brazil, Uruguay, and Paraguay – are part of the broader, 33-country CELAC group.

#### **Faurie: Talks entering final stages**

Following the Brussels meetings last week, delegates from both the EU and Mercosur have offered divergent opinions on the timeline for negotiations. Argentine Foreign Minister Jorge Faurie said on 19 July in a [press statement](#) that "the effort that both blocs made now clearly leaves us at the start of the final negotiating stage."

He also suggested that some sort of outcome could emerge "following the European summer break" and said that the talks in Brussels had led to "much progress in the automotive sector, in automobile parts, and in agriculture."

Faurie also cautioned trade watchers against focusing solely on the more sensitive aspects of the talks, saying that the EU-Mercosur deal is "not solely about automobiles, nor geographical indications, agricultural products and rules of origin."

"It's all of those chapters in conjunction with various others," he said, noting both the potential commercial scope and ambition of a final accord. For example, he said, a completed deal would have economic weight surpassing that of the EU's largest signed trade accords, those with Japan and Canada, the latter of which is provisionally in force.

Meanwhile, European officials have indicated that they are not in a position to announce a timeframe, given the various items remaining on the negotiating agenda.

A spokesperson for the European Commission told the EurActiv news outlet 23 July that "it is too early to say when a political deal could be reached."

During a separate meeting of G20 finance ministers over the weekend in Buenos Aires, Argentina, French Finance Minister Bruno Le Maire said that farm trade remains a sensitive negotiating issue, and called on his Mercosur colleagues to clarify and present a unified position, according to comments reported by the same media outlet.

The questions over timeframe come as major players in the negotiations prepare for elections, such as Brazil this October, and Argentina and Uruguay next year. The European Parliament will also have elections in 2019, while a new European Commission is due to be chosen and take office.

### **Negotiating state of play**

Despite the mixed assessments over a trade deal timeframe, negotiators have reported progress on a series of substantive areas in recent months. In addition to the advances noted by Faurie, a [report](#) by the European Commission on the Montevideo meetings last month included a reference to an agreed text on export competition and agricultural cooperation.

The report also noted progress in rules of origin, an annex on wine and spirits, various aspects of sanitary and phytosanitary measures (SPS), and the conclusion of a chapter on telecoms. They are also well advanced on an e-commerce chapter, according to the Commission.

Areas that remain challenging, however, include regulatory cooperation, public procurement market access, various aspects of a planned intellectual property rights (IPRs) chapter, domestic support, and market access in goods trade.

Media reports suggest that the two sides, despite the advances announced by Faurie earlier this month, still have much work to do to address diverging views on ethanol trade, agricultural market access, and automobile tariff and non-tariff issues, among others.

ICTSD reporting; "UE está insatisfeita com progresso do acordo comercial com o Mercosul," EFE, 16 July 2018; "UE e América Latina querem concluir negociações comerciais em curso," AGÊNCIA FRANCE-PRESSE, 17 July 2018; "EU/Mercosur trade deal has a new timetable: September in Montevideo," MERCOPRESS, 20 July 2018; "EU tones down hopes of Mercosur deal by September," EURACTIV, 23 July 2018.

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## SUSTAINABLE DEVELOPMENT

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### UN Officials Review Sustainable Development Goal Implementation, Call for Faster Progress

Officials meeting for the annual High-Level Political Forum on Sustainable Development (HLPF) last week at UN headquarters in New York called for an escalation in progress in meeting the Sustainable Development Goals (SDGs) and their respective targets, while conducting reviews of specific SDGs and discussing Voluntary National Reviews (VNRs) from 46 countries.

In a [ministerial declaration](#) adopted at the meeting's close, the HLPF acknowledged that while progress had been made with some goals and targets, it is not advancing fast enough to achieve the SDGs. It further noted that progress has been "uneven across countries and regions," emphasising the need to "urgently accelerate progress toward all targets, in particular those with a timeframe of 2020."

The HLPF is the central body that provides guidance and recommendations on sustainable development to UN member states, as well as overseeing the voluntary, state-led national review process.

The annual Forum is convened under the auspices of the UN Economic and Social Council (ECOSOC) and includes a ministerial segment. Every four years, the Forum includes meetings at the heads of state level under the auspices of the UN General Assembly, which next takes place in 2019, and also features the issuing of a Global Sustainable Development Report.

This year's Forum focused on the theme, "Transformation towards sustainable and resilient societies," with a detailed review of six of the 2030 Agenda Sustainable Development Goals (SDGs).

The SDGs reviewed were SDG 6, water and sanitation; SDG 7, energy; SDG 11, sustainable cities; SDG 12, sustainable consumption and production; SDG 15, terrestrial ecosystems; and SDG 17, means of implementation. Each year's meeting reviews a different set of SDGs, though SDG 17 is reviewed annually.

#### Evaluating SDG-specific progress

At the close of the Forum, UN member state representatives adopted the ministerial declaration, following negotiations on the text's various components.

Broadly, the ministerial declaration affirmed member states' commitment to effective implementation of the 2030 Agenda, including "ensuring that no one is left behind." It stressed the interlinkages between the 17 SDGs and the need for balancing the different facets of sustainability.

The declaration noted that the Forum's theme of building "sustainable and resilient societies" requires engagement with all stakeholders, emphasising a need for policy coherence and an enabling environment for sustainable development. It highlighted the value of private sector involvement, including in job creation and technological evolution.

In the context of SDG 12 on sustainable consumption and production, the declaration acknowledged the challenge of "decoupling economic growth from resource use." It

emphasised the need for countries to devote additional efforts to this area, including through corporate social responsibility, and urged that countries take a “life cycle approach” to consumption and production patterns.

The statement also called for the adoption of more sustainable and inclusive food systems, a reduction in plastics waste, and a greater focus on providing consumers with information about sustainability in order to encourage sustainable lifestyles.

Trade was referred to specifically in a paragraph regarding SDG 17 on the means of implementation and global partnerships for sustainable development.

The declaration pledged to “continue to promote a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory, and equitable multilateral trading system under the World Trade Organization, as well as meaningful trade liberalisation.”

According to reporting by Earth Negotiations Bulletin (ENB), the US had unsuccessfully suggested an amendment that would remove a reference to the WTO in a paragraph on SDG 17 covering means of implementation, on the grounds that the global trade club lies outside the ambit of UN-related documents.

The ministerial declaration also noted positive trends in sustainable development investment and finance, calling on the private sector to continue to increase “long-term quality investment in sustainable development.”

The declaration also noted the importance of “adequate and predictable financial resources” from private and public sources in the context of climate mitigation and adaptation efforts. It noted the “synergies” between the 2030 Agenda and the UN’s Paris Agreement on climate change, urging for the latter accord’s full implementation.

### **Guterres: Countries must avoid backtracking, support multilateral approaches**

In a keynote address that closed the HLPF, UN Secretary-General António Guterres welcomed the progress achieved so far, but [acknowledged](#) that efforts are “lagging or even backtracking in other areas.” He called on stakeholders to “embed the essence of the 2030 Agenda into everything that we do.”

Guterres noted that due primarily to conflicts and climate-related natural disasters, the number of undernourished people has increased, rather than abated. He also cited persistent gender inequality and a lack of investment in sustainable infrastructure as areas of concern.

The Secretary-General laid out five points to map the way forward. Guterres called for greater support of and engagement with young people, noting that education is key to advancing gender equality and fostering more sustainable production and consumption patterns.

Second, Guterres highlighted climate change. He praised the Paris Agreement, but also said that the landmark climate accord is “not enough” to prevent the devastating impacts of climate change. Meeting the Paris target of a well below two-degree Celsius increase in global temperatures relative to pre-industrial levels “requires nothing short of an industrial and energy revolution and we are not yet there,” he said.

The Secretary-General thus reaffirmed his plans to convene a Climate Summit in September 2019 in order to “galvanise greater climate ambition.” Other areas where more ambition will be key, he said, would be in boosting financing for meeting sustainable development objectives, and he confirmed plans to convene a High-level Meeting on Financing the 2030 Agenda in September of this year, along with calling for better use of technological advances and for strengthening institutions.

On the latter, he said this was borne out by both the SDG reviews conducted at the Forum and the 46 VNRs presented at the ministerial meetings. He also stressed that multilateralism “is the only way to tackle the complex, inter-connected and long-term challenges we are facing.”

### **Taking stock of national, sub-national efforts**

Forty-six VNRs were presented at the ministerial segment of the Forum, with the vast bulk of these from Europe and the Asia-Pacific region, which contributed 15 and 13 submissions, respectively. Africa, Latin America and the Caribbean, and North America followed suit with nine, eight, and one submission each. Some of these reviews were second or third submissions from individual countries.

In a [synthesis of main messages](#) from the reviews, the Forum noted common issues and trends, as countries examined their progress made to date, along with the hurdles they were facing and the steps they plan to take next.

Many referred to their work on “harmonising” existing national development plans and other long-range policies with the 2030 Agenda, along with making sure that SDG considerations also make their way into sector-specific and investment-focused policies.

The reviews also highlighted the need to strengthen monitoring and evaluation and the role of data in policymaking and SDG efforts. This need was also reflected in the ministerial declaration, which emphasised that “high quality, accessible, timely, and reliable data and statistics are central to the implementation of the 2030 Agenda.”

To that end, the declaration called for additional collaboration to improve data collection and analysis. It called for data to be “disaggregated by income, sex, age, race, ethnicity, migration status, disability, geographical location and other characteristics relevant in national contexts,” in order to track SDG progress in a more effective way.

The next meeting of the HLPF will be in 2019 with the theme of “Empowering people and ensuring inclusiveness and equality,” covering SDGs 4, 8, 10, 13, and 16. These SDGs involve inclusive and equitable quality education and lifelong learning; sustainable, inclusive economic growth and decent work; tackling inequality both within and across national borders; climate action; and peaceful and inclusive societies.

ICTSD reporting; “Summary of the 2018 Meeting of the High-level Political Forum on Sustainable Development,” EARTH NEGOTIATIONS BULLETIN/IISD REPORTING SERVICES, 21 July 2018.



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## TRADE AGREEMENTS

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### Australia, UK Officials Advance Trade Deal Preparations

Trade and foreign ministers from Australia and the United Kingdom met last week to advance preparations for a bilateral trade deal between their countries, including discussions on the implications of different Brexit scenarios as those negotiations continue between the UK and the European Union.

Australian Trade Minister Steven Ciobo and Foreign Minister Julie Bishop met with their UK counterparts, Secretary of State for International Trade Liam Fox and Secretary of State for Foreign Affairs Jeremy Hunt, respectively.

Ciobo, during his visit to the United Kingdom, also spoke at length over what Canberra is looking to see in a possible free trade agreement (FTA) with London, suggesting that such a deal could include traditional areas such as liberalising goods tariffs and newer topics such as ambitious rules on electronic commerce.

Bishop and Hunt, meanwhile, met on Friday 20 July within the framework of annual [joint ministerial talks](#), which cover areas where the two sides are working to cooperate further, such as foreign policy, trade and investment, defence, and security, among other areas.

#### **Ciobo: "Distinct partnership" could yield key dividends**

Speaking at the Australia-UK Leadership Forum last week in London, Ciobo gave some indications of how Canberra would like to see its trading relationship with the UK evolve, and indicated that despite the difficulties seen in the UK-EU Brexit talks, it also provides "the kind of opportunity that so rarely comes to pass."

Examples he gave as components for an Australia-UK FTA included the possibility of slashing tariffs significantly on key Australian exports, such as wine, which he noted currently face a duty of 32 euros per 100 litres when selling to the European Union. The UK is a key market for Australian wine, and Ciobo said that lowering tariffs on these and other goods could yield benefits for both producers and consumers alike.

He also highlighted the digital economy as a subject where both sides have "shared interests." Australia is one of the countries backing exploratory discussions among a set of WTO members that could lead to formal negotiations on electronic commerce, and has also indicated an interest in advancing this type of rule-making in its trade accords with individual countries or country groups.

Mining was another area that Ciobo highlighted last week, tying the activity to the production of goods such as clean energy products like wind turbines and electric vehicles, as well as defence products. Given Australia's wealth in rare earths and lithium, which are essential components for such high-tech goods, he said that working together on mining could prove valuable.

"My message today is loud and clear: when Britain is ready, Australia is keen. Australia was the very first nation to establish a bilateral Trade Working Group, scoping out the parameters for a future trade agreement between Australia and the United Kingdom. We are two nations whose partnership is distinct from any other," he said.

### Preparing for all scenarios

Meanwhile, Bishop [said](#) last week that she also discussed with Hunt their continued commitment to putting formal trade negotiations in motion as soon as Brexit occurs, saying that both sides “stand ready to agree a free trade agreement as soon as circumstances allow.”

“At such a critical juncture in global affairs, we believe it is vital for like-minded nations to join together to promote peace and stability to the rule of law, to democratic institutions, to freedoms, to free and open trade, to drive that global peace, stability, and transparency,” she said, highlighting the challenges facing the global economy in today’s geopolitical climate.

She also told reporters in Edinburgh that she and Hunt had discussed what could occur should the UK leave the EU next year without a deal, given the implications not just for negotiating a new trade framework under an FTA, but also what it would mean for trade and investment flows under their existing relationship.

Negotiations between the UK and EU are still ongoing, with the two sides now debating whether a “white paper” that UK Prime Minister Theresa May’s cabinet endorsed outlining the government’s Brexit position on a series of items, including goods and services trade, will be acceptable to the EU given the bloc’s own positions on issues such as access to the single market. (For more on Brexit, see related article, this edition)

“We don’t want a no deal scenario, it would [potentially] cause huge disruption to businesses on both sides of the channel. And we are very working very hard to avoid that. But we also have to recognise that it is a possibility as we get closer and we have to be prepare for it,” Hunt told reporters.

ICTSD reporting; “Australia, Britain ready to agree free trade deal: minister,” REUTERS, 20 July 2018; “UK And Australian Ministers Discuss Post-Brexit Trade Deal,” ALLIANCE NEWS, 20 July, 2018; “Future UK trade deals with Australia, Canada, and New Zealand,” BBC, 18 July 2018; “Brexit: Julie Bishop pledges stronger trade ties with UK, as EU negotiator pokes holes in white paper,” ABC NEWS, 21 July 2018; “Australia, UK ready to agree on free trade deal: Bishop,” SBS NEWS, 21 July 2018.

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## EVENTS & RESOURCES

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# Events

### Coming Soon

30 July – 1 August, Fukuoka, Japan. GLOBAL SYMPOSIUM ON URBAN AND TERRITORIAL PLANNING. This symposium will focus on the theme "Improving Planning for More Sustainable Cities and Territories," seeking to facilitate learning among national and local government actors, as well as planning professionals and civil society. Organised by the UN Human Settlements Programme and Japan's Ministry of Land, Infrastructure, Transport, and Tourism, the event aims to provide an international forum to discuss the role of urban and territorial planning in sustainable development. Specifically, it will focus on the International Guidelines on Urban and Territorial Planning as they relate to UN Sustainable Development Goal (SDG) 11, covering sustainable cities and communities, as well as the New Urban Agenda, adopted at the UN Habitat III Conference in 2016. For more information, visit the event [website](#).

30-31 July, Ningbo, China. THE 5TH ASIA-PACIFIC ECONOMIC COOPERATION (APEC) BLUE ECONOMY FORUM. The fifth iteration of APEC's Blue Economy Forum will focus on the theme "Local Blue Economy Practice: Policy and Approach." It aims to promote blue economy cooperation and exchanging experiences on local best practices, as well as inclusive growth in line with APEC's approach to the blue economy. For more information, visit the APEC [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.

26-27 July: General Council

### Other Upcoming Events

16-17 August, São Paulo, Brazil. 4TH GLOBAL CLIMATE POLICY CONFERENCE (GCPC). The theme of this year's GCPC is "Harnessing Research for Climate Ambition and Transparency," with additional sub-themes on energy transition, sustainable cities, climate finance, and land use. The conference aims to aid countries in implementing their nationally determined contributions (NDCs) under the Paris Agreement on climate change. It is being organised by Climate Strategies (CS), Instituto Clima et Sociedade (ICS), Iniciativa Climática de Mexico (ICM), and the Konrad Adenauer Foundation's Regional Programme on Energy Security and Climate Change in Latin America (EKLA-KAS). This year's event will also have a special focus on Latin American countries' NDCs and strategies to enhance their implementation. Conference organisers request that attendees register by 29 July. For more information, visit the event [website](#).

26-31 August, Stockholm, Sweden. WORLD WATER WEEK. This year's event, organised by the Stockholm International Water Institute (SIWI), focuses on the theme, "Water, ecosystems, and human development." It will convene experts and practitioners from a variety of sectors and countries to exchange information and ideas and discuss water-related challenges. The event will have a particular focus on the role of water in ecosystems

and its connection to the human development agenda, seeking to align thematically with the UN focus on nature-based solutions in its World Water Development Report. For more information, visit the event [website](#).

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, and improves 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](#).

3 September – 21 October, Geneva, Switzerland. VIRTUAL INSTITUTE ONLINE COURSE ON ECONOMIC ANALYSIS OF NON-TARIFF MEASURES, 2018 EDITION. This first edition online course, organised by the UN Conference on Trade and Development (UNCTAD), aims to provide participants with the tools to assess non-tariff measures (NTMs) on trade. Organisers see the assessment of the impact of NTMs as instrumental in developing pro-sustainable-development trade policy due to reductions in tariffs and increased regulations related to product quality, safety, and environmental impact. The course is meant for researchers and other professionals from developing and transition countries who are looking to enhance their quantitative and policy research skills regarding NTMs in their countries. Applications are due on 12 August. For more information, visit the UNCTAD Virtual Institute [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 various 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 for Sustainable Development. 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 the 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, including a draft programme of sessions, 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](#).

29-31 October, Geneva, Switzerland. FOSTERING THE ENGAGEMENT OF THE AGRI-FOOD SECTOR IN RESILIENCE TO CLIMATE CHANGE. This conference is organised by the International Trade Centre (ITC) and UN Framework Convention on Climate Change (UNFCCC) secretariat. It will focus on building capacity of small and medium enterprises (SMEs) in the agri-food sector to adapt to climate change. It aims to foster dialogue and knowledge sharing among researchers, practitioners, and other experts, with a focus on three main themes: assessing climate risk and adaptation strategies; implementing adaptation strategies; and enhancing private sector investment in adaptation. The three plenary sessions organised around these themes will be accompanied by "Mini Workshops" and "Open Labs." Organisers are calling for contributors to the workshop programme through these accompanying sessions, with submissions expressing interest due by 15 August. For more information, visit the event submissions [webpage](#).

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](#).

27-30 November, Iloilo City, Philippines. EAST ASIAN SEAS (EAS) CONGRESS. This event, hosted by the government of the Philippines and Partnerships in Environmental Management for the Seas of East Asia (PEMSEA), will bring together a wide cross-section of stakeholders to examine the latest regional developments in ocean governance and policy reform, climate change, the blue economy, the implementation of the Sustainable Development Goals (SDGs), and other related topics. To learn more about the event, please visit the PEMSEA [website](#).

14-15 February 2019, New Delhi, India. CARBON PRICING LEADERSHIP COALITION (CPLC) RESEARCH CONFERENCE. This event will be the first international research conference on carbon pricing, hosted by 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. CPLC seeks to foster leadership across the public and private sectors, academic, and NGO communities in order to implement carbon pricing policies more effectively and reduce global emissions. Conference organisers selected 45 abstracts to deliver full papers at the conference, organised in the following categories: learning from experience; carbon pricing design; concepts and methods; political economy; decarbonising the economy; and emerging frontiers. To learn more, visit the CPLC [website](#).

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## Resources

**THE ROLE OF TRADE POLICY IN ENABLING THE GLOBAL DIFFUSION OF ELECTRIC VEHICLES.** Published by the International Centre for Trade and Sustainable Development (ICTSD) (July 2018). This information note seeks to identify and analyse trade-related aspects of the global deployment of electric vehicles (EVs). It examines trade and investment barriers in EV supply chains and discusses the role of international trade governance. The paper argues that trade policy, including lowering of existing tariffs on EVs and EV components and avoiding non-tariff measures, can accelerate and support a global transition towards EVs. To download the paper, visit the ICTSD [website](#).

**GETTING ON TARGET: ACCELERATING ENERGY ACCESS THROUGH FOSSIL FUEL SUBSIDY REFORM.** Published by the International Institute for Sustainable Development (IISD) (July 2018). This paper assesses the financial and social implications of fossil fuel subsidies as they relate to energy access, challenging the assumption that such subsidies can help the poor by making energy more affordable. The authors argue that fossil fuel subsidies can actually decrease energy access in some cases, and that even in the best case, they are an inappropriate policy tool to meet energy access goals. They also suggest that thoughtful fossil fuel subsidy reform can enhance sustainable energy access in line with UN Sustainable Development Goal 7. To download the paper, visit the IISD [website](#).

**BEAT PROTECTIONISM AND EMISSIONS AT A STROKE.** By Michael A. Mehling, Harro van Asselt, Kasturi Das, and Susanne Droege for Nature (July 2018). In this article, the authors argue that policy makers should aim to examine the linkages between free trade and climate change more closely. First, they note the rise in unilateral measures taken by some economies in recent months. Next, they discuss some of the challenges of the UN's Paris Agreement on climate change, including potential free rider issues and carbon "leakage," where a country may keep its carbon budget low by importing carbon-intensive goods from other countries. The authors suggest that governments should consider border carbon adjustments (BCAs), noting a growing political interest in this policy tool. They recognise uncertainties and challenges associated with BCAs, assessing the trade and legal landscape, before making recommendations on next steps. To read the article, visit the Nature [website](#).

**SUSTAINABILITY IMPACT ASSESSMENT (SIA) FOR THE MODERNISATION OF THE EU-CHILE TRADE AGREEMENT.** Published by BKP Development Research & Consulting GmbH (2018). This study, financed by the European Commission, reviews the potential implications of an updated EU-Chile trade deal on different facets of sustainability. It is one of three reports that BKP will be publishing over the course of 14 months. The EU-Chile trade deal is one pillar of a wider Association Agreement, and talks to update the 15-year accord were launched last year. To learn more, visit the SIA [website](#).

**DEEP DECARBONIZATION BY 2050: RETHINKING THE ROLE OF CLIMATE FINANCE.** By Jessica Brown and Ilmi Granoff for the Climate Policy Initiative (July 2018). In this report, the authors assess the role of finance in climate mitigation, with a focus on achieving deep decarbonisation and near net-zero emissions by 2050. The authors argue that a more nuanced assessment of climate finance is needed, with a focus on quality instead of quantity of finance and a view to how finance can be used most effectively to meet 2050 emissions abatement goals. To explore this topic, the authors seek to identify how investment should be prioritised along the technology development spectrum; examine the roles of foreign and domestic investment in enhancing uptake of low-carbon technologies; and challenge traditional assumptions about targeting low-cost interventions first. To download the paper, visit the Climate Policy Initiative [website](#).

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