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TRADE AGREEMENTS

Pacific Nations Clinch Comprehensive Trade Accord

The 11 remaining Trans-Pacific Partnership (TPP) countries are set to sign their final agreement this March in Chile, after chief negotiators from the participating economies resolved the last sticking points during meetings in Tokyo this week.

The negotiating meetings, held on Monday and Tuesday in the Japanese capital, saw countries agree on the final list of suspended provisions and side letters, given that four items had been left pending when they last met in late 2017. They also agreed on the date for the signing ceremony for the accord, which is now known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

In an [address](#) to the World Economic Forum Annual Meeting in Davos, Switzerland, on Tuesday 23 January, Canadian Prime Minister Justin Trudeau confirmed the news and praised the final accord as "the right deal" that will "strengthen the middle class," both now and in the long term. He also called Tuesday a "great day for progressive trade," in light of the CPTPP news.

Trade officials from across the other CPTPP signatories similarly welcomed the accord as a turning point in Asia-Pacific economic relations, while noting the complexities of bringing the talks across the finish line over the past several months.

Moving forward

Countries had already agreed on most elements for advancing the TPP deal last November, when the group met on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit in Da Nang, Vietnam. (See Bridges Weekly, [16 November 2017](#))

The negotiations on how to proceed with the original TPP began some months after US President Donald Trump withdrew his country from the deal in early 2017, as the remaining signatories considered whether to suspend some of the accord's provisions, and which ones.

Twelve countries initially signed TPP in February 2016, with some members starting their ratification processes in the months that followed. The US withdrawal complicated that effort, given that the country was the largest economy of the group, and without it the remaining members would be unable to meet the GDP threshold for bringing the accord into force.

Trump had been a vocal opponent of the TPP on the campaign trail, and cited concerns over potential US job losses and his preference for bilateral trade deals when announcing the withdrawal in the first weeks of his term. (See Bridges Weekly, [16 February 2016](#) and [26 January 2017](#))

In the US' absence, Japan is now the largest economy in the group. Along with Japan, the other 10 countries involved are Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam – mix of developed and developing economies that border the Pacific Ocean. Their combined population numbers approximately 500 million people and their economies add up to over US\$10 trillion, or over 13 percent of global GDP, [according to](#) statistics cited by the Canadian government.

At the Da Nang summit, the 11 countries had circulated a list of 20 suspended provisions, many of which dealt with intellectual property, that would be put on hold when ratifying the accord. They also noted that four provisions were still under discussion due to concerns raised by specific members.

Canada had expressed interest in ensuring strong protection for its continued support to its cultural industries, such as films. A spokesperson for Canadian Trade Minister François-Philippe Champagne told Reuters this week that this was due to the country's "unique cultural sensitivities."

"For Canada, the main issue that they have raised is in relation to a cultural exception, they would like to be able to carve out elements of their broadcast policy, for example, to allow for French speaking language," [said](#) Australian Trade Minister Steven Ciobo to ABC Insiders late last year.

Negotiators reportedly agreed in Tokyo that they would address Canada's cultural concerns via side letters rather than by revisions to the full TPP text, according to Japan's Economic Revitalization Minister Toshimitsu Motegi, though further details were not publicly available at press time.

Separately, Canada had also sought better terms on automobile trade, such as on the rules-of-origin threshold for cars and their component parts. In a written statement on Tuesday, Champagne [announced](#) that his country's negotiators had clinched "an improved arrangement on autos with Japan," without specifying further.

In addition to Canada's requests, a few more issues had been pending after the November meeting. Vietnam was concerned about TPP's "non-implementation" sanctions in the context of labour rights, which Motegi told Kyodo News will now be resolved via side letters.

For its part, Brunei had concerns over a provision in a particular TPP annex that had to do with foreign participation in its coal sector, specifically involving "[non-conforming measures](#)" related to investment and services. Malaysia, for its part, had raised concerns over an annex on liberalising its state-owned enterprises. Those provisions will now be suspended, along with the original 20 suspended provisions from November.

Getting others on board

Speaking last week before the Tokyo negotiators' meetings, Australian Prime Minister Malcolm Turnbull [stressed the possibility](#) for other countries, including the US, to join.

Turnbull had met with his Japanese counterpart, Prime Minister Shinzo Abe, to discuss the next steps for the CPTPP process.

"Crucially, one of the design features of the TPP is its flexibility as an open platform. I believe its logic – the logic of cooperation – is so compelling, that others will want to be a part of it once it's up and running. Indeed, that's what we are seeing already," said Turnbull in an address to business leaders in Tokyo.

"We are consciously setting it up to enable and encourage the United States to dock in should it choose to do so in the future," he added.

The United Kingdom has already floated its [interest](#) in joining the CPTPP once the country has exited the European Union, according to officials interviewed by the Financial Times. Speaking to the Financial Times earlier this month, Greg Hands, UK Minister of State in the Department of International Trade, suggested that joining could work even though the United Kingdom is not a Pacific Rim country.

"With these kind of plurilateral relationships, there doesn't have to be any geographical restriction," he said. Whether the UK can join and on what terms will depend on negotiations with and approval of existing CPTPP members, and how much support the move would have domestically is not yet clear.

ICTSD reporting; "11 TPP countries to sign pact without U.S. in March in Chile," KYODO NEWS, 23 January 2018; "Pacific Nations Agree to Save TPP Trade Pact After Trump Quit," BLOOMBERG, 23 January 2018; "El TPP-11 se firmara en Chile la primera semana de marzo," MILENEO, 23 January 2018; "Trade officials pursue TPP in Tokyo as Canada wavers," REUTERS, 22 January 2018; "11 countries 'to seal' Pacific free trade pact: Japan," FINANCIAL TIMES, 23 January 2018; "UK looks to join Pacific trade group after Brexit," FINANCIAL TIMES, 2 January 2018; "TPP 11 signatories gather in Tokyo to hammer out remaining issues," NIKKEI, 22 January 2018.

GLOBAL ECONOMY

US President Confirms Hefty Tariffs on Solar Products, Washing Machines

In a landmark trade move, US President Donald Trump has approved the imposition of global safeguard tariffs on imported solar cells or modules, as well as large washing machines for home use, with a few exceptions for countries that met certain requirements.

The news was confirmed on Monday 22 January, following investigations conducted by the US International Trade Commission (US ITC) which began during the middle of last year. In both cases, the tariffs are being imposed under a section of the US Trade Act of 1974 known as [Section 201](#), which has been used sparingly in the decades since it was enacted, and allows for imposing "import relief" in response to "serious injury" from an import surge.

"When we do this, a lot of manufacturers will be coming to the United States to build washing machines and also solar. For both solar and washing machines, these executive actions uphold the principle of fair trade and demonstrate to the world that the United States will not be taken advantage of anymore. Our companies will not be taken advantage of anymore," [said](#) Trump upon signing the presidential proclamations enacting these tariffs.

"The President's action makes clear again that the Trump Administration will always defend American workers, farmers, ranchers, and businesses in this regard," said US Trade Representative Robert Lighthizer in a [statement](#) confirming the tariffs.

Trump and his administration officials have spent their first year in office focusing largely on addressing trade practices by foreign partners that they allege are unfair, along with pushing for the renegotiation of existing accords to tackle trade deficits. Trump has also threatened to terminate some of those pacts should negotiation efforts fail – an approach which has fuelled controversy both at home and abroad.

While the decision to enact these safeguard tariffs is up to the president, it must be preceded by an investigation under the US ITC to determine if such serious injury exists. Notably, this type of probe does not require that the agency find evidence of "unfair trading practice," but is instead focused on the level of injury to domestic products from import surges.

These probes were launched last year in response to complaints from certain industry players – Suniva and SolarWorld in solar, Whirlpool in the case of washers. While Suniva and SolarWorld have US-based plants, they are majority-owned by Chinese and German companies, respectively. Whirlpool is an American company with various branches abroad.

Tariff levels, country exclusions

For solar modules and cells, the tariffs would start at 30 percent for the first year, and progressively decrease to 15 percent by the fourth year. There is an exception, however, for the first 2.5 gigawatts of imported solar cells, which according to the Office of the US Trade Representative (USTR) would not be subject to these charges.

Meanwhile, washing machines will face a tariff-rate quota over a three-year period, with the first 1.2 million units of "finished" machines being imported at a 20 percent tariff, with anything about that threshold being imported at a 50 percent tariff. During the second year, those numbers will fall to 18 percent and 45 percent, respectively, with the final year seeing tariffs of 16 percent and 40 percent.

According to a USTR [factsheet](#), Washington will be excluding some countries from the safeguard tariffs, citing legally-mandated thresholds of import share and injury to domestic producers which must be met to qualify.

Canada and Mexico, the US' two partners in the North American Free Trade Agreement (NAFTA), will both be subject to the solar safeguard tariffs. Mexico will also be facing the tariff-rate quota on washing machines, although the US has decided not to impose that remedy on Canada, citing the above-mentioned thresholds. Another major US trading partner, South Korea, will also face both the solar and washing machine safeguards.

The US is in negotiations with its NAFTA partners to modify the long-standing trade accord, with the sixth round of talks underway this week in Montreal, Canada. Washington is also negotiating amendments to its trade accord with Seoul, with the deal referred to commonly as KORUS.

What the tariffs could mean for these trade processes, as well as the US' wider trading relationships, remains to be seen. Other decisions in national security-focused trade investigations on steel and aluminium are also expected in the coming weeks. (See Bridges Weekly, [18 January 2018](#))

Covered by the new tariffs on solar cells or modules are Thailand and the Philippines, despite being beneficiaries of the US Generalised System of Preferences (GSP), which would otherwise exclude them from the tariffs. The reason for their inclusion is that both make up over three percent of global imports of these products. Thailand is also subject to the tariffs on washers, for the same reason, according to the Office of the USTR. All other GSP countries are excluded from these charges.

Solar industry, trade officials react

Trade tensions on solar products are far from new, both within the US and across different countries. The US, the EU, India, and China have all engaged in high-profile cases on the subject in recent years, either through domestic investigations or at the WTO, examining whether their trading partners are abiding by global trade rules.

Trade experts have [noted](#) that the growing application of trade remedies in this sector can have a dampening effect on investment in renewables, along with raising production costs across the solar supply chain. (*Editor's note: this research was released by ICTSD, the publisher of Bridges*)

"This is a typical case of trade policy misuse. The real losers are US workers, given that 260,000 are employed today in clean energy. It also sets back global efforts to transition to low-carbon energy solutions and thus tackle the climate challenge. These 'protections' being imposed on solar imports are using a provision crafted over 40 years ago, which was designed for economies of the past," said Ricardo Meléndez-Ortiz, ICTSD Chief Executive Officer.

News of the tariffs has already prompted criticism from US trading partners, with Wang Hejun, an official who heads a department on trade remedies and relief at China's Ministry of Commerce (MOFCOM), noting Beijing's "strong dissatisfaction" with the safeguards in both washing machines and solar products. Wang also noted that the US was acting on its own, and cautioned that such tariffs could have a chilling effect on "the global trade environment" in these sectors, according to an unofficial translation of [his remarks](#).

South Korean, Mexican, and EU officials have also spoken publicly about their concerns, with hints from Seoul that the tariffs could potentially lead to legal action at the World Trade Organization, according to comments reported by the Reuters news agency.

On solar, the US has previously conducted anti-dumping and countervailing duty investigations focused on China, a top global producer of solar components. Washington referred repeatedly to the Asian economy in its announcement of the new safeguard tariffs this week.

However, the new tariffs on solar cells or modules have raised concerns that they could actually hurt the US solar industry, affecting downstream producers who use these goods as inputs into their production processes. Some industry players and lawmakers have also suggested that the tariffs are not high enough to spur increased domestic production in the United States.

"While tariffs in this case will not create adequate cell or module manufacturing to meet US demand, or keep foreign-owned Suniva and SolarWorld afloat, they will create a crisis in a part of our economy that has been thriving, which will ultimately cost tens of thousands of hard-working, blue-collar Americans their jobs," [said](#) Abigail Ross Hopper, President and CEO of the Solar Energy Industries Association (SEIA).

The SEIA has over 1000 member companies, [describing](#) itself as the "national trade association of the US solar energy industry," which it notes is responsible for over one-quarter of a million American jobs. The coalition also [notes](#) that only a small portion of the 38,000 US jobs devoted specifically to manufacturing solar products are focused on making cells and panels.

Meanwhile, some high-ranking US trade lawmakers have suggested that the actions may not go far enough. Senator Ron Wyden, the Oregon Democrat who serves as the ranking member of the Senate Finance Committee, [said this week](#) that he was "concerned that the administration did not follow the bipartisan International Trade Commission's recommendations, and instead offered weaker relief" than what is needed to stem the influx of imported solar products.

Some other lawmakers warned instead that imposing these tariffs could actually backfire by raising costs on US consumers.

"Here's something Republicans used to understand: Tariffs are taxes on families. Moms and dads shopping on a budget for a new washing machine will pay for this - not big companies. You don't fix eight years of bad energy policy with bad trade policy," [said](#) Senator Ben Sasse, a Republican from the US state of Nebraska.

Among US lawmakers, opinions on the tariffs are not split on party lines. Senators Sherrod Brown and Rob Portman, both of Ohio, [publicly backed](#) the washing machine tariffs. While Brown is a Democrat, Portman is a Republican.

ICTSD reporting; "Asia protests at U.S. solar, washer tariffs, fears more to come," REUTERS, 23 January 2018.

GLOBAL ECONOMY

World Leaders in Davos Call for Cooperation to Tackle Global Challenges

The World Economic Forum Annual Meeting in Davos-Klosters, Switzerland, is now well underway, with various international leaders already taking the stage over the past few days to weigh in on the global economy's challenges and opportunities. Major topics on the agenda have included women's economic empowerment, climate change, trade and markets, and the future of globalisation and multilateralism.

The International Monetary Fund (IMF) released an [update](#) for its World Economic Outlook, its flagship economic projections publication, on Monday 22 January in Davos, one day before the event's formal launch.

The IMF found that the pace of global growth last year was slightly faster than originally predicted, reaching 3.7 percent. The Fund also updated past estimates for growth this year and next, suggesting that both years would see 3.9 percent growth instead of the 3.7 percent previously projected.

The international agency warned, however, that in the medium term these growth prospects may not hold, and called upon countries to use the current context as an opportunity to take on structural reforms – particularly those that “boost potential output and [make] growth more inclusive.”

The subject of inclusive growth has taken centre stage in speeches given throughout the week, as government leaders and business officials alike have honed in on the meeting's theme of “creating a shared future in a fractured world.” This annual meeting comes at a time where concerns over economic inequality, gender imbalances, trade tensions, and the climate challenge have come to the forefront, even as global growth prospects are better than they have been in some time.

“No matter how tempting it is to sit back and enjoy the sunshine, policy can and should move to strengthen this recovery,” said Maury Obstfeld, IMF Economic Counsellor and Director of Research, in presenting the results. “Now is the time to build policy buffers, reinforce defences against financial instability, and invest in structural reforms, productive infrastructure, and people. The next recession may be closer than we think.”

Modi calls for greater collaboration, warns of climate challenge

The high-level gathering was kicked off with a [speech](#) by Narendra Modi, the Indian Prime Minister, which focused heavily on the current debate on globalisation and the risks posed by a warming planet.

The Indian leader spoke in Tuesday's opening plenary session, warning that “globalisation is slowly losing its lustre” and questioning whether the current post-war institutions “reflect the aspirations and dreams of mankind and the reality of today.”

He also [warned against](#) governments pursuing isolationist approaches to policymaking, calling instead for collaborative approaches to tackle the world's challenges. He cited help in deploying renewable energy technologies in developing countries as one area where this cooperation could and should increase.

The Indian prime minister also referred to his country's own history and goals going forward, including on reforming the domestic economy. For example, Modi outlined some of the policy changes that his government aims to make at home, such as slashing bureaucratic measures that can hinder inflows of foreign investments, as part of an effort to reach the goal of US\$5 trillion in domestic GDP in seven years' time.

Trudeau welcomes CPTPP, makes clarion call for gender equality

Canadian Prime Minister Justin Trudeau also spoke on Tuesday, confirming the news that Canada and 10 other Pacific Rim nations had concluded talks to advance the Trans-Pacific Partnership (TPP), now known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The Canadian leader, praising the deal as a game-changer for the trading system, devoted much of his subsequent speech to "the importance of progressive values in the context of globalisation," particularly in terms of inclusiveness.

For example, he highlighted the technological changes that are rapidly changing work opportunities and the growing fears in some quarters that these advances could lead to job cuts. He also criticised politicians, business leaders, and other decision makers for not doing enough to ensure long-term, meaningful policy change that can help "the folks who aren't in this room."

"The gap between the rich and poor is staggering," he warned, suggesting that many politicians have become "disconnected" and many businesses have prioritised their own profits over the needs of their employees. He also suggested that one area of immediate reform could be in fostering gender equality across the board, calling such efforts long overdue.

"In Canada, like all over the world, much of the economic and labour force growth we've experienced over the last many decades is because of women entering into – and changing – the workforce. But there is still so much room for improvement, and such enormous benefits to be had," Trudeau said.

He also cited numerous studies which suggested the billions – or even trillions – of dollars in GDP that countries could gain by addressing the gender gap in the workplace and ensuring women are better represented in leadership positions.

Trudeau also confirmed that this year's G7, under his country's presidency, would have a Gender Equality Advisory Council co-led by Melinda Gates and Isabelle Hudon in order to "ensure that gender equality is a priority through everything the G7 does this year." Gates is the co-founder of the Bill & Melinda Gates Foundation, while Hudon is Canada's ambassador to France and a former business leader.

Merkel, Macron issue warnings against isolationism

Leaders from some of the EU's largest economies were on the speakers' list on Wednesday, with German Chancellor Angela Merkel and French President Emmanuel Macron among those taking the stage to call for international cooperation on economic challenges and other policy areas.

Merkel dedicated her remarks to the importance of multilateralism, cautioning that countries acting alone and the rise in populism have already shown their dangers throughout history.

"Ever since the Roman Empire, ever since the Chinese Wall, we know that shutting ourselves off doesn't help to protect your borders. You also need good cooperation with your

neighbours, you need good agreements, valid agreements, that are respected," she told the Davos audience.

Along with referring to the continued challenges posed by the migration crisis, she also flagged the opportunities posed by the digital economy, as long as countries make sure that digitalisation remains inclusive and addresses concerns such as privacy and job impacts. Above all, she repeatedly emphasised the value of international cooperation – and avoiding isolationism and trade protectionism – going forward.

"We believe that if we are of the opinion that things are simply not fair, that there is no reciprocity, then we have to seek multilateral answers to this and not pursue a unilateral protectionist course where we isolate ourselves against the other," she said.

Macron, for his part, also focused on the technological challenges of today's world, and the importance of education and training, as well as innovation. He noted his country's own recent electoral experience, in which the populist National Front party had initially appeared to have a fighting chance at the presidency last year.

"Let us not be naïve, globalisation is going through a major crisis and this challenge needs to be collectively fought by states and civil society in order to find and implement global solutions," he said. Macron also called for a "ten-year plan" for the EU bloc, arguing that strengthening the union would be key in tackling global challenges.

The French leader further highlighted the importance of climate action, pledging to shutter domestic coal-fired power stations by the year 2021 and take other steps to ensure that France is "a model in the fight against climate change."

A move away from international cooperation in key policy areas like trade and climate change, he also warned, would counteract the benefits that globalisation has managed to deliver so far, and potential opportunities to improve it going forward.

Waiting on Trump

Some of the major speeches of the week are still to come, which could affect the tone of the conference's final days. Chief among these is the expected address from US President Donald Trump, currently slated for Friday afternoon local time.

The US leader [said](#) in Washington earlier this week that at Davos he and his team will "be talking about investing in the United States again, for people to come in and spend their money in the good old USA."

The comments were made as he was signing off on presidential proclamations to impose safeguard tariffs on solar cells or modules and large washing machines for home use from around the world. The move has drawn criticism from a host of US trading partners, as well as some lawmakers and many players within the country's domestic solar industry. (For more on the safeguard tariffs, see related story, this edition)

Cabinet officials from the US presidential delegation in Davos have already been laying the groundwork for Trump's speech, with Treasury Secretary Steven Mnuchin and Commerce Secretary Wilbur Ross among the officials on hand discussing their fears and plans for the American economy.

Ross, for his part, indicated that Washington will continue to do what it feels necessary to defend itself on trade, telling reporters that "trade wars are fought every single day."

"A trade war has been in place for quite a little while, the difference is the US troops are now coming to the rampart," said the US commerce chief.

Meanwhile, Gary Cohn, the Director of the National Economic Council, [told reporters](#) in Washington on Tuesday that Trump “believes we can have truly win-win agreements on trade,” suggesting that the president’s rhetoric on “America first is not America alone.”

“He’s going to talk to world leaders about making sure we all respect each other, we all abide by the laws, we all have free, fair, open, and reciprocal trade. And if we live in a world where there are not artificial barriers, we will all grow and we will all help each other grow,” Cohn added.

Trump’s speech will come shortly after Canadian Foreign Minister Chrystia Freeland and Mexican Economy Secretary Ildefonso Guajardo Villareal are due to speak on a Davos panel about the North American Free Trade Agreement (NAFTA) negotiations and other “new avenues for global trade.” The NAFTA modernisation process also includes the United States.

The sixth round of NAFTA talks is ongoing this week in Montreal, Canada, and will conclude on 29 January with a meeting of the parties’ trade ministers.

Other major speakers coming up include UK Prime Minister Theresa May. Also on the docket is an address and press conference from Argentine President Mauricio Macri, who is due to focus his remarks on the G20, given that his country holds this year’s rotating presidency of the coalition.

ICTSD reporting; “Trump Team at Davos Backs Weaker Dollar, Sharpens Trade War Talk,” BLOOMBERG, 24 January 2018; “Davos 2018: Merkel warns against ‘poisonous’ populism - live updates,” THE GUARDIAN, 24 January 2018; “Narendra Modi aims to double size of Indian economy by 2025,” FINANCIAL TIMES, 23 January 2018; “France’s Macron says globalization is going through a major crisis,” CNBC, 24 January 2018.

TRADE AGREEMENTS

EU, Chile Negotiators Begin Laying Groundwork to Update Trade Deal

Officials from the European Union and Chile concluded a weeklong round of negotiations in Santiago, Chile, last Friday, aiming to set the stage for updating their trade accord, which dates back over 15 years. Officials say that the 15-19 January meetings allowed for the first in-depth discussion between the two negotiating teams since talks were launched in 2017.

The two sides formally kicked off this effort in November, confirming that the changes are necessary to bring their trade and investment relationship up to speed with the current climate. They have also noted the benefits that the existing agreement has already brought to their bilateral ties. The EU-Chile trade deal is part of an Association Agreement that has been in place since 2002.

"In the economic pillar [of the Association Agreement], this accord opened the doors for us to one of the world's major economies, and today the bloc is our third largest trading partner and primary source of investment," [said](#) Paulina Nazal, director-general of DIRECON, Chile's General Directorate of International Economic Relations within the country's ministry of foreign affairs.

The EU-Chile negotiations come during a particularly intense period for both sides, with the EU looking to ink new or updated trade deals with countries and country blocs such as Australia, Mexico, New Zealand, and the four-country Mercosur coalition. Meanwhile, Chile is a member of the Pacific Alliance coalition, which is working to ink trade accords with countries outside their grouping as "associate members," among other initiatives. (See Bridges Weekly, [18 January 2018](#) and [2 November 2017](#))

The start of talks also comes as Chile prepares for Sebastián Piñera to take office as president, following a landslide win during elections held in December. The center-right politician and business executive will be succeeding Michelle Bachelet, the centre-left official and former head of UN Women who is wrapping up her second, non-consecutive term as president.

Piñera will assume the presidency in March for a four-year term, and had previously served in the role from 2010-2014, after Bachelet's first term.

Building on "shared interests"

Among the topics for discussion last week were gender, services, technical barriers to trade, dispute settlement, energy, customs and trade facilitation, and intellectual property rights, according to a summary issued by DIRECON after the event.

"It was a very substantive, profound negotiating round, where both sides put forward texts and expectations. This will allow us to move forward with concrete proposals to reach a satisfactory result in the medium-term," said Chile's chief negotiator Pablo Urria in a [statement](#) on 19 January.

Trade officials from both sides have welcomed the potential for incorporating various topics related to sustainability and inclusiveness that were not captured in the original accord and are common priorities.

"Chile and the European Union have shared interests in many areas – such as human rights, sustainable development, and gender equality – and this agreement will reflect these shared values and will allow us to face new challenges in the future," said EU Trade Commissioner Cecilia Malmström in a [blog post](#) published by Chilean newspaper El Mercurio before this latest negotiating round.

"Following Chile's example in its trade agreement with Canada, this will be the first time that the European Union includes in an agreement specific provisions aimed at promoting the key role of women in trade," the EU trade chief continued.

Chile and Canada announced last year that they had concluded talks for incorporating a gender chapter in their existing trade deal. The EU, Canada, and Chile have been publicly advocating for greater consideration of gender issues in relation to trade, being among the many WTO members to endorse a declaration to this effect at the WTO's Eleventh Ministerial Conference in Buenos Aires, Argentina, last year. (See Bridges Weekly, [22 June 2017](#), and Bridges Daily Update, [13 December 2017](#))

EU negotiating directives

Meanwhile, the European Council released the [negotiating directives](#) that it has endorsed for the EU-Chile trade talks, outlining what it would like the European Commission to advocate for in these discussions. The 36-page document covers a host of topics, including investment, gender, small and medium-sized enterprises (SMEs), government procurement, and agriculture, among others.

For example, the EU is looking to include its investment court system (ICS), which it has advocated for in its more recent trade and investment agreements, and would like to see "a commitment from the parties to cooperate on future steps on the path towards the creation of a multilateral investment court."

The negotiating directives also call for a chapter on small and medium-sized enterprises (SMEs), focusing largely on access to information, as well as the above-mentioned chapter on trade and gender. On trade and sustainable development, the bloc is looking at labour and environmental rules, along with provisions that support the UN's Agenda 2030 for Sustainable Development.

The EU would also like to see improved "mutual access" in the field of government procurement, covering tenders at all levels of government, and bringing the existing government procurement rules in line with the revised WTO Government Procurement Agreement (GPA).

The EU is also looking to have the possibility of covering more geographical indications in the intellectual property chapter than what is included in the current agreement, along with increased market access in goods and services and "new or enhanced regulatory disciplines" relative to the WTO's General Agreement on Trade in Services (GATS). On goods, the EU is also calling for "full tariff liberalisation," with "special treatment" in sensitive areas, as well as updating and clarifying the current accord's provisions on rules of origin.

ICTSD reporting.

AGRICULTURE

Agriculture Ministers Weigh Food Security, Climate Impacts of Livestock Sector

Agriculture ministers from nearly 70 countries called for a "more sustainable, more responsible, and more efficient" global livestock sector at a meeting on Saturday 20 January in Berlin, Germany, examining the issue through the lenses of trade, food security, and climate action.

A [communiqué](#) from the gathering, held annually in the margins of the Global Forum for Food and Agriculture, notes that demand for food of animal origin is due to grow quickly in many parts of the world. The document also acknowledges that consumers are calling for more sustainable production processes that respect animal welfare.

Participating countries included Argentina, Australia, Brazil, Chile, China, Egypt, France, Germany, India, Japan, the Netherlands, New Zealand, Spain, Switzerland, Turkey, and Ukraine. Also in attendance were representatives from the European Commission, as well as various international organisations.

The communiqué's signatories further emphasise that livestock plays a major role in fighting hunger and malnutrition, as well as in reducing poverty – including "through promoting investment and trade and providing jobs in rural areas."

The declaration calls for the implementation of the 2030 Agenda for Sustainable Development and the related Sustainable Development Goals (SDGs), as well as the UN's Paris Agreement on climate change. Both Agenda 2030 and the Paris Agreement were adopted in late 2015. Regarding the former, world leaders committed to end hunger and malnutrition by 2030, as part of SDG 2, which focuses on food security and sustainable agriculture. (See Bridge Weekly, [30 September 2015](#))

In Berlin, ministers also recognised that livestock farming can pose risks to the environment, including by contributing to climate change. For example, livestock can produce significant amounts of methane emissions, a potent greenhouse gas, along with releasing nitrous dioxide and carbon dioxide.

"We are aware that livestock production can have environmentally significant impacts on soil, water, and air and contribute to climate change," the communiqué says. It also cites figures from the UN's Food and Agriculture Organization (FAO), which find that the sector [accounts](#) for 14.5 percent of anthropomorphic greenhouse gas emissions globally.

Improving livelihoods

Ministers have also put forward a "call for action," where they highlight four broad areas that need to be addressed: ensuring food security and nutrition; improving livelihoods; protecting the environment; and improving animal health and welfare.

The livelihoods of around 1.3 billion people depend on the sector, the signatories said, with many of these also struggling against poverty and other challenges.

Ministers said they aim "to reaffirm the importance of rules-based trading systems to support the efficient, sustainable, and safe production and supply of food of animal origin."

They also recognised "the need to remove discriminatory trade barriers and to continue the WTO reform process on agriculture trade."

Agricultural trade distortions were high on the agenda of the WTO's Eleventh Ministerial Conference in Buenos Aires, Argentina, last December, but the meeting ended with no agreed outcome in the area. The direction of future WTO talks in this area remains unclear, with ministers also unable to endorse a work programme at the Buenos Aires meeting. (See Bridges Daily Update, [14 December 2017](#))

Beef, pork, and dairy markets remain among the five most distorted agricultural markets, with support to poultry also significant, according to data from the Organisation for Economic Co-operation and Development (OECD).

Removing trade-distorting support completely would increase volumes of trade in meat, although this would result from a drop in beef trade and an increase in pork and poultry trade, according to [analysis](#) published by the International Centre for Trade and Sustainable Development. (*Editors' note: ICTSD is the publisher of Bridges.*)

Ministers also referred repeatedly to measures that could empower women in the agricultural sector, including "equal access to education and training" as well as "legally secure access" to land and financing, among others. The FAO has [warned](#) that women often face barriers to accessing these resources that do not affect their male counterparts in the same way – a disparity that can have damaging implications for food security and rural development.

The 69-country group said that their declaration would provide the "impetus" for future action. They also encouraged international bodies to work together on the issues identified in the communiqué, referring in particular to the FAO, the World Organisation for Animal Health (OIE), the World Health Organization (WHO), the WTO, and the World Bank.

Some of these country officials are due to reconvene in Buenos Aires, Argentina, later this year for a meeting of G20 agriculture ministers. The meeting is set for 27-28 July, and the Argentine G20 presidency has outlined "a sustainable food future" as one of its three main [priorities](#), citing the fact that G20 members make up the vast bulk of global food and agricultural goods trade. Their focus, however, will be more on sustainable soil management than on livestock.

ICTSD reporting.

TRADE AGREEMENTS

EU, Australian Officials Work to Set Stage for Trade Talks' Launch

Efforts continue apace for the expected launch of EU-Australia trade talks, with Australian Trade Minister Steven Ciobo [in Europe](#) over the past week to meet with EU Trade Commissioner Cecilia Malmström, as well as ministers from various EU member states, regarding the deal's next steps.

"An Australia-EU FTA will create new opportunities for Australian businesses; driving exports, economic growth and job creation. Launching negotiations will also send an important message to the world at a time of rising protectionism," said Ciobo in announcing the trip.

Officials from the Czech Republic, Hungary, Poland, and Slovakia reportedly lent their backing to the prompt launch of negotiations following meetings with the Australian trade chief last week, according to comments by Hungarian trade minister Peter Szijjarto. The Hungarian official called for the Council to sign off on the talks' launch next month and for the negotiations to start shortly thereafter.

Advocates for a potential EU-Australia deal say that it could yield impressive economic benefits, slashing tariffs on goods trade and improving market access on services and investment, along with making it easier for regulators to cooperate and thus lower trade costs.

In an interview dated November 2017, Australian Prime Minister Malcolm Turnbull noted that the EU is "[the] only remaining major trading partner with which we don't have a free trade agreement. We must seize the opportunity to achieve one." (See Bridges Weekly, [9 November 2017](#))

On the EU side, proponents have similarly noted that Australia and neighbouring New Zealand are among the few countries that do not have a formal trade accord with the European bloc or are in the process of negotiating one. Given that context, officials from all three sides say that setting up new trade agreements is paramount to avoid losing potential opportunities to other countries who have better trading terms under their existing FTAs.

Australian exports to the European bloc are made up primarily of mining and farm goods. The EU, for its part, sends large numbers of manufactured goods and agri-food products to the Oceanic island nation, according to the bloc's [statistics](#), along with exporting commercial services worth €20 billion annually.

Years of preparation

The parties formally began [laying the groundwork](#) for future trade talks over two years ago, and have held numerous discussions over what should fall under a trade deal's scope. Another negotiation expected to launch this year is for the planned EU-New Zealand FTA, which was announced at the same time as the EU-Australia version.

More recently, the EU Commission published last September its proposed negotiating directives for both trade deals, asking that the European Council discuss and sign off on final versions in the new year. The timeframe for when these processes may advance through that stage is not yet confirmed, however.

A separate “impact assessment” on an EU-Australia trade deal, released as a Commission staff working document, flagged market access in goods, services, and public procurement; small and medium-sized enterprises (SMEs); intellectual property rights (IPR) and geographical indications (GIs); harmonisation of technical regulations; and conformity assessment procedures as areas they hope to see addressed in the upcoming trade talks.

Agriculture is expected to be a major component of the trade talks, given the importance of the sector for the EU, Australia, and New Zealand. The European bloc is the third largest trading partner for both Oceanic countries, along with being a major source of investment.

Both accords have been designated a top priority by European Commission President Jean-Claude Juncker, who publicly called for these to advance during his State of the European Union speech last September. (See Bridges Weekly, [14 September 2017](#))

The EU Commission chief had also urged that these talks proceed rapidly in order to clinch deals before the current five-year mandate of the EU's executive arm ends in 2019.

Australia and New Zealand already have close ties between them, trading nearly A\$25 billion (US\$20 billion at today's exchange rate) in goods and services in 2016, according to Australian [government statistics](#). The Oceanic neighbours are working to put in place a “Single Economic Market” strategy that could boost investment flows and slash trading costs.

They are also both members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which will be signed in March, as well as being parties to a separate trade deal with the Association of Southeast Asian Nations (ASEAN), among other initiatives.

ICTSD reporting; “Central European countries urge start of free-trade talks between EU, Australia,” XINHUA, 20 January 2018.

EVENTS & RESOURCES

Events

Coming Soon

25 January, Davos-Klosters, Switzerland. WARFARE OR COLLABORATIVE STEWARDSHIP? THE FUTURE OF GLOBAL TRADE & INVESTMENT. This dinner discussion will be convened under the E15 Initiative by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum (WEF) on the sidelines of the World Economic Forum Annual Meeting. It will look at global trade tensions; the interlinkages between trade, climate change, and Agenda 2030; and other related topics. Please note that event attendance is by invitation [only](#).

29 January, Washington, US. MODERNIZING TRADE RULES: THE TPP AND BEYOND. This Brookings Institution event will examine the Trans-Pacific Partnership (TPP) and what space exists to implement these disciplines, along with expanding their use beyond TPP members. Among the areas of focus for this event are the digital economy, competitive neutrality, and state-owned enterprises. To learn more about the event, visit the Brookings [website](#).

29 January, online. A LOOK BACK AT DAVOS. This Chatham House event will look at what came from this year's World Economic Forum Annual Meeting in Davos, Switzerland, including the statements made by world leaders throughout the event, such as US President Donald Trump. The event will feature as its main speaker Dr. Robin Niblett, Director at Chatham House. More information is available at the event [website](#).

29-30 January, Geneva, Switzerland. FIRST MEETING – SUSTAINABLE FISHERIES TEAM OF SPECIALISTS. This meeting is being organised by the UN Economic Commission for Europe (UNECE) Secretariat, and will launch a process featuring regular meetings of specialists in the field of fisheries management. This process is aimed at ensuring that sustainable fisheries standards are used effectively at the international level, and thus address an information gap involving overfishing and illegal, unreported, and unregulated (IUU) fishing. Participation in this specialist group is open, subject to meeting certain requirements. More information is available on the UNECE [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 January: Seminar: How crisis-era foreign trade distortions reshuffle global trade flows: evidence from relative EU export performance

30 January: Informal Open-ended Negotiating Group on Rules (Fisheries Subsidies)

31 January: Trade Dialogues Lecture Series – Professor Paola Conconi

Other Upcoming Events

8 February, Geneva, Switzerland. RTA DISPUTE SETTLEMENT PROVISIONS: OPTIONS FOR EFFECTIVE ENFORCEMENT. This event is being organised by the International Centre for

Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). The meeting will examine dispute settlement mechanisms in regional trade agreements (RTAs), looking at how these mechanisms work, the challenges that arise in their use, and the differences between these mechanisms across RTAs. More information is available at the ICTSD [website](#).

21 February, Geneva, Switzerland. WORLD BANK REPORT ON THE CHANGING WEALTH OF NATIONS. This event is being held by the Graduate Institute's Centre for Finance and Development (CFD), together with the World Bank and Indosuez Wealth Management. It will feature the launch of two publications involving wealth at the individual country level, with a panel discussion featuring experts in international and environmental economics. To learn more and to register, visit the Graduate Institute [website](#).

26 February, Geneva, Switzerland. WHO-WIPO-WTO TECHNICAL SYMPOSIUM ON SUSTAINABLE DEVELOPMENT GOALS: INNOVATIVE TECHNOLOGIES TO PROMOTE HEALTHY LIVES AND WELL-BEING. This event will take a specific focus on health technologies, looking at issues such as global health data, the relationship between policy choices and technological innovation, and related topics. The event will be opened by the directors-general of the World Health Organization (WHO), the World Intellectual Property Organization (WIPO), and the World Trade Organization (WTO). More information is available [here](#).

19 April, Geneva, Switzerland. FIRST OECD REPORT ON GLOBAL PHILANTHROPY FOR DEVELOPMENT. This event is being held by the Graduate Institute's Centre for Finance and Development, the Geneva Centre for Philanthropy of the University of Geneva, and the Organisation for Economic Co-operation and Development (OECD) Global Network of Foundations Working for Development (netFWD). This event will feature the launch of the first OECD Report on Global Philanthropy for Development, followed by a related panel discussion. To learn more and to register, visit the Graduate Institute [website](#).

Resources

THE DIGITAL TRANSFORMATION AND THE TRANSFORMATION OF INTERNATIONAL TRADE. By Dan Ciuriak and Maria Ptashkina for the RTA Exchange (January 2018). This new paper looks at what digital transformation can mean for trade, along with the role that trade agreements can play in this context. The authors put forward suggested "modes" that could be used as a classification tool, along with the prospects for a multilateral deal setting the "rules of the road" in digital trade. The paper was published by the RTA Exchange, an initiative that is being implemented jointly by the International Centre for Trade and Sustainable Development (ICTSD) and the Inter-American Development Bank (IDB). The publication is available for download at the ICTSD [website](#).

UNCTAD's GLOBAL INVESTMENT TREND MONITOR. Published by the UN Conference on Trade and Development (January 2018). This latest edition of UNCTAD's investment monitor finds that foreign direct investment (FDI) flows dropped last year, looking at these changes at the global and regional level. It also looks at global FDI prospects for the coming year, along with potential risks. The monitor can be found online [here](#).

TRANSATLANTIC RELATIONS: CONVERGING OR DIVERGING? By Xenia Wickett for Chatham House (January 2018). This new publication looks at the recent political and policy changes seen in the United States and Europe, along with what this could mean for the relationship between the two sides. It looks at what this could mean for areas such as trade and the environment, and whether these changes at the political level could lead to divergence or convergence between them. The publication is available at the Chatham House [website](#).

TOWARDS A STRONGER AND MORE INCLUSIVE MEXICO: AN ASSESSMENT OF RECENT POLICY REFORMS. Published by the Organisation for Economic Co-operation and Development (OECD) (December 2017). This OECD publication reviews a host of policy reforms which have been implemented under current Mexican leadership, and where Mexico could go next in addressing policy challenges in areas such as energy and health, among others. The publication is available for download [here](#).

THE UNITED STATES WINS FROM TRADE AGREEMENTS. By Caroline Freund for the Peterson Institute for International Economics (December 2017). This article looks at how the US' various trade agreements have benefited the country, looking at the various concessions made by US trading partners in signing onto these accords, and noting the role that Washington has played in the design of these agreements. The full article and related graphs can be found at the Peterson Institute [website](#).

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