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ASIA-PACIFIC

Asia-Pacific Summits Update: RCEP Talks in "Final Stage," Extending into 2019

A series of high-level summits in the Asia-Pacific region are getting underway this week, kicking off with the Association of Southeast Asian Nations (ASEAN) and concluding with the Asia-Pacific Economic Cooperation (APEC) leaders' meetings. These events, among others, are being watched closely for news of possible advances in trade and investment agendas, including on the Regional Comprehensive Economic Partnership (RCEP) negotiations, which are now set to continue into 2019.

The ASEAN Summit this week in Singapore marks the final milestone of the city-state's presidency of that coalition, with the chairmanship due to go to Thailand next. This year's ASEAN meetings were convened under the tagline "Resilient and Innovative."

The regional intergovernmental bloc ASEAN is made up of 10 Southeast Asian countries, whose combined GDP was worth US\$2.8 trillion last year. Its members include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

Among the milestones that have emerged from this week's ASEAN Summit include the conclusion of negotiations for a long-awaited ASEAN Trade in Services Agreement (ATISA), which experts say completes a package of three core pillars aimed at improving the region's economic and sectoral integration. The other two are the ASEAN Trade in Goods Agreement (ATIGA), amended in August, and the ASEAN Comprehensive Investment Agreement (ACIA).

The new services deal is linked to an existing framework accord on services, which was designed to help achieve "free flow of trade in services within the region," according to the coalition's [website](#). The ATISA would aim to take this framework deal further, particularly given that the services sectors of individual ASEAN countries [make up](#) anywhere between one-third to three-quarters of each country's gross domestic product.

Singaporean Minister for Trade and Industry Chan Sun Sing told the Business Mirror that the agreement will create "a more liberal, stable, and predictable environment for service suppliers of the ASEAN." Also notable from the ASEAN Summit was the signature by ministers of an Agreement on Electronic Commerce, as well as the adoption of the ASEAN Digital Integration Framework.

Chan lauded the electronic commerce agreement as a "testament to ASEAN's commitment to create a conducive environment for the growth of e-commerce through advancing trade rules in e-commerce and building up greater digital connectivity within the region." Officials also discussed the bloc's ability to adapt and engage with the rapidly changing digital landscape, as the value of ASEAN's digital economy [is expected](#) to reach US\$200 billion within the next six years, according to statistics cited by the Asia Media Centre.

Global trade dynamics in the background

Notably, US President Donald Trump did not attend the ASEAN Summit nor related meetings, and he will also not be going to the Asia-Pacific Economic Cooperation (APEC) Forum coming up in Papua New Guinea. Washington is instead being represented by US Vice President Mike Pence, who told reporters that "the US commitment to the Indo-Pacific is steadfast and enduring," and referred specifically to the value of trade and investment.

He named among these priorities the support of trade and investment in the Asia-Pacific region, while also mentioning the recent conclusion of negotiations to amend the US' trade accord with South Korea. He also referred to the planned modernisation and replacement of an existing trilateral accord, the North American Free Trade Agreement (NAFTA), with the US-Mexico-Canada Agreement (USMCA), which is pending signature and ratification.

He also referred to the potential start of negotiations for a "historic trade agreement with Japan," given that the Office of the US Trade Representative has already notified Congress of its intent to pursue such talks. "These new trade deals will put American jobs and American workers first," he wrote in [The Washington Post](#) last week.

However, the challenges facing the global trading system on multiple fronts, including persistent tensions between the US and China, were also referred to by regional leaders this week. Several also spoke about the need to address and lower these tensions before they cause lasting damage to those countries' economies and others.

"China has opened its door to the world; we will never close it but open it even wider," said Chinese Premier Li Keqiang this week, according to comments reported by the Straits Times. "I still hope we can hold talks based on mutual respect, balance, and mutual benefits to resolve the issue. There are no winners in a trade war," he said this week at a separate event, prior to talks with ASEAN leaders, according to comments reported by Reuters.

Other officials echoed this sentiment, with Chan telling the Associated Press that forums such as ASEAN should "continue to stay open and connected and leverage our collective strength to navigate disruptive trends and anchor our relevance to the global economy."

Negotiating agenda: RCEP talks to continue into 2019

Leaders from the Regional Comprehensive Economic Partnership also met this week, issuing a statement confirming that the planned mega-regional accord will not be completed this year, despite earlier hopes that they could endorse a "package" of agreed outcomes in 2018.

The accord would group the 10 countries of ASEAN together with Australia, China, India, Japan, New Zealand, and South Korea. Heading into the East Asia Summit (EAS), also held this week, some leaders from the RCEP group had already hinted that a conclusion to the talks was not yet possible.

For example, Australian Prime Minister Scott Morrison recently indicated that leaders' [objectives](#) this week would be "to review progress towards the Regional Comprehensive Economic Partnership," while noting the value of such an accord for fostering "closer regional economic integration."

A joint leaders' statement issued on 14 November indicated that the RCEP talks "have advanced to the final stage of the negotiations," and [expressed](#) their commitment "to conclude a modern, comprehensive, high quality, and mutually beneficial RCEP in 2019."

They also referred to the conclusion of seven chapters out of the overall accord. They named these as the chapters "on economic and technical cooperation, small and medium-sized enterprises, customs procedures and trade facilitation, government procurement, institutional provisions, sanitary and phytosanitary measures, and standards, technical regulations, and conformity assessment procedures."

The leaders' statement also included a brief, one-page annex on the negotiating state of play, referring also to the need for "[closing] remaining gaps" on market access.

"Special consideration may need to be given to the fact that not all RPCs have in place bilateral free trade agreements among themselves, without undermining the potential expansion and deepening of regional supply chains among the 16 RPCs," the annex says, with the term RPC referring to RCEP Participating Countries.

The RCEP talks have been underway for six years, and the efforts to conclude the deal come as some of its participants are gearing up for the entry into force of another regional accord: the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The CPTPP was recently ratified by six signatories, which is the minimum for the accord to take effect by the end of the year. It has a partial overlap in membership with the RCEP, though its structure and approach is notably different. Both are being considered as possible pathways for advancing regional integration on a wider scale in the future, potentially in the form of an even bigger trade accord. (See Bridges Weekly, [25 October 2018](#) and [1 November 2018](#))

Coming up on the regional trade calendar

The next major gathering on the regional trade docket is a leaders' level meeting of the Asia-Pacific Economic Cooperation (APEC) economies, being held in Port Moresby, Papua New Guinea.

Papua New Guinea is the smallest member of APEC, a regional coalition made up of 21 economies, which have varying sizes, populations, and economic structures.

Senior officials have already met, with economic ministers gathering on Thursday 15 November and leaders getting together over the weekend. The APEC summit this year has as its theme "Harnessing Inclusive Opportunities, Embracing the Digital Future," and this year's hosts say that trade and cooperation will be headlining the agenda.

ICTSD reporting; "Asean concludes accord on services," BUSINESS MIRROR, 14 November 2018; "ASEAN signs first agreement on e-Commerce," UNTV, 12 November 2018; "Events: East Asia Summit, APEC Summit, ASEAN Summit," ASIA MEDIA CENTRE, 8 November 2018; "Mike Pence: The United States seeks collaboration, not control, in the Indo-Pacific," THE WASHINGTON POST, 9 November 2018; "China calls for open world economy but work remains on landmark trade pact," REUTERS, 12 November 2018; "ASEAN summit puts focus on trade tensions, trends," THE ASSOCIATED PRESS, 13 November 2018; "United States and China trade tensions will trigger a 'domino effect' says Indonesian PM," REUTERS, 13 November 2018.

FISHERIES

WTO Members Prepare to Shift Gears in Fisheries Negotiations

WTO members negotiating a proposed agreement to tackle harmful fisheries subsidies held a second cluster of meetings last week as part of their September-December work programme, hearing reports about brainstorming sessions in "incubator groups" the week before and completing the streamlining of a document consolidating all existing proposals.

Apart from the streamlining of the text and the consideration of incubator groups' reports, last week's cluster of meetings also included a "text-based discussion" focused on possible disciplines on subsidies that contribute to the fishing of stocks that are in an overfished condition. Efforts to translate various positions into draft provisions, however, remained difficult, sources said.

"In terms of substance, there was not much movement at all. But we are still relatively early in the process, and nobody is going to make big moves at that stage," one delegate told Bridges.

Delegates also began reflecting on how to organise negotiating work on fisheries subsidies next year, with various members calling for a shift in gears into full-on negotiating mode as the end-2019 deadline for reaching an agreement approaches.

At the organisation's Eleventh Ministerial Conference (MC11) in Buenos Aires, Argentina, last December, WTO members [adopted](#) a ministerial decision in which they agreed to continue negotiations on fisheries subsidies "with a view to adopting, by the Ministerial Conference in 2019, an agreement on comprehensive and effective disciplines."

They were unable to reach an agreement on specific disciplines at that time, despite an escalation in negotiating efforts in the months leading up to the ministerial to potentially achieve an interim deal. (See Bridges Daily Update, [14 December 2017](#))

The next WTO ministerial conference will be held in Astana, Kazakhstan, in June 2020, although members are planning to [uphold](#) their 2019 target for wrapping up a fisheries subsidies accord by the end of 2019.

Earlier this year, the UN's Food and Agriculture Organization (FAO) issued an [assessment](#) that found that global fisheries resources continue to suffer from severe overfishing, with more than 33 percent of marine fish stocks being fished at biologically unsustainable levels. As many in the environmental community and beyond have highlighted, this situation represents a serious threat to the health of ecosystems, the livelihoods of the populations depending on fisheries, and the realisation of broader sustainable development objectives.

With strong evidence that subsidies to the fishing sector can contribute significantly to unsustainable levels of fishing, environmental advocates say that a meaningful WTO agreement to tackle harmful fisheries subsidies could provide a valuable opportunity for the global trade club to support efforts at curbing overfishing and other challenges facing the sector.

Various WTO members have noted over the past few years that such an agreement would contribute to the realisation of the UN 2030 Sustainable Development agenda, as explicitly

envisioned in one of the targets under [Sustainable Development Goal 14](#), which relates to the conservation and sustainable use of oceans, seas, and marine resources.

In SDG 14.6, UN member states committed to “prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies.”

They refer specifically to the WTO negotiating process in this context, and that target also “[recognises] that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation.”

From incubator groups to “real” negotiating mode?

After a series of meeting clusters before the summer break, the WTO’s fisheries subsidies talks entered a new mode in September, namely through the use of a format known as “incubator groups.”

These small groups of 9-10 WTO members meet between regular sessions of the Rules Negotiating Group, which is the WTO body in charge of negotiations on fisheries subsidies, to address specific topics. The incubator groups aim to generate new ideas, which they can then report back to all delegations in plenary meetings.

Last week, WTO members considered reports from incubator groups on questions related to the identification of stocks that are in an overfished condition; the role that outside expertise would play in the concrete application of possible WTO disciplines on fisheries subsidies; and the relationship between these rules and fisheries management processes in place at the national or regional levels, among others.

Despite reports of some initial scepticism by some delegations towards the incubator groups, sources say that discussions in this new setting have generally been greeted as positive and constructive, allowing for members to exchange views at a more informal level and making it easier for new ideas to emerge.

To date, the incubator group process has proceeded in parallel to talks on the current negotiating text. Regarding the text-based discussions, WTO members finished streamlining a document last week that consolidated all the proposals under consideration. At this stage, it is not yet clear how and when the results of the incubator group process will be incorporated into the text-based discussions.

“The incubator groups are generating a lot of good ideas, including some new ideas – although some are old ideas too. But for the moment, we have not actually seen the translation of these ideas into the text,” a developing country delegate told Bridges.

As a result, various delegations, including the African, Caribbean, and Pacific (ACP) Group, Australia, Brazil, Canada, the EU, New Zealand, Norway, the Philippines, Russia, the US, and Vanuatu, took the floor during the wrap-up session of last week’s cluster to call for a change in pace and approach. According to a Geneva trade official familiar with the meeting, these members referred to the importance of transitioning from brainstorming discussions in incubator groups to more substantial, text-based negotiations.

It is not yet clear how exactly these would differ from the “text-based discussion” sessions that are already included in the September-December work programme.

“We want to move to proper text-based negotiations, and many delegations have said it. We want to encourage new proposals to come on the table,” continued the same delegate.

"It is a question of timing as well. We have around one year left now. We just do not have time to continue in a process based on ideas only," another delegate said.

The work conducted so far, including as part of the incubator groups' process and the scrubbing of the consolidated text of all proposals, will facilitate this shift to a "real negotiating mode," Mexico's WTO Ambassador Roberto Zapata Barradas, the chair of the negotiations, told delegates last week, according to a Geneva trade official.

Sources said that this could take a variety of forms, and it is not yet clear how the negotiating work will be structured in the new year, although one general approach could be to use smaller groups.

"The process should be more member-driven, and definitely text-based. One possibility that has been mentioned by some delegations is to adopt an approach similar to the negotiations of the Trade Facilitation Agreement (TFA), with small groups and facilitators," another delegate told Bridges.

In the final push to wrap up the TFA talks, the chair of the negotiations had appointed facilitators, known as "Friends of the Chair," to help lead negotiating efforts on particular sections of the text.

"The exact way in which future work will be organised is still open for debate, but we could see something along those lines," the same delegate added.

Sources also told Bridges that discussions on how to organise the negotiating work for 2019 will continue during the last cluster of meetings for 2018, which will be held on 3-7 December. These talks will be preceded by meetings of the incubator groups.

Global cooperation on marine resources

Fisheries subsidies talks at the WTO take place against a backdrop of increased efforts at boosting cooperation across various international forums to help protect oceans and marine resources. This includes negotiations at the UN level on safeguarding marine biodiversity, as well as major international summits devoted to SDG 14 more broadly.

Last September, UN negotiators concluded a first session of talks towards the establishment of a global treaty to protect marine biodiversity in areas beyond national jurisdiction (BBNJ). The first negotiating round set in motion a two-year process aimed at resolving long-standing gaps in international environmental governance. (See Bridges Weekly, [20 September 2018](#))

Similarly to the fisheries subsidies negotiations at the WTO, the BBNJ process is by no means new, as a new UN pact in this area would be the culmination of a process spanning over 14 years. It has, however, also been given new impetus by the adoption of the UN 2030 Sustainable Development Agenda in 2015 and the process that led to it.

Negotiators are expected to meet at the end of March 2019 for the second session of the international conference responsible for the BBNJ talks.

The fifth Our Ocean Conference also took place on 29-30 October in Bali, Indonesia, under the theme "Our Ocean, Our legacy". The high-level event, which was attended by country, business sector, and civil society representatives, generated a total of US\$10.7 billion in pledges for various initiatives and projects aimed at protecting oceans and marine ecosystems.

The conference generated 305 tangible and measurable commitments in the following six areas of action: maritime security; marine protected areas; sustainable fisheries; marine pollution; sustainable blue economy; and climate change. In particular, commitments

regarding marine protected areas have expanded the global coverage of these areas by up to 14 million square kilometres.

The event was praised by many observers as a significant success, yielding concrete environmental outcomes while serving as a testament to the powers of international cooperation.

"Even the most powerful actor in any given time in history has needed to collaborate. [...] Collaboration is the oxygen of our work," said Luhut Pandjaitan, Indonesia's Coordinating Maritime Affairs Minister, at the conference.

The next Our Ocean conference will be hosted by Norway in 2019.

ICTSD reporting.

GLOBAL ECONOMY

EU, US Officials Reconvene in Washington to Advance Bilateral Trade Agenda

Trade ministers from the European Union and the United States met on Wednesday 14 November, looking to take stock of working group discussions on trade and chart a shared path ahead. The high-level discussions are among a series of events this week expected to address international cooperation and the multilateral trading system, coming on the heels of the inaugural Paris Peace Forum.

EU Trade Commissioner Cecilia Malmström and US Trade Representative Robert Lighthizer were reviewing the latest developments in a working group process launched in July, which followed a meeting between US President Donald Trump and European Commission President Jean-Claude Juncker. (See Bridges Weekly, [26 July 2018](#))

The two presidents announced in July an initial set of issues and objectives that their trade teams would work to address, though trade officials have indicated in the months since that Washington and Brussels are still figuring out what might feature in a formal trade agreement and what may be addressed through other, parallel tracks. (See Bridges Weekly, [25 October 2018](#))

Malmström, Schramböck outline objectives, timing

Speaking to [reporters](#) on Friday 9 November after a meeting of the European bloc's trade ministers, Malmström described next steps for advancing the EU's trade agenda both at the bilateral level and multilaterally, including with the EU-US relationship.

Regarding the Trump-Juncker statement from this past July, she noted that both sides are looking at how to "take forward" that work and "identifying what might be done." Trade officials from the EU and US are due to submit a report to their respective leaders by year's end, she added.

She noted in particular discussions "in the regulatory field on how we can make trade easier in sectors like pharmaceuticals, medical devices, cybersecurity, and how we can also allow for those countries and companies in the European Union who would like to buy gas, LNG, from the US."

The term LNG refers to liquefied natural gas, which involves cooling natural gas so that it can become liquid, more compact, and therefore easier to ship abroad or keep in storage. According to the US [Energy Information Administration](#) (EIA), the US is currently a net LNG exporter, with the top destinations for the fuel including Mexico, South Korea, China, Japan, and Jordan, in that order. Exports of LNG from the US to the European market are significantly behind, with the European Commission noting that the first imports of US LNG began just over two years ago.

Additionally, the EU's executive arm [noted](#) this past August that one of the biggest hurdles in boosting LNG exports from the US to the EU involves regulatory approval requirements that exist in current US legislation, and which complicate efforts to increase trade in the fuel. Additionally, experts note that Europe has other ways to meet its gas needs: [European Commission data](#) notes that the bloc's top sources of gas imports are Russia, Norway, and Algeria, and that on importing LNG countries like Qatar and Nigeria are taking a leading role as suppliers.

Malmström also stressed that the EU is looking for outcomes based on cooperation, and that anything agreed with Washington will not involve changes in the European bloc's legislation nor the lowering of standards.

Austrian Federal Minister for Digital and Economic Affairs Margarete Schramböck similarly noted that the trans-Atlantic trading relationship played a dominant role in discussions among [EU trade ministers](#). The objective, she added, was to lay the groundwork for increasing "the pace of talks with the Americans."

"The trade disputes were not the top issue in the campaign running up to the midterm elections, but nobody knows how long this lull in proceedings is going to last," she said, explaining why the issue has remained prominent on the European side. Austria is the current holder of the Council of the European Union.

"We have to conclude discussions on a negotiating mandate and hopefully at the beginning of next year we'll have a strong negotiating mandate" to give to the Commission, Schramböck added. This would build on the July deal between presidents, which she notes does not include farm goods.

The Austrian official also noted that the European Union is hoping to see movement from their American partners on some key issues, particularly given [recent efforts](#) on the EU side to re-engage in discussions on importing hormone-free beef and veal, which had been the subject of a WTO dispute between both sides and is currently governed by a quota system outlined under a memorandum of understanding.

WTO modernisation: transparency proposal review

While Washington and Brussels are looking to make progress on a set of bilateral issues, in an effort to reduce trade tensions, cut trade costs, and foster a more cooperative relationship, they are also discussing different options for updating the Geneva-based World Trade Organization (WTO). These talks are going on bilaterally, within the Executive Working Group context, as well as in a trilateral format that also involves Japan. They are also reaching out to other WTO members to test ideas and put forward proposals for consideration on some subjects.

Malmström referred, for example, to a proposal that the EU and US have circulated, together with Argentina, Costa Rica, and Japan, that is aimed at tackling concerns over WTO members' delays in submitting their required notifications. "There I think we can achieve a lot," she said.

The proposal was discussed at this week's meeting of the WTO's Council for Trade in Goods. According to a Geneva trade official, Chinese Taipei has also signed on as a co-sponsor of the proposal. The document reportedly drew questions from some WTO members, both on the proposed penalties for non-compliance, given that all WTO members run behind on their notifications, along with whether the organisation's Council for Trade in Services will see a similar proposal. (See Bridges Weekly, [8 November 2018](#))

The European Union is also looking to advance a proposal related to the organisation's Appellate Body, which is facing a hefty workload of challenging cases, while also only having three of the seats on its normally seven-member roster filled.

Without going into detail, Malmström [said](#) that the EU's planned proposal on the Appellate Body is "aiming to be attentive to some of the US' concerns that they have voiced on specific issues, where they have a point." Whether the proposal will differ substantially from what the European Commission put forward in a concept paper this past September is not yet clear, given the US Ambassador to the WTO Dennis Shea said later that month that

Washington did not agree to some of Brussels' suggested approaches to the issue. (See Bridges Weekly, [20 September 2018](#))

"We could be quicker, and we could accelerate the procedures, and it could be improved, of course, but also taking advantage of reforming it a bit more substantively while maintaining the integrity and the independence of the body and making sure there is an Appellate Body, actually," Malmström added, noting that the subject is one of interest for several WTO members.

She also noted that bilateral discussions between the EU and China on WTO modernisation have been focused primarily on the Appellate Body situation. Meanwhile, she told reporters that meetings with the US and Japan in the trilateral format are devoted to the possible drafting of "new rules on the WTO to present to the membership," while noting that some of these proposed new rules, which would address industrial subsidies and forced technology transfers, will require cooperation from China.

Paris Peace Forum: Macron, IGO heads call for "collective responsibility"

The EU-US trade ministers' meetings come right on the heels of the Paris Peace Forum, a new event convened from 11-13 November in the French capital city to bring together stakeholders from across countries and sectors in support of multilateralism and cooperation.

Event organisers [describe](#) the event as built for "those who seek to develop solutions for today's transborder challenges," and drew participation from world leaders, international organisation chiefs, media representatives, civil society, and a host of others.

One of the main outcomes of the Paris Peace Forum was a [joint statement](#) issued on behalf of French President Emmanuel Macron and the heads of various international organisations. These included the leaders of the World Trade Organization (WTO), the UN Educational, Scientific, and Cultural Organization (UNESCO), the Organisation for Economic Co-operation and Development (OECD), the World Bank Group (WBG), the International Monetary Fund (IMF), and the International Labour Organization (ILO).

"Topics such as the maintenance of international peace and security, the protection of the environment and biodiversity, the implementation and achievement of the Sustainable Development Goals (SDGs), international trade and investment, human rights and gender equality, the fight against corruption and against tax optimisation and tax evasion are interconnected and require coordinated action," they said, according to an informal translation of the statement, which was issued in French.

"To address global challenges, global attention, collective responsibility, and international solutions are needed: we remain committed to working tirelessly to achieve lasting peace and progress through multilateral approaches," they continued.

The importance of mitigating trade tensions among major players, safeguarding and improving the WTO system, and ensuring cooperation across the international trade community were also themes that emerged during WTO Director-General Roberto Azevêdo's individual remarks during the event.

"Think about the world without the WTO. It would be the law of the jungle. It would be a return to unilateralism, with no global cooperation on trade issues," he warned, according to a [statement](#) issued by his office.

ICTSD reporting.

BREXIT

Brexit Draft Deal Floated, UK Continues Preparations for Trade Future with Other Partners

Negotiators from the EU and UK have endorsed a draft text of a Brexit agreement, capping months of uncertainty over how the two sides will address some of the thorniest issues of the UK's withdrawal from the bloc. Concurrently, UK officials have continued meeting with non-EU partners to lay the groundwork for its post-Brexit trading relationships.

The Brexit deal, which faced scrutiny by UK Prime Minister Theresa May's cabinet on Wednesday 14 November after news emerged of a negotiating breakthrough the day prior, is expected to address issues such as the border between the Republic of Ireland, an EU member state, and Northern Ireland, which is part of the United Kingdom.

After hours of discussion and debate that went well into the evening hours, the UK cabinet gave their endorsement of the deal, the details of which will be parsed closely by experts in the coming days and weeks.

"I firmly believe that the draft Withdrawal Agreement was the best that could be negotiated, and it was for the Cabinet to decide whether to move on in the talks. The choices before us were difficult, particularly in relation to the Northern Ireland backstop," [said](#) May on Wednesday evening.

"When you strip away the detail, the choice before us is clear. This deal which delivers on the vote of the referendum, which brings back control of our money, laws and borders; ends free movement; protects jobs, security and our union; or leave with no deal; or no Brexit at all," she added.

The accord was similarly welcomed by EU Commission and Council officials, with the EU's chief Brexit negotiator, Michel Barnier, [saying](#) on social media site Twitter that "We have never negotiated against the UK but always with the UK. Today, in my capacity as the EU Commission's chief negotiator, I consider that we have achieved decisive progress in the Brexit negotiations. UK will remain our friend, our ally and our partner."

The [draft agreement](#) itself numbers well over 500 pages, and a [joint report](#) circulated by EU and UK negotiators in tandem indicates that some issues, such as the details of the future EU-UK trading relationship and ensuring internal security, require more work. Officials have also released an "outline of the political declaration" on the future EU-UK relationship.

On the former, the report says that "negotiators have agreed in principle the need for comprehensive arrangements creating a free trade area, combining deep regulatory and customs cooperation, building on the single customs territory provided for in the Withdrawal Agreement."

However, it acknowledges that while both sides want to make this relationship "as close as possible," they will still need to make this "compatible with the integrity of the [European] Union's Single Market and Customs Union and the development of the United Kingdom's independent trade policy."

The outline political declaration also devotes several paragraphs to the future EU-UK economic partnership, describing a system underpinned by zero tariffs and no quantitative restrictions in goods, along with "ambitious, comprehensive, and balanced arrangements on

trade in services and investment.” Other sections of the economic partnership are devoted to customs and regulatory cooperation, the backstop solution on Northern Ireland, financial services, digital, intellectual property, public procurement, mobility, transport, sustainable fishing, energy cooperation and carbon markets, and global cooperation, among others.

The UK cabinet meeting was widely viewed as a key test for the draft deal to overcome, serving essentially as a pre-requisite for a Brexit summit among EU leaders to adopt the accord formally. If UK cabinet officials had balked at its terms, the agreement would likely have returned to the negotiating table for further revisions. Even with the approval on Wednesday, there were already signs of political upheaval as a result of the accord, with the UK's Secretary of State for Exiting the European Union, Dominic Raab, resigning in the early hours of Thursday morning.

The UK and EU have only a few months to wrap up the Brexit talks and ratify the deal's terms, given that the official date for Brexit is set for the end of March 2019. While the two sides envision having a transition period in place to make the process smoother, they have also been releasing details of contingency plans should negotiations fail and the UK leave without an accord. (See Bridges Weekly, [22 March 2018](#))

Although details are still emerging, world markets responded positively to the news of a draft deal, with the pound sterling significantly against the euro, according to data cited by the Financial Times.

Prepping for new partnerships

The news of a draft deal came just days after a working group consisting of UK and US representatives met in Washington to continue discussions on their post-Brexit trade and investment relationship, building on a process established in July 2017.

The latest meetings took place between 2-7 November and aimed at preparing both nations for Brexit, covering topics related to trade, foreign direct investment, and the participation of small and medium-sized enterprises in bilateral commercial activities.

The group was first created by UK Secretary of State for International Trade Liam Fox and US Trade Representative Robert Lighthizer to prepare both nations for eventual free trade negotiations after the UK's exit from the EU in March 2019. Last week's talks marked the fifth meeting of the working group since its establishment.

When the group was established last year, Fox suggested that a bilateral UK-US deal could lead to a £40 billion per year increase in trade in real terms by 2030, though that would depend on the accord's terms as well as what the UK's post-Brexit relationship is with the European Union. Formal trade negotiations cannot begin until the March 2019 Brexit date, given that the UK will still be an EU member state until that time.

Trade officials from the UK and US also held another meeting of their “SME Dialogue” to highlight and share best practices on promoting SME exports, particularly in e-commerce and digital industries. Government officials from several departments including the Office of the US Trade Representative, the US Department of Commerce, and the UK Department for International Trade met with various SMEs to discuss ways for these companies to prepare for Brexit-related challenges and opportunities.

Following both sets of meetings, the Office of US Trade Representative and the UK Department for International Trade released a [summary](#) outlining the topics discussed at the meetings. “The Working Group covered topics, including industrial and agricultural goods; services and investment, including financial services; digital trade; intellectual property rights (IPR); regulatory issues related to trade; and Small and Medium-Sized Enterprises (SMEs),” according to the statement.

During the SME Dialogue, both parties released [joint e-commerce guides](#) for SMEs engaged in bilateral trade between the two nations. These include recommendations on steps to develop an e-commerce strategy, the landscape of e-commerce in the US and the UK, and how to best protect intellectual property and consumer privacy in the digital era.

Since the launch of the working group in 2017, both countries have collaborated on numerous Brexit-related fronts. While some relate to trade, others cover different policy areas, such as how to raise awareness of the bilateral relationship in the ocean and marine technology sector, and the two countries entered into a [Science and Technology Agreement](#) last year establishing a foundation for greater mutual research and innovation activities. (See Bridges Weekly, [19 July 2018](#))

Both countries have agreed to hold a sectoral-focused SME best practices exchange as it relates to the marine technology sector in April 2019. The UK will also host the next SME Dialogue in summer 2019, which will focus on post-Brexit effects on the bilateral trade relationship.

ICTSD reporting; "Brexit: Michael Gove's department 'too complacent' over risks to trade and food safety after exit from EU," THE INDEPENDENT, 14 November 2018; "Liam Fox launches fresh drive on US-UK trade deal," FINANCIAL TIMES, 24 July 2017; "Britain and E.U. Agree on a Plan for Brexit," NEW YORK TIMES, 13 November 2018; "Sterling bounces higher as investors track Brexit," FINANCIAL TIMES, 13 November 2018.

TRADE AGREEMENTS

EU Trade Talks with New Zealand, Indonesia Advancing Steadily, Officials Say

The European Commission recently circulated updates on the progress seen in two different negotiating processes, specifically with Indonesia and New Zealand, earlier this month, referring to valuable advances seen in both cases.

While trade talks with Indonesia have been underway for over two years, negotiations with New Zealand are in the early stages, with delegates holding their second round of talks last month. The EU is pursuing a host of bilateral trade talks with partners internationally, with processes underway in the Asia-Pacific region, Latin America, and beyond.

Indonesia talks: "good progress across the board"

The EU and Indonesia are looking to ink a deal that would be known as the Comprehensive Economic Partnership Agreement (CEPA), an accord that would link the 28-nation European bloc with the biggest and most populous economy of the 10-country Association of Southeast Asian Nations (ASEAN).

The most recent negotiating round between them was held from 15-19 October in Palembang, Indonesia. According to a [report](#) by the European Commission, that round saw "good progress across the board, and particularly on the chapters on customs and trade facilitation, sanitary and phytosanitary issues, technical barriers to trade, and sustainable development."

Talks also covered market access offers and textual provisions relating to trade in services, as well as investment. On the subject of investment dispute resolution, the EU noted some progress, while indicating that "the Indonesian side has not taken a position yet on this issue."

The report also named state-owned enterprises (SOEs) and public procurement as other subjects where negotiators made headway last month, and confirmed that negotiators would reconvene formally for their next round in March of next year. That event will mark the seventh negotiating round overall.

The EU has signed trade and investment protection accords with Singapore, and is expected to soon do the same with Vietnam. The European bloc and ASEAN had previously attempted to negotiate a region-to-region accord, switching later to bilateral agreements with individual ASEAN member states that could lay the groundwork for a wider deal. Indonesia, meanwhile, is participating in a series of trade negotiations of its own, including within the ASEAN framework, with one of the most high profile being the Regional Comprehensive Economic Partnership (RCEP) involving ASEAN and its six free trade agreement (FTA) partners.

The RCEP talks and ASEAN's other trading relationships are taking centre stage this week in Singapore, as leaders from the Southeast Asian bloc hold their annual summit to review a host of issues on their regional economic integration agenda. (For more on ASEAN, see related story, this edition)

New Zealand talks continue apace

One of the EU's most recent trade negotiating processes involves New Zealand, with the two sides holding their second round of talks from 8-12 October. The negotiations were launched earlier this year, after both sides spent 2015-2017 scoping out what an accord could cover, and then undergoing the necessary domestic processes to secure their respective negotiating mandates.

According to New Zealand's Ministry of Foreign Affairs and Trade (MFAT), the parties are aiming for a "high-quality, progressive [agreement](#)." The MFAT summary [clarifies](#) that Wellington is looking to see a deal that is commercially significant, including the "comprehensive tariff elimination for all goods," potentially with longer phase-out periods and other measures to address sensitivities over agriculture. According to MFAT, the deal [should](#) also set "a global benchmark on social and environmental priorities – like climate change, gender equality, indigenous rights, labour standards, and sustainable and inclusive economic growth."

According to an EU report on the latest round, negotiators were able to "bridge gaps between both sides' positions in a number of areas, and to close corresponding portions of texts," as well as map out steps that both should take before negotiators reconvene next February.

Negotiators are already engaged in text-based discussions in various negotiating areas, such as on the text for trade in goods, as well as reviewing textual proposals from one or both sides on sanitary and phytosanitary measures (SPS), trade remedies, investment and capital movements, investment liberalisation and services trade, and public procurement.

The two sides also engaged in detail on various sustainability-linked areas, such as environment, labour, and climate change, looking to examine both multilateral conventions and accords, as well as bilateral interests and objectives in different areas, such as biodiversity and marine fisheries. According to the report, carbon markets and cooperation were raised during the climate-specific discussions.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

16 November, Washington, US. WHAT MIGHT BREXIT LOOK LIKE? This event, organised by the Washington International Trade Association (WITA), will involve a discussion both of what Brexit might look like in practice, along with its implications for the UK-US relationship, as well as for the United Kingdom's international relationships more broadly. To learn more, visit the WITA [website](#).

20 November, Tokyo, Japan. WOMEN, DIGITALIZATION AND THE FUTURE OF WORK: CHALLENGES AND OPPORTUNITIES OF DISRUPTIVE TECHNOLOGIES. This Chatham House event will feature a roundtable discussion on how changes in the digital space, including the emergence of "disruptive" technologies, could create challenges and/or opportunities for women and girls. The event's results are part of a wider initiative aimed at supporting discussions under the Women 20 (W20) process, within the context of the G20 presidency, which will go to Japan at the end of this year. Please note that event attendance is by invitation only. To learn more, visit the Chatham House [website](#).

22 November, Geneva, Switzerland. NEGOTIATIONS ON FISHERIES SUBSIDIES: ADDRESSING IUU FISHING IN WTO RULES. This event, organised by the International Centre for Trade and Sustainable Development (ICTSD), is one of a series focused on the WTO's negotiations on disciplining harmful fisheries subsidies. It is also part of ICTSD's WTO: Paths Forward initiative. This particular seminar focuses on subsidies for illegal, unreported, and unregulated (IUU) fishing, with the aim of generating ideas that can support the negotiating process. Please note that event attendance is by invitation only. For more information, please visit the ICTSD [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.

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

19 November: Committee on Customs Valuation

19-20 November: Committee on Regional Trade Agreements

20 + 22 November: Trade Policy Review Body – Armenia

20 November: Committee on Balance-of-Payments Restrictions

21 November: Committee on Trade and Development – Dedicated Session on RTAs

21 November: Dispute Settlement Body

21 November: Committee on Trade and Development – Dedicated Session on the Monitoring Mechanism on Special and Differential Treatment

21 November: Committee on Trade and Development

Other Upcoming Events

26-28 November, Nairobi, Kenya. SUSTAINABLE BLUE ECONOMY CONFERENCE. This event, co-hosted by Kenya, Canada, and Japan, will aim to bring stakeholders from government, international organisations, academia, civil society, and the private sector to harness the energy from multiple international efforts, including the UN's Sustainable Development Goals (SDGs), to learn more about the vast potential of the blue economy and the importance of safeguarding marine resources to support current and future livelihoods. To learn more, visit the conference [website](#).

27 November, Geneva, Switzerland. INVESTMENT FACILITATION INDEX. This event is being organised by the International Centre for Trade and Sustainable Development (ICTSD) and the German Development Institute (DIE). This event will focus on how an investment facilitation "index" can make it easier for countries to evaluate and measure the use of investment facilitation provisions in international accords. Discussants will also look at the nexus between investment, trade, and sustainable development. To learn more, visit the ICTSD [website](#).

30 November, Washington, US. YTP TRADE TALKS LIVE! WITH CHAD BOWN & SOUMAYA KEYNES. This event is being organised by the Washington International Trade Association (WITA), specifically under its Young Trade Professionals (YTP) programme. It will feature Chad Bown of the Peterson Institute for International Economics (PIIE) and Soumaya Keynes of The Economist, who are the co-hosts of the "Trade Talks" podcast, for a brownbag lunch discussion on current events in trade and their experience hosting the weekly podcast. To learn more, visit the WITA event [website](#).

10-11 December, Marrakech, Morocco. INTERGOVERNMENTAL CONFERENCE TO ADOPT THE GLOBAL COMPACT FOR SAFE, ORDERLY, AND REGULAR MIGRATION. This high-level event, convened by the UN General Assembly, will adopt the first global compact on migration. It will feature a plenary debate, two dialogues, and a series of related side events. To learn more and to register, visit the conference [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, policymakers, 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, academia, and NGO communities in order to implement carbon pricing policies more effectively and reduce global emissions. To learn more, visit the CPLC [website](#).

Resources

INVESTMENT DISPUTE SETTLEMENT NAVIGATOR. Published by the UN Conference on Trade and Development (UNCTAD) (November 2018). This updated version of UNCTAD's Investment Dispute Settlement Navigator examines new investor-state dispute settlement (ISDS) arbitration cases filed this year, along with updating existing case histories. The navigator tool now covers information up to 31 July 2018, inclusive. To access the tool, visit the UNCTAD [website](#).

SMEs IN PUBLIC PROCUREMENT: PRACTICES AND STRATEGIES FOR SHARED BENEFITS. Published by the Organisation for Economic Co-operation and Development (OECD) (November 2018). This new publication examines the role that small and medium-sized enterprises (SMEs) can play in their local economies, as well as internationally, and looks at how country governments adapt their public procurement policies and practices to better account for SME needs. To access the publication, visit the [OECD's iLibrary](#).

UGANDA: COMPANY PERSPECTIVES – AN ITC SERIES ON NON-TARIFF MEASURES. Published by the International Trade Centre (ITC) (April 2018). This publication reviews how non-tariff measures affect the ease of doing business for Ugandan companies, examining issues such as certification, labelling, packaging, rules of origin, infrastructure quality, and border clearance. To learn more and to download the publication, visit the ITC [website](#).

THE ECONOMIC EFFECTS OF PUBLIC STOCKHOLDING POLICIES FOR RICE IN ASIA. Published by the Organisation for Economic Co-operation and Development (OECD) (November 2018). This new publication reviews policies across the Asian region involving public food stockholding, with a particular focus on rice. The authors also look at the implications such policies may have for both domestic and international markets from the present day through the year 2030, testing out a series of different scenarios. To learn more and to download the publication, visit the [OECD's iLibrary](#).

ASEAN PROGRESS TOWARDS SUSTAINABLE DEVELOPMENT GOALS AND THE ROLE OF THE IMF. Published by the International Monetary Fund (IMF) (November 2018). This new report looks at how the IMF has supported the efforts of the countries who form the Association of Southeast Asian Nations (ASEAN) in achieving the UN's Sustainable Development Goals (SDGs), as well as their respective development objectives and strategies. The report also features related recommendations. To learn more and to download the report, visit the IMF [website](#).

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