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TRADE AGREEMENTS

Trudeau, Freeland Make Case for NAFTA As Trade Negotiators Prepare for Next Round

Canadian Prime Minister Justin Trudeau concluded a trip to the US this past weekend to discuss trade and other areas of cooperation with state and local leaders, touting the potential for an updated North American Free Trade Agreement (NAFTA) while cautioning that the final deal would still need to go far enough to serve Canadian interests.

The NAFTA negotiations are due to resume later this month in Mexico City, just weeks after ministers confirmed that they were advancing in some of the "bread and butter" issues in modernising the accord. This included the conclusion of an anti-corruption chapter. Ministers openly acknowledged, however, that they were struggling to make headway on the most contentious issues – despite more detailed talks on these areas. (See Bridges Weekly, [1 February 2018](#))

Trudeau made stops in Chicago, Illinois; San Francisco, California; and Los Angeles, California, according to a brief [report](#) issued by his office, with the trip dedicated to various other facets of the US-Canada relationship, including on topics such as climate action and energy.

"There is a clear path forward [on NAFTA] and we're working very hard together on that path," Trudeau said late last week in California, according to excerpts of his remarks reported by various news outlets. "This accord should and can be modernised and updated, with effort, hard work and willingness to compromise on all sides, this is eminently achievable," he added, highlighting the close relationship between the two North American neighbours.

Earlier that week, however, Trudeau said that any modernised NAFTA would also have to be high in quality – and that Ottawa would not accept anything less.

"We will not be pushed into accepting any old deal, and no deal might very well be better for Canada than a better deal," he said in Chicago, while noting that the trilateral pact has been key in governing cross-border trade in the region and providing exporters with a stable business climate.

Freeland: Challenges ahead, but progressive chapters among Canada's strongest

While Trudeau met officials in the mid-Western and Western parts of the United States, Canadian Foreign Minister Chrystia Freeland [testified to domestic lawmakers](#) on the progress and prospects for the trade talks – while noting the challenging dynamic of the negotiations, particularly between Ottawa and Washington.

She noted that Canada considers its proposals, formal and informal, as being “creative ideas” meant to spur discussion forward. These proposals were in response to the US’ “unconventional proposals” on areas such as rules of origin for automobile manufacturing and investor-state dispute settlement, among others.

“Serious challenges do remain, particularly with regard to the United States’ unconventional proposals. As the Prime Minister said yesterday in Chicago, our objective is a good deal – not just any deal,” she said to the House of Commons’ Standing Committee on Foreign Affairs and International Development.

Canada and the US have openly sparred over a host of trade issues in recent months, both in the NAFTA context as well as bilaterally on softwood lumber trade and at the WTO on trade remedies. The disagreements were raised by ministers at the latest round of talks in Montreal, where Freeland and her American counterpart, US Trade Representative Robert Lighthizer, highlighted their differences on various substantive issues such as automobile rules of origin, along with how to interpret data on the US-Canada trading relationship.

“At the negotiating table, Canada always takes a fact-based approach. We are always polite, and we are adept at seeking creative solutions and win-win-win compromises. But we are also resolute. Canada will only accept an agreement that is in the national interest and which respects Canadian values,” Freeland added during testimony which also addressed other foreign policy priorities. At the same hearing, she also referred to her country’s upcoming presidency of the G7, and its plans to “defend” and “strengthen” the rules-based international order in that context.

At the hearing, Freeland also answered questions relating to Canada’s proposed NAFTA chapters on gender and indigenous rights, saying that in her view “our core progressive ideas are in the labour, environmental, gender, and indigenous chapters, and each of those chapters is different and speaks to a different need and to different parts of the agreement.”

She noted, for example, that the proposed indigenous rights chapter was a first for Canada, while the labour proposal “is the most progressive labour proposal Canada has ever advanced in the trade negotiations. This is a set of proposals that would bite.” She referred to the debate over globalisation leaving some people “behind” and that both the labour and environmental chapters are meant to avoid a “race to the bottom” where Canadian workers would be competing with foreign counterparts whose countries may not have similarly robust standards in these areas.

On gender, she noted that the Canadian proposal means to build on what Canada has agreed with Chile in a planned revision to its existing trade deal, without specifying further. The Canadian-Chile chapter [was announced](#) last year and outlines a series of cooperative activities aimed at boosting women’s economic participation at national and international levels, along with setting up a trade and gender committee in the FTA, though the new chapter would not be subject to dispute settlement. (See Bridges Weekly, [22 June 2017](#))

New proposals on car manufacturing?

Meanwhile, Mexico is reportedly set to put forward its own proposal on automobile rules of origin, according to a high-level official interviewed by the Reuters news agency.

Details of how Mexico might approach the subject were not yet clear at press time, but Mexican Deputy Secretary for Industry and Commerce José Rogelio Garza Garza indicated that the proposal would be submitted in time for the negotiating round later this month.

At the previous round, Canada had suggested including expenditures on research and development and other high-tech inputs into the rules of origin calculation. Lighthizer told reporters that this suggestion could lead to less regional content, rather than more, with an adverse effect on jobs in the three-country coalition. Washington is pushing for significant increases in both regional and US content requirements for automobiles to benefit from preferential treatment under NAFTA.

Canada's suggestions on rules of origin were not presented as a formal proposal in Montreal. Mexican officials have lately suggested that they might be amenable to some changes on rules of origin, while warning that it could be costly to revise significantly the current rules in this area. (See Bridges Weekly, [1 February 2018](#))

Meanwhile, Canada's chief NAFTA negotiator, Steve Verheul, said on Tuesday 13 February that the scheduling of the talks, with meetings every few weeks, has complicated efforts at making major progress, and raised other concerns with the US' approach to issues such as public procurement.

The high-level meetings and statements come also as speculation continues to grow over whether a modernised NAFTA is possible in the near term, or even at all, given both tensions on substantive issues and political approaches, as well as the electoral calendar in the US and Mexico.

Questions also remain over what approach Canada, Mexico, and the United States might take if the negotiations prove too difficult, including whether this could entail a withdrawal by the US or another party, or some other measure.

Public statements by ministers and chief negotiators to date have also suggested that tensions are running higher between the US and Canada than with the US and its southern neighbour, Mexico, with US Trade Representative Robert Lighthizer indicating as much on Tuesday 13 February, according to comments reported by Bloomberg.

He repeated past criticisms on Canada's suggested approach to rules of origin for cars and its separate legal complaint on US trade remedy measures at the WTO, launched earlier this year.

ICTSD reporting; "Justin Trudeau on NAFTA: 'No deal' might be better than a bad one for Canada," GLOBAL NEWS CANADA, 7 February 2018; "'Canada does not treat us right,' Trump complains on trade, the border," TORONTO STAR, 12 February 2018; "Mexico says NAFTA rules of origin for autos will change," REUTERS, 9 February 2018; "Mexico not interested in breaking NAFTA into separate deals," THE CANADIAN PRESS, 8 February 2018; "Mexico to make regional content proposal for autos in NAFTA talks," REUTERS, 8 February 2018; "U.S. Touts Nafta Progress With Mexico While Trump Criticizes Canada," 13 February 2018; "NAFTA talks moving too fast to make substantial progress: Canada's chief negotiator," THE CANADIAN PRESS, 13 February 2018.

UNITED STATES

US House of Representatives Approves Renewal of Trade Preference Programme

On Tuesday 13 February, lawmakers in the US House of Representatives voted to approve a bill renewing the US Generalized System of Preferences (GSP), a programme with implications for developing countries that trade with the US.

The House [voted](#) 400-2 to extend the programme for an additional three years and to refund duties collected for the period when GSP coverage was expired. The legislation, H.R. 4979, was introduced last week and enjoyed bipartisan support.

To become law, identical legislation would need Senate approval and presidential signature. If a different version is passed in the other chamber, then the changes would need to be reconciled between the two and revised versions voted on again.

The GSP, which expired on 31 December 2017, involves a framework of reduced tariffs on designated products imported from beneficiary countries aimed at promoting economic development and shoring up the competitiveness of US firms.

Set up by the 1974 Trade Act, the unilateral scheme allows exporters in qualifying developing countries to benefit from preferential access to the American market. The US scheme offers concessions to 120 countries, with additional latitude built in for 44 least developed countries (LDCs) that are part of this list.

In 2016, total US imports under the GSP amounted to US\$18.7 billion, with thousands of tariff lines eligible for duty-free entry, according to a [factsheet](#) issued last year by the Office of the US Trade Representative. Motor vehicle parts, precious metal jewellery, rubber tires, and non-alcoholic beverages ranked among the top products in 2016.

Trade lawmakers in the House welcomed the vote on Tuesday, calling for swift action from their Senate counterparts. "Today's overwhelmingly bipartisan vote is a win for our businesses, consumers, and communities," [said](#) Kevin Brady, the Texas Republican who serves as House Ways and Means Committee Chairman.

"I urge the Senate to pass this bill as soon as possible and join the House in renewing this pro-growth, pro-family trade programme for the American people," he added.

Experts note that the programme has traditionally enjoyed solid support from Republicans and Democrats alike, but have noted that this does not necessarily translate to urgency in the legislative process.

"Broad support means that the prospects are positive for relatively rapid passage in the Senate. But the shallowness of the support also means that extensions are a relatively low priority and often get lost in the shuffle of more urgent congressional business," said Kimberly Elliott, Senior Fellow at the Washington-based Center for Global Development in comments to Bridges.

Potential impacts

David Reichert, a Republican from Washington state who serves as the Ways and Means Trade Subcommittee Chairman, similarly celebrated the outcome of the vote. He was also among several to highlight the importance of deeper US trade ties with developing economies.

"By renewing GSP and providing tariff relief, we are creating opportunities for American businesses to growth and re-invest here at home and to compete globally," he said. "At the same time, we are strengthening our partnerships with developing countries and ensuring that our trading partners meet the standards of the GSP programme."

"GSP is common sense legislation that achieves two aims: increasing the competitiveness of US firms and workers and supporting growth in developing countries that benefit under the programme," said Trade Subcommittee Ranking Member Bill Pascrell, a Democrat from the US state of New Jersey, highlighting in particular the boost to small- and medium-sized enterprises (SMEs) that rely on GSP-eligible goods for their operations.

The GSP provides sources of low-cost parts and components and intermediary goods for many US industries. Two-thirds of US imports under the GSP are either raw materials, parts and components, or machinery used in manufacturing in the US, according to estimates from the [US Chamber of Commerce](#).

"Less money spent on tariffs means more money that our job creators can use to hire new workers, grow pay-checks, and invest in our communities," Brady said, also noting knock-on effects lowering prices for consumers.

Modifications to the GSP

The bill introduces a new provision updating the process for obtaining waivers from "competitive need limits" based on present-day production figures. Under these limits, any product exceeding 50 percent of the value of total US imports of that good the previous year are barred from duty-free treatment, or if these imports surpass a set value.

Ultimately, it is the US executive branch that retains discretion over the products and countries deemed eligible for the scheme. This limited product coverage does not guarantee that the goods where developing countries have a comparative advantage are captured.

The legislation also includes a reporting requirement aimed at ensuring stringent review of the enforcement of the criteria to qualify for GSP status. Inclusion on the list of beneficiary countries is made conditional on criteria tied to, among other issues, compliance with environmental and labour regulations and respecting intellectual property laws.

"The GSP eligibility criteria provide an important enforcement tool to require our trading partners to meet standards established by Congress in regard to opening their markets to US goods and services, intellectual property protection, and child labour and worker rights," Reichert said, according to a [press release](#) issued by the House Ways and Means Committee on 8 February, when the bill was introduced in the House.

"The legislation we introduced today includes a new reporting requirement that will improve the effectiveness of Congressional oversight of enforcement of the eligibility criteria," he added.

It has been a long-standing question whether GSP coverage should be limited to LDCs, or whether to continue including large emerging markets, for example India and Brazil who have consistently been among the top beneficiaries from the US GSP. In 2016, India exported goods worth US\$4.7 billion to the US under the GSP and Brazil an additional

US\$2.2 billion. Seychelles, Uruguay, and Venezuela are among those countries that have recently [graduated](#) from the scheme.

In addition, experts say that the temporary nature of preference scheme can create uncertainty. The most recent extension of the GSP was agreed [only in 2015](#) and, given that the timing of renewal can often be unclear, companies are less ready to invest for export.

"As these votes often go, the lapse in the GSP programme was relatively short this time around. But the relatively short renewal term and repeated uncertainty around the programme reduce the utility of the programme for US importers and developing country exporters alike," Elliott said.

ICTSD reporting; "What is GSP and why does it matter for U.S. trade?" THE WASHINGTON POST, 25 January 2018; "US poised to let emerging markets trade pact expire," FINANCIAL TIMES, 24 December 2017; "GSP renewal legislation introduced in House," AMERICAN SHIPPER, 9 February 2018.

BREXIT

EU, UK Debate Transition Period Terms as Brexit Negotiations Continue

The latest formal round of Brexit negotiations drew to a close last Friday, covering issues related to the Irish border, the governance of the withdrawal agreement, and the transition period after the UK leaves the European Union. The meetings in Brussels also saw officials afterward note significant substantive differences across these areas, with some concerns over what this could mean for the timing of the process.

The current phase of the Brexit talks began after London and Brussels struck an interim deal in December. The new phase involves determining the terms of the transitional arrangement and the future relationship between the two sides, including on trade. (See Bridges Weekly, [13 February 2018](#))

Negotiations for the UK's withdrawal from the EU formally began last June, over two months after the United Kingdom invoked Article 50 of the Treaty of the European Union. That article provides for two years to negotiate a full exit accord, unless all parties agree to extend it. (See Bridges Weekly, [28 September 2017](#) and [5 October 2017](#))

Transition period: negotiators warn of significant differences in approach

The transition period refers to a phase that is due to kick off from when the UK exits the bloc in March 2019, and whose terms will have implications for the timing of the UK's post-Brexit trading relationships, along with the UK's access to the bloc's single market and customs union, among various other areas.

Earlier this month, UK Prime Minister Theresa May told the BBC that a deal on transition terms would be agreed in time for the next European Council summit, scheduled for [22-23 March](#). "In seven weeks' time, we will have an agreement with the European Union, that is the timetable they have said on an implementation period," she said.

However, the EU's chief Brexit negotiator, Michel Barnier, cautioned that substantive differences between the two sides could put the deal at risk. "Taking into account these disagreements, and to be frank, the transition period today is not a given," Barnier said in a [press statement](#) on Friday.

The EU's executive arm has circulated a draft version of proposed legal text on the withdrawal, which must be approved by member states and EU parliamentarians. The UK will then receive it. Barnier noted on Friday that this text would include a provision outlining what would happen if the UK is deemed to have infringed on EU rules during that time.

"It is absolutely normal that, in an international agreement, effective implementation and conflict resolution mechanisms are foreseen. This is the case, for example, with our agreements with Switzerland," he said.

David Davis, the UK's Secretary of State for Exiting the European Union, said that London is hoping to see a transition that would involve "a time-limited period that maintains access to each other's markets on existing terms," according to comments reported by the Financial Times. He added that the ultimate aim was "to build a new comprehensive partnership between the UK and the EU that sees us stay as the closest of friends and allies."

Davis also suggested on social media site [Twitter](#) earlier this month that his team and Barnier's would aim to finalise the terms of the transition period by late March, a goal that is reportedly shared by both sides.

Among the challenging issues ahead are how to resolve citizens' rights during the transition period itself, in other words how to deal with citizens that move from the EU to the UK during that timeframe. Other questions include the UK's ability to enter into new trading arrangements in that period, as well as the application of EU rules and how to avoid setting up a physical border on the Irish isle.

Previously, Davis [has said](#) that the UK "will once again have its own trading policy" in this transition phase. "This is a vital aspect of this period. For the first time in more than 40 years, we will be able to step out and sign new trade deals with old friends – and new allies – around the globe."

On citizens' rights, the UK is pushing to limit future residency rights of those EU citizens who move to the country during the transition, a position that the EU has disagreed with on the grounds that these should be the same as what has been agreed for those citizens who arrive in the UK prior to Brexit.

Along with other requests on justice and security policies, the UK is also requesting the right to oppose new EU rules or laws passed during the transition – another ask that has drawn pushback from EU negotiators.

"By asking to benefit from the advantages of the single market, the customs union and common policies, the UK must accept all the rules and obligations until the end of the transition," said Barnier on Friday.

Meanwhile, the EU published its own [position paper](#) last week on what it foresees for transitional arrangements, which includes references to Union law remaining binding on the UK during that time unless indicated otherwise. It also notes the scope for participation of UK experts or representatives on some meetings of the EU institutions, subject to invitation and without voting rights.

In the section on EU "external action" policies, there is a provision that would not allow the UK to "become bound by international agreements entered into in its own capacity in the areas of exclusive competence of the Union, unless authorised to do so by the Union." Trade policy falls under the bloc's exclusive competence.

That section would also bind the UK to the terms of the EU's existing international accords, and says that UK representatives "shall not participate in the work of any bodies set up by international agreements concluded by the Union, or member states action on its behalf, or by the Union and its member states acting jointly."

The position paper clarifies that the EU would like to see this transition period end on 31 December 2020, less than two years after the UK's scheduled exit.

Irish border, single market questions

The situation of Northern Ireland remains a high-profile sticking point in the Brexit talks, including what the ultimate solution would mean for participation in the EU customs union and single market.

Barnier said on Friday that the EU needs to see "precise, clear, and unambiguous" proposals from the UK, or to accept that there is no other way to avoid the establishment of a "hard border" between the Republic of Ireland, which is an EU member state, and Northern Ireland, which is part of the United Kingdom.

"A UK decision to leave the single market and leave the customs union would make border checks unavoidable," he added.

The EU official noted that in December, the two sides had envisioned three possible approaches to resolve the issue: addressing the issue under the wider agreement on the UK-EU "future relationship" and avoid a hard border; a UK-proposed solution designed for Ireland's particular needs; or a guarantee of "full regulatory alignment" between Northern Ireland and the EU's single market and customs union.

On Monday, Irish Taoiseach Leo Varadkar met with Theresa May in Belfast, the capital of Northern Ireland. Speaking after the meeting, Varadkar told reporters that the two leaders prefer the first option going forward.

"That is the best way we can avoid any new barriers, north and south, and also east and west, and we have agreed to work together at official levels to see if we can explore solutions to see how that can be achieved in the coming weeks and months," he said.

ICTSD reporting; "UK PM May says Brexit transition deal will be agreed in seven weeks," REUTERS, 2 February 2018; "Barnier warns UK intransigence putting Brexit transition at risk," FINANCIAL TIMES, 9 February 2018; "Brexit: Varadkar and May to work on plan for frictionless Irish border," THE GUARDIAN, 12 February 2018.

GLOBAL ECONOMY

EU Officials: US Participation in Paris Climate Deal Key for Resuming Trade Talks

Officials from some EU member states and the bloc's executive branch have affirmed in recent weeks that the US' continued participation in the UN's Paris Agreement on climate change is essential if the two sides are to resume formal trade talks in the future.

Speaking to the French Parliament early this month, France's Secretary of State to the Minister for Europe and Foreign Affairs Jean-Baptiste Lemoyne indicated that the Paris Agreement would be an integral part of all EU trade agreements moving forward, including any involving the United States.

"One of our main demands is that any country who signs a trade agreement with EU should implement the Paris Agreement on the ground," Lemoyne [said](#). "No Paris Agreement, no trade agreement. The US knows what to expect."

EU Trade Commissioner Cecilia Malmström concurred with the French minister's statement via social media site [Twitter](#), saying in response to questions on the subject that "Yes Paris deal reference [is] needed in all EU trade agreement[s] today."

She noted that such language is already planned for the EU's trade deal with the Mercosur countries, as well as the modernisation of its existing agreement with Mexico, both of which are said to be in the final negotiating stages. The EU trade chief added that such language was also featured in the recently concluded EU-Japan agreement. The commissioner's statement was explained in further detail by a spokesperson for the European Commission, speaking to [Climate Home News](#).

"Since the deal we concluded last year with Japan, this chapter contains an explicit reference to the ratification and actual implementation of the Paris climate deal. This point is a priority for the EU and it would be difficult to imagine concluding an important trade deal without an ambitious chapter on trade and sustainable development attached to it," the spokesperson said.

TTIP prospects still unclear

The US-EU trade talks for a Transatlantic Trade and Investment Partnership (TTIP) were launched by the administration of then-President Barack Obama in 2013. After progressing through over a dozen formal rounds, the negotiations were put on hold in late 2016, as the newly formed administration under US President Donald Trump considered its position on the deal. (See Bridges Weekly, [26 January 2017](#))

The Trump Administration has yet to clarify its intentions regarding TTIP, though US Trade Representative Robert Lighthizer, speaking at the Center for Strategic and International Studies in September, emphasised the importance of the US' relationship with the EU. (See Bridges Weekly, [21 September 2017](#))

"There is just an enormous amount of trade between the United States and Europe. So improving the rules there is something we should do. And working with Europe on a whole variety of other things, including the challenge with China but also negotiations within the WTO, is also important," he said at the time.

Other administration officials have also not ruled out participation in TTIP in the future, and some such as Commerce Secretary Wilbur Ross have suggested they may welcome doing so later down the road. However, whether the White House decides to push for the talks could be complicated by Trump's [stated](#) intention last year to withdraw the US from the Paris Climate Accord at the federal level.

The EU executive arm's approach to trade policy, underpinned by the Commission's "Trade for All" strategy, emphasises that its negotiated agreements with other countries will not compromise on what the bloc views as key values, including on environmental protections. (See Bridges Weekly, [15 October 2015](#))

Under the Paris Agreement [rules](#), the US will not be able to officially withdraw until early November 2020, and the US State Department has [declared](#) its intention to continue participating in the UN climate negotiations until the formal withdrawal takes place. Trump has also expressed several times that he is open to reconsidering the US' participation so long as there is a re-negotiation of the agreement, though what this would entail is unclear. Leaders from around the globe have said repeatedly that the accord is not up for re-negotiation. (See Bridges Weekly, [8 June 2017](#))

Ongoing US-EU trade tensions

The statements from the EU comes amid rising bilateral tensions between the EU and US on several other trade-related fronts. Trump has repeatedly said in recent months, including in a January interview on ITV, that EU policies have been "very unfair" for US exporters.

"I've had a lot of problems with European Union, and it may morph into something very big from that standpoint, from a trade standpoint," he [said](#), adding that "the European Union has been very, very unfair to the United States, and I think it'll turn out to be very much to their detriment."

The European Commission responded promptly, with a spokesperson warning against any US trade restrictions.

"We here in the European Union believe that trade can and should be win-win. We also believe that while trade has to be open and fair it has also to be rules-based. The European Union stands ready to react swiftly and appropriately in case our exports are affected by any restrictive trade measures from the United States," spokesperson Margaritis Schinas told reporters, according to comments cited by Reuters.

The EU has joined China, Chinese Taipei, and South Korea in asking for consultations on compensation in response to the recent US safeguard tariff on solar cells, which Trump confirmed a few weeks ago. The EU consultations request, submitted to the WTO Committee on Safeguards last week, notes that Germany is an important exporter of the solar goods in question. Singapore has since followed suit with its own consultations request. (See Bridges Weekly, [8 February 2018](#))

EU officials have also indicated that the outcome of a national security-focused US investigation into steel and aluminium imports could lead to increased bilateral tensions, as well as the possibility of retaliatory action. The investigation, known as a "Section 232" probe, has not yet led to a decision by the US executive branch. However, Trump told domestic lawmakers on Tuesday that he is weighing the option of imposing tariffs.

ICTSD reporting; "Brussels prepared for trade war with US if it restricts EU imports," THE GUARDIAN, 29 January 2018; "EU says no new trade deals with countries not in Paris Agreement," CLIMATE HOME, 2 February 2018; "EU Tells Trump: No Paris Climate Deal, No Free Trade," FORBES, 8 February 2018; "Europe will retaliate if hit by U.S. steel controls – EU trade chief," REUTERS, 26 June 2017; "Trump weighs tariffs, quotas on US steel, aluminium imports," REUTERS, 14 February 2018.

MIGRATION

UN Talks on Migration Compact Prepare to Kick Off, Including on Role of Trade

Intergovernmental efforts to craft a "Global Compact for Safe, Orderly, and Regular Migration" are now moving into the negotiation stage, with the release of a "zero draft" last week and the first round of talks set for 20-23 February in New York. The round is one of six scheduled ahead of a summit planned for December 2018 in Morocco to adopt the final text.

The [zero draft](#), which is meant to serve as a starting point for the formal negotiations, was prepared by the two co-facilitators of this process, Juan José Gómez Camacho and Jürg Lauber, following a consultative process. These officials are the Mexican and Swiss ambassadors to the United Nations, respectively.

The formal impetus for this global compact dates back to 2016, when governments signed off on the [New York Declaration for Refugees and Migrants](#). A separate global compact is also being crafted on refugees.

The 25-page zero draft is split into various sections: a preamble, vision and guiding principles, cooperative framework and objectives, and actionable commitments. The commitments are designed to meet those 22 objectives.

The commitments include references to the role of trade preferences and trade agreements in this context. That section also refers to a host of other issues, such as financial and social inclusion; the creation of incentives to give people greater options in their origin countries; the protection of migrant workers and provision of decent working conditions, and the importance in supporting skills development and recognition, among others.

The zero draft outlines among its guiding principles the UN's 2030 Agenda for Sustainable Development, adopted by world governments in late 2015. It also refers to international cooperation and a gender-responsive, child-sensitive approach, while also respecting rule of law, due process, and national sovereignty.

"This Global Compact offers a 360-degree vision of international migration and recognises that a comprehensive approach is needed to optimise the overall benefits of migration while addressing risks and challenges for individuals and communities associated with it," it says.

There are also multiple references to sustainable development as a driving force behind the document, including in the section on its objectives, which refers to establishing "conditions for migrants and diasporas to fully contribute to sustainable development in all countries."

Trade, financial inclusion

The document includes some references to the role of trade deals and trade preferences in facilitating the participation of migrant workers in different labour markets and ensuring they can have access to entitlements such as insurance or pensions.

For example, objective 22 on making social security entitlements and earned benefits portable suggests that trade agreements could include provisions on the subject. This is framed as one potential approach, with that same paragraph suggesting that these

provisions could also feature in social security agreements between countries, or in deals relating to both temporary and more permanent migration.

Objective 18, which focuses on skills development, calls for countries to ink “mutual recognition agreements” at the bilateral or multilateral level, “or include recognition provisions in broader labour mobility or trade agreements in order to provide equivalence in national systems, such as automatic or managed mutual recognition mechanisms.”

Earlier in the zero draft, the document refers to the role that trade preferences, along with private and foreign direct investment, could have in creating better conditions in migrants’ home countries so that they are not compelled to seek other opportunities abroad. This is included in a subparagraph for Objective 2.

The debate over how to address the particular situation of migrants has grown in intensity in recent years, particularly given the rapid increase of migrants to Europe, as well as the parallel and at times intersecting debate on the wider subject of globalisation, labour mobility, trade, and investment.

While trade references are limited in the current zero draft document, there are also references to other financial aspects related to migrants, including the need to ensure “faster, safer, and cheaper transfer of remittances” and a series of suggested commitments to meet that goal. Remittances are funds that workers living overseas send back to their home country, such as to help support family members.

An April 2017 [World Bank report](#) found that remittances the year prior hit about US\$429 billion. Data from the Organisation for Economic Co-operation and Development (OECD) [suggests](#) that these remittances can often be the top source of external financing for many developing economies, surpassing foreign inflows of investment or traditional foreign aid.

Looking ahead

After next week’s meetings, the next negotiating rounds will be held in March, April, May, June, and July, according to a [resolution](#) adopted by the UN General Assembly in April 2017. The compact is meant to be non-binding, and will not include participation from the United States, which [confirmed](#) some months ago that it would not be part of the process, arguing that the compact’s policy goals would conflict with US national priorities.

How to ensure a robust follow-up and review mechanism and how to translate this international momentum into action, given the non-binding nature of the agreement and differing national circumstances, will also be a question for stakeholders – along with how the provisions outlined in the zero draft may be revised in the negotiating process.

The zero draft has sections on implementation as well as follow-up and review. On the former, it calls for “concerted efforts at global, regional, national, and subnational levels, including a coherent United Nations system,” along with setting up a “capacity-building mechanism” with governmental, intergovernmental, private sector, and other stakeholder involvement. It also highlights the UN Secretary-General’s role in making sure that the UN system can facilitate this implementation appropriately, while suggesting that implementation will also require involvement from cities, communities, and others.

On follow-up and review, it would repurpose an existing high-level dialogue under the auspices of the UN General Assembly. This would meet every four years as the International Migration Review Forum, with “progress declarations” and a particular focus at the 2026 meeting on “specific measures that will further strengthen the global governance of international migration.” It also envisions setting up region-specific forums, which would also meet every four years, starting in 2020.

ICTSD reporting.

WORLD TRADE ORGANIZATION

Bosnia and Herzegovina Near Finish Line in WTO Accession Talks, Officials Say

Bosnia and Herzegovina is said to be in the penultimate stages of concluding negotiations with WTO members to join the global trade club, following a process that was launched nearly two decades ago.

The Balkan country began accession talks in July 1999. Last week, the "working party" tasked with shepherding the accession talks at the WTO met at the organisation's Geneva headquarters, and ultimately endorsed a plan to wrap up the talks in time for this summer, according to a statement released by the agency afterward.

"If I can share the general impression from the session with more than 50 ambassadors who attended yesterday's work group, we received the support from all the leading forces," [said](#) Mirko Šarović, Bosnia and Herzegovina's Minister of Foreign Trade and Economic Relations, in comments reported by the Sarajevo Times.

The official suggested that the finalisation of talks will hinge on resolving some topics bilaterally. When countries apply to join the WTO, they negotiate both multilaterally with the full membership, and any current member can also request bilateral talks on specific issues, with the final concessions then applied to all members.

Among the bilateral market access talks that remain unfinished are discussions with Brazil, Russia, and Ukraine, according to Šarović, though he suggested these could be addressed within a matter of weeks.

Working Party chair Atanas Papanizov, who serves as Bulgaria's ambassador to the WTO, similarly said last week that the multilateral talks are at "technical maturity." Another meeting of the accession working party is due in May – an escalation in activity, given that the last meeting prior to the February gathering was held in 2013.

Officials say that the goal would be to have a final accession package forward to the organisation's General Council when it meets in July.

Other new members in the pipeline?

The last time a new member joined the WTO was in July 2016, when Afghanistan's membership was formalised. There are currently over 20 accession processes underway, involving either developing or least developed countries (LDCs). The WTO currently has 164 members.

The most recent accession processes to launch are the Comoros, Timor-Leste, and Somalia, which kicked off in 2016. Other processes have also seen renewed momentum, with Iraq, Belarus, and Sudan recommencing talks with WTO members last year.

Joining the global trade club is a long and challenging process, often spanning several years or decades, due to the complicated nature of the bilateral and multilateral negotiations involved, as well as the need to understand the acceding country's system. The acceding country also needs to bring its own laws and systems up to date with WTO rules.

The countries currently seeking to join the WTO are at varying stages of the [accession process](#). While some have been negotiating their accession since the 1990s, others have applied for membership only as of 2016. In recent years, WTO members and member sub-groups have taken steps aimed at facilitating the accession process. For example, WTO members adopted guidelines at streamlining accessions for least developed countries in 2012, updating a previous set of guidelines on the subject. (See Bridges Weekly, [4 July 2012](#))

At the December 2017 ministerial conference in Buenos Aires, Argentina, a group of trade ministers set up a “g7+ WTO Accessions Group” with the objective of making it easier for post-conflict and fragile states to join the WTO. (See Bridges Daily Update, [11 December 2017](#))

ICTSD reporting; “BiH to be admitted to the WTO much sooner than expected,” SARAJEVO TIMES, 9 February 2018.

EVENTS & RESOURCES

Events

Coming Soon

20 February, online. GGKP WEBINAR: WIN-WIN SOLUTIONS FOR CLEAN ENERGY, SMART AGRICULTURE, SANITATION, AND RESILIENT COMMUNITIES. This webinar is being organised by the Green Growth Knowledge Platform (GGKP) and will focus on communities at risk of climate change, and how to ensure these have access to energy, sanitation, and development opportunities. Speakers will share experiences from past projects aimed towards those ends. The webinar will be held from 10-11:30 AM CET on the announced date. To learn more and to register, visit the GGKP event [website](#).

22 February, Geneva, Switzerland. GREEN INDUSTRIAL POLICIES FOR TRANSFORMATIVE CHANGE. This launch event is being held at the Graduate Institute of International and Development Studies and is being jointly organised with the Partnership for Action on Green Economy (PAGE), UN Environment, the International Labour Organization (ILO), the UN Development Programme (UNDP), the UN Industrial Development Organization (UNIDO), and the United Nations Institute for Training and Research (UNITAR). The event will feature an expert panel who will discuss various aspects and applications of green industrial policy, including trade. To learn more and to register, visit the Graduate Institute [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 February: Trade Policy Review Body – Malaysia

19 February: Committee on Trade and Development – Session on Aid for Trade

20 February: Informal Committee on Agriculture

20 + 22 February: Trade Policy Review Body – Egypt

20-21 February: Committee on Agriculture

20 February: Transparency Tools – Secretariat Information Session

21 February: Country policy presentations – Committee on Agriculture side-event

Other Upcoming Events

26 February, London, UK. NEXT STEPS FOR THE INDICATORS OF ILLEGAL LOGGING. This Chatham House workshop will focus on illegal logging, looking at different efforts underway in monitoring policy directed at the forestry sector and using this information to inform future initiatives. Please note that event attendance is by invitation only. More information is available at the Chatham House [website](#).

27 February, Brussels, Belgium. EU ETS: LOOKING AHEAD IN 2018. This event is being organised by the European Roundtable on Climate Change and Sustainable Transition (ERCST), with a particular focus on the EU's Emissions Trading System in the 2021-2030 period. Please note that event attendance is by invitation only. The ERCST falls under the umbrella of the International Centre for Trade and Sustainable Development (ICTSD), and is associated with various other think tanks. Additional information and a draft agenda are available at the ICTSD [website](#).

28 February, Geneva, Switzerland. PLURILATERALS, THE NEW WAY FORWARD IN GLOBAL TRADE? This roundtable discussion is being held at the Graduate Institute of International and Development Studies and will focus on the next steps for the various multi-country initiatives launched during the WTO's Eleventh Ministerial Conference (MC11) in Buenos Aires, Argentina, last December. Roundtable participants will include ambassadors, deputy ministers, and agency heads of intergovernmental organisations which work on trade. The event will be followed by a reception. To learn more and to register, please visit the Graduate Institute event [website](#).

5 March, Tokyo, Japan. ASIA LAUNCH OF THE 2017 WORLD INTELLECTUAL PROPERTY REPORT—INTANGIBLE CAPITAL IN GLOBAL VALUE CHAINS. This event is being hosted by the Asian Development Bank Institute (ADBI), and will feature the regional launch of the World Intellectual Property Organization's (WIPO) biennial report on different aspects of intellectual property. The focus on the 2017 report was on the impact of "intangible capital" in the value chains for certain manufactured goods. The event's main speaker will be Carsten Fink, WIPO's chief economist. To learn more, visit the ADBI [website](#).

16 March, Buenos Aires, Argentina. TOWARDS MORE EQUITABLE AND SUSTAINABLE MARKETS FOR FOOD AND AGRICULTURE: ADVANCING AGENDA 2030 IN THE G20, WTO, AND FTAs. This event is being organised jointly by the International Centre for Trade and Sustainable Development (ICTSD) and the UN Food and Agriculture Organization (FAO). The meeting will look at the rules, policies, and frameworks that govern food and agricultural markets, tying this discussion to the achievement of Sustainable Development Goal (SDG) 2 on ending hunger, improving nutrition, achieving food security, and promoting sustainable agriculture. The discussion will look at the role of the G20, the WTO, and free trade agreements in this context. Please note that event attendance is by invitation only. More information is available at the ICTSD [website](#).

5 April, Paris, France. OECD GLOBAL FORUM ON DEVELOPMENT. This event is being held by the Organisation for Economic Co-operation and Development (OECD). It will have as its theme "Inclusive Agendas for Women and Youth," and will look at how removing obstacles for women and young people to pursue economic and other opportunities can play a major role in generating positive change across the board. More information about the event, including an agenda and registration details, can be found at the OECD [website](#).

16-20 April, Geneva, Switzerland. E-COMMERCE WEEK 2018: DEVELOPMENT DIMENSION OF DIGITAL PLATFORMS. This event is organised by the UN Conference on Trade and Development (UNCTAD) and will place a particular focus on digital platforms, looking at what these mean for trade, social interaction, work opportunities, and other aspects of economic activity and development. More information, including on how to register, is available at the UNCTAD [website](#).

Resources

OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT IN GLOBAL VALUE CHAINS: A CASE STUDY OF THE MYANMAR GARMENT SECTOR. BY Samah El-Shahat and Violante di Canossa for the International Centre for Trade and Sustainable Development (ICTSD) (February 2018). This case study focuses on Myanmar's role in the global value chain for apparel production, looking at recent developments that have fuelled export growth, along with providing recommendations that can support economic upgrading and other sustainability objectives. The paper is available for download at the ICTSD [website](#).

INFRASTRUCTURE BANKS: SOLUTIONS AND BEST PRACTICES. Published by the International Institute for Sustainable Development (IISD) (February 2018). This discussion paper examines a selection of infrastructure banks in different parts of the world, looking at their implementation and what lessons can be learned for other countries interested in pursuing this type of support. The paper is available for download at the IISD [website](#).

WORLD TRADE OUTLOOK INDICATOR. Published by the World Trade Organization (WTO) (February 2018). This latest update to the WTO's short-term forecasts on trade volume growth finds that the recovery seen in the past year is due to continue in 2018, given the results seen in recent months. To learn more about the latest forecasts or how the indicator works, visit the WTO [website](#).

QUANTIFYING THE COST AND BENEFITS OF ENDING HUNGER AND UNDERNUTRITION: EXAMINING THE DIFFERENCES AMONG ALTERNATIVE APPROACHES. Published by the International Food Policy Research Institute (IFPRI) (February 2018). This issue brief attempts to quantify how much it would cost to meet the relevant Sustainable Development Goal (SDG) of ending hunger and malnutrition, along with explaining the differences behind varying estimates and looking at the costs of meeting other SDGs. The issue brief is available for download at the IFPRI [website](#).

LEAST DEVELOPED COUNTRIES' EXPERIENCES WITH THE UNFCCC TECHNOLOGY MECHANISM. By Brianna Craft, Stella Gama, and Thinley Namgyel for the International Institute for Environment and Development (IIED) (December 2017). This paper looks at how the world's least developed countries (LDC) have interacted with the existing technology mechanism under the UN Framework Convention on Climate Change (UNFCCC), along with LDC barriers in the fields of technology development and transfer in relation to climate action. The publication is available for download at the IIED [website](#).

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