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TRADE AGREEMENTS

CPTPP Partners Gear Up for
Signing Ceremony, Ratification
Process.....1

GLOBAL ECONOMY

Officials, Steel Industry Groups
React to US Agency's Tariff
Recommendations.....4

CLIMATE AND ENERGY

Momentum Builds Towards
Coal Phase-Out as Canada,
Chile Pursue Policy Changes.....7

GLOBAL ECONOMY

Canada, Mercosur Eyeing
Possible Trade Negotiations
Launch Next Month.....10

GLOBAL ECONOMY

Canadian, Indian Leaders Look
to Reinvigorate Economic Ties....12

EVENTS & RESOURCES

Events14
Resources16

TRADE AGREEMENTS

CPTPP Partners Gear Up for Signing Ceremony, Ratification Process

Countries in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are preparing to gather in Santiago, Chile, in two weeks to sign the updated trade accord, whose text was released publicly on Wednesday 21 February.

The CPTPP is the successor to the Trans-Pacific Partnership (TPP), a 12-country deal that was signed in February 2016. After the US withdrew last year, the remaining 11 countries decided to suspend a series of provisions in the original deal, along with ink some new side agreements, in order to move forward with the sweeping trade pact. (See Bridges Weekly, [11 February 2016](#) and [16 November 2017](#))

Proponents of the CPTPP say that once the accord is signed and ratified, it could have a transformative effect on both its members and the wider global trading system, with comprehensive chapters on subjects such as the environment, labour rights, and e-commerce, among others. For some participating countries, the wider deal also marks the first time they will have had formal free trade agreements in place with some of the other countries involved – and therefore open up major market access opportunities for agricultural and manufactured goods, among others.

"The trade agreement will create new opportunities for international trade, including preferential access for the first time to Japan, Canada, Mexico, and Peru," said New Zealand Trade Minister David Parker [upon the release](#) of the CPTPP text, outlining some of the specific benefits for his country. "CPTPP has become more important because of the growing threats to the effective operation of the World Trade Organization rules."

The combined economic heft of the group is also significant, with the 11 current participants having a total GDP of US\$10 trillion, or 13.5 percent of global GDP. While this is lower than the original 40 percent of GDP covered when the US was a member, the remaining participants have stressed that the TPP still has a vast potential for creating new opportunities for trade liberalisation in the region, as well as promoting sustainable development objectives and shoring up the multilateral trading system.

The CPTPP preamble, for example, includes a reaffirmation by the 11 members of “the importance of promoting corporate social responsibility, cultural identity and diversity, environmental protection and conservation, gender equality, indigenous rights, labour rights, inclusive trade, sustainable development, and traditional knowledge, as well as the importance of preserving their right to regulate in the public interest.”

Final CPTPP text

The final version of the [CPTPP text](#) was released by the New Zealand government, which is the depositary of the accord. The release from Wellington coincided with the publication of a “[national interest analysis](#)” of what the trade deal would mean for the Oceanic nation's domestic economy.

The latter document found that while taking part in the deal could boost GDP by 0.3 to 1.0 percent, or between NZ\$1.2 and 4 billion, staying out of the deal could hurt GDP to the tune of NZ\$183 million.

The CPTPP text itself is nine pages, and outlines which parts of the original TPP have been suspended, along with including some new articles relating mainly to ratification, withdrawal, and accession.

Most of these suspended provisions, as confirmed in November, are in the chapters of investment and intellectual property, along with a handful of provisions on financial services, telecommunications, government procurement, and cross-border trade in services involving express delivery services. (See Bridges Weekly, [16 November 2017](#))

Aside from what is listed in the CPTPP document and any new side agreements, the rest of the original TPP remains intact, minus the US schedules of commitments given that Washington has left the deal.

The new CPTPP text clarifies how entry into force will work, given that the original provisions in TPP Chapter 30 meant that US participation was necessary to move forward. Under the original terms, the 11 remaining members would have been unable to meet the threshold of covering 85 percent of the original 12 signatories' GDP without the US.

The CPTPP now says that “at least six or at least 50 percent” of the accord's signatories must ratify for the deal to entry into force, and says that the threshold which applies will be “whichever is smaller.” Once that threshold is met, the agreement will take effect for this group 60 days after they have all notified New Zealand, the accord's depositary.

Any signatory which ratifies afterward will have to wait 60 days from when they notify their ratification for it to take effect for them. The text also outlines how withdrawal and accession will work. Regarding accession, the CPTPP clarifies that new members can join after the deal is in effect, so long as existing parties agree. New entrants can include any state or separate customs territory, according to the text.

The text also includes a provision on reviewing the trade deal. It says that “if the entry into force of the TPP is imminent or if the TPP is unlikely to enter into force, the parties shall, on request of the party, review the operation of this agreement so as to consider any amendment to this agreement and any related matters.”

It also confirms the planned date for the CPTPP's signature, which will be 8 March 2018 in Santiago, Chile.

Trade dynamism in the region

The planned trade deal is one of a plethora of accords springing up in the region, ranging from bilateral deals such as the recently signed Australia-Peru agreement to multi-country

initiatives such as the Pacific Alliance talks to form a bloc with four “associate members.” (See Bridges Weekly, [8 February 2018](#))

Separately, negotiations continue among 16 countries for a Regional Comprehensive Economic Partnership (RCEP), with the goal of clinching an agreement this year. The RCEP group, which involves the 10 members of the Association of Southeast Asian Nations (ASEAN) and their six FTA partners, has significant overlaps in membership with the CPTPP grouping, with some exceptions.

The RCEP participants have had 22 negotiating rounds, with the latest held in Indonesia earlier this month. The subject-area scope of RCEP is not as extensive as the TPP and experts say it takes a different approach to some overlapping topics. The group has a mix of countries with different economic weights and structures, from large developed or emerging economies like Australia, China, India, Japan, South Korea, and New Zealand, to the widely varied membership of ASEAN.

Prospects for new entrants?

With the CPTPP now ready to move into the next stages, other countries outside the coalition have continued to express interest in signing on when possible. Officials from the UK government have previously indicated that they would like to join the CPTPP, once they have exited the EU and are able to do so. Australian Foreign Minister Julie Bishop suggested this week that the addition of the UK could potentially be welcome.

“The TPP11 is open to all nations who are prepared to accede to the terms of the TPP11 – the guidelines, the standards, the benchmarks, being negotiated between those 11 nations,” said Bishop during a [press conference](#) in London on 19 February, using the acronym for the TPP’s 11 remaining signatories.

“Obviously Britain is a significant global economy and if Britain were to join the TPP11, it would enhance the standing of the TPP11 and the opportunities and the benefits for the members,” she added.

Japan’s top TPP negotiator, Kazuyoshi Umemoto, has similarly said that the UK could be a welcome addition if it shares the group’s interests, according to comments reported by the Financial Times this week

Australian Prime Minister Malcolm Turnbull is visiting the US this week, with trade and the potential for the US to re-join the CPTPP someday expected to be on the agenda.

The Australian premier has mentioned this possibility in the past, and [dozens](#) of Republican lawmakers have been lobbying US President Donald Trump to “prioritise engagement” with the deal’s eleven members. These lawmakers noted Trump’s own recent expressions of possible interest in the pact and highlighted the potential for the TPP to build deeper ties with Asia-Pacific allies.

Trump has qualified those statements of potential interest by saying that the deal would require additional renegotiating to bring Washington back on board.

ICTSD reporting; “Malcolm Turnbull will try to woo Donald Trump back to TPP,” THE AUSTRALIAN, 20 February 2018; “Japan’s TPP negotiator welcomes UK membership of trading bloc,” FINANCIAL TIMES, 20 February 2018.

GLOBAL ECONOMY

Officials, Steel Industry Groups React to US Agency's Tariff Recommendations

The prospect of US tariffs on imported steel and aluminium has drawn scrutiny and concern from industry groups and government officials from various trading partners, as well as from some domestic lawmakers, following the release of reports from the US Commerce Department on 16 February that recommended the move.

The two reports were released following investigations under Section 232 of the 1962 Trade Expansion Act, with that section specifically dealing with the effect of imports on various areas deemed to relate to US national security, such as whether domestic producers are capable of manufacturing at levels sufficient to meet national defence needs.

This type of investigation, while [used frequently](#) in the 1980s and 1990s, has not been used since 2001. Commerce has only conducted Section 232 probes on 14 other occasions.

Fellow WTO members such as the EU, China, and Russia have [previously raised concerns](#) both at the global trade club and elsewhere over the use of Section 232 investigations, and what imposing trade restrictions based on national security concerns rather than the normal "framework" of trade remedies could mean for the wider trading system.

The investigations were launched by the US Secretary of Commerce last year. The Trump administration has also set in motion probes on alleged forced technology transfers and intellectual property rights violations in China, as well as global safeguard investigations into solar cells or modules and large residential washing machines. In the case of the safeguard probes, those have since led to President Donald Trump imposing duties. (See Bridges Weekly, [25 January 2018](#))

"Excessive steel imports have adversely impacted the steel industry. Numerous US steel mill closures, a substantial decline in employment, lost domestic sales and market share, and marginal annual net income for US-based steel companies illustrate the decline of the US steel industry," the Commerce [report](#) on steel says.

The Commerce Department reports' definition of national security included not just defence, but also sectors deemed as "critical" for the country's infrastructure such as energy and water.

The report on steel included three options for addressing imports. One approach would be universal, with imported steel facing tariffs of 24 percent or higher. The second approach would involve a much higher tariff for 12 select countries, with a quota approach for imports from all others. That tariff would be set at a minimum of 53 percent, and would target countries such as Brazil, China, India, and Korea, among others.

The third option on the table would impose an import quota for all countries, set at nearly two-thirds of what those economies exported to the US last year.

The US agency has recommended a similar approach – either a global tariff, a tariff or quota depending on the country, or a quota based on 2017 exports – for aluminium. The level of tariffs and quotas is not nearly as steep as what the Commerce Department has recommended for steel.

For both steel and aluminium, Commerce says that its recommended measures would boost domestic industry capacity to 80 percent, which it says is the “minimum rate needed for the long-term viability of the industry.” It also urged that measures be imposed immediately.

“I am glad that we were able to provide this analysis and these recommendations to the President,” said Commerce Secretary Wilbur Ross. “I look forward to his decision on any potential course of action.”

Domestic lawmakers debate benefits, risks

Under the timeframes dictated by US law, Trump is due to confirm any measures on imported steel and aluminium on 11 April and 19 April, respectively.

During a meeting earlier this month with domestic lawmakers, Trump [said](#) that his decisions would be made in line with “the best interests of the United States, including the need to address overproduction in China and other countries,” without specifying further which approach he favours.

At the meeting, lawmakers gave a [mixed response](#) to the prospect of steel and aluminium tariffs, noting that while they have concerns about the state of US steel and aluminium production, they are also worried that making foreign imports more expensive could lead to these inputs becoming more costly across the board. Some cautioned that this could hurt downstream producers in sectors such as automobile manufacturing.

Some also warned that the use of Section 232 investigations, as opposed to trade remedy probes, could provoke retaliation from US trading partners, and that the national security justification is a difficult claim to prove.

Industry groups, trade partners react

While Commerce sent the reports to Trump in January, they were only made public late last week. Their contents have prompted expressions of concern from industry groups in countries or regions that are major producers of steel.

For example, Chinese officials have suggested that any trade restrictions could lead to a response from Beijing, though what steps the Asian economy would take is not clear.

“If the United States’ final decision affects China’s interests, we will take necessary measures to defend our rights,” said Wang Hejun, who runs the trade remedy and investigation bureau at the Chinese Ministry of Commerce (MOFCOM), to [Xinhua](#). Wang also questioned whether imported steel and aluminium really hurt US national security, given the type of product imported and role in the value chain.

The [Japan Iron and Steel Federation](#) was among those industry coalitions to comment on the reports, with Chairman Kosei Shindo calling their recommendations “regrettable” and warning that these could “violate the principles of free trade, which form the foundation on which the global economy has developed and prospered.”

“We are committed to work with the US and other countries to swiftly eliminate the source of these distortions: global overcapacity. This will not be achieved with scattergun, unilateral measures,” [said](#) Axel Eggert, Director General of EUROFER, a Brussels-based group representing EU steel companies and country federations.

Eggert also noted that the US and EU are involved in the Global Forum on Steel Excess Capacity, which was set up in 2016 in the wake of the G20 summit in Hangzhou, China. That forum’s objective is to improve the sharing of information along with working more closely to craft policy solutions. The forum held a ministerial meeting in late 2017 under the

German G20 presidency, releasing a report aimed at providing a “roadmap” to address the issue. It has committed to issuing additional reports with further detail this year.

At the time, US Trade Representative Robert Lighthizer [issued a statement](#) praising the opportunity for discussion with international partners and pledging continued engagement.

Lighthizer also suggested, however, that the Global Forum “has not made meaningful progress yet on the root causes of steel excess capacity” and indicating that the report does not go far enough to address the need for “market-based reforms in the steel sector” at the domestic level for some countries.

ICTSD reporting; “China says U.S. report on steel, aluminium imports ‘groundless’,” XINHUA, 17 February 2018; “Trump Administration Proposes Stiff Penalties on Steel and Aluminium Imports,” THE NEW YORK TIMES, 16 February 2018.

CLIMATE AND ENERGY

Momentum Builds Towards Coal Phase-Out as Canada, Chile Pursue Policy Changes

The Canadian federal government confirmed an update to its energy regulations last week aimed at speeding up its efforts to lower its reliance on coal-fired power generation, citing the environmental and public health benefits of the move.

The news came just weeks after Chile confirmed plans to stop building new coal plants that do not have carbon capture and storage mechanisms, amid a growing momentum at the international level among countries and sub-national governments to rework their economies towards a greater reliance on renewable energy sources.

Canadian regulatory changes

The Canadian government issued the regulation changes on Friday 16 February, taking a two-pronged approach that officials say would speed up its transition towards greater renewables use.

Power plants using coal would be given a deadline to upgrade to certain performance standards, with the option of using biomass or carbon capture and storage to do so. This would need to occur by the end of 2029, at latest. A government [backgrounder](#) on the regulations suggests that setting such a robust standard will encourage either a move to natural gas or a complete shutdown of the plant involved, while noting that the bulk of the affected plants will be in Alberta and Nova Scotia.

Any new natural gas production or the conversion of coal units to run on natural gas would also have to meet certain efficiency criteria.

Coal is a significant energy source in the North American nation, though its use in power production varies by province. Ontario, for example, has [effectively eliminated](#) coal from its energy mix, while Alberta's energy is derived primarily from the fuel – although the western province, known for its mining sector, will aim to phase out coal by 2030 [while ensuring](#) that nearly one-third of its energy is derived from renewables.

Government statistics indicate that coal is responsible for nearly three-quarters of the greenhouse gas emissions produced overall by the country's electricity sector, even though the fuel is only a small portion of the energy mix.

Officials say that they are also soliciting input on how to minimise any adverse impacts on jobs in the coal sector, especially in Alberta, namely through the establishment of a multi-stakeholder task force on the subject.

"We know the environment and the economy go hand in hand, so we're committed to making that transition a fair one for coal workers and communities. The task force we're launching today is a big step toward meeting that commitment," [said](#) Catherine McKenna, Canada's Minister of Environment and Climate Change, in a press statement announcing the regulatory changes.

Along with the expected reductions in greenhouse gas emissions, officials note that clean energy jobs are becoming increasingly common in the Canadian economy, with those numbers expected to grow in the coming years.

The Canadian government confirmed that the policy changes are part of their implementation efforts involving the "Pan-Canadian Framework on Clean Growth and Climate Change," a multi-pronged approach aimed at incentivising a transition to renewables, including through the establishment of a minimum carbon price.

On the carbon price front, Canada has set a goal of national carbon price of C\$10 (US\$7.60) per metric tonne this year, after confirming in 2016 that eight of the country's ten provinces would pursue either a carbon tax or emissions trading scheme to do so. All provinces have since agreed to implement some form of carbon price. (See Bridges Weekly, [15 December 2016](#))

The federal government released last month [proposed legislation and regulations](#) that would help meet this objective, particularly for those subnational governments that do not yet have carbon pricing schemes, with officials asking for [public comment](#) as they craft the final version. The public comment period closed last week, with the timing of the final version not yet announced.

Chile bars new coal plant construction

The momentum away from coal use has also grown in other parts of the globe, including Chile. Coal powers over one-third of Chile's electricity, even though the South American nation does not rank as one of the world's top coal producers.

The outgoing government of Chilean President Michelle Bachelet has confirmed that no new coal-fired plants will be built unless they have the capability for using carbon capture and storage. The announcement was made in partnership with a coalition of [energy utilities](#). The South American nation made history a few years ago when it became the first in the region to impose a carbon tax, and the current administration has been a vocal proponent of transitioning towards cleaner energy sources.

President-elect Sebastián Piñera, who takes office next month, has proposed moving Chile towards an energy grid powered solely by renewable energy sources by the year 2040, a suggestion that would go beyond current commitments under Chile's [2050 Energy Policy](#). That policy calls for reaching 70 percent power from renewables by mid-century, along with an interim goal of 60 percent by the year 2035.

The same 2050 plan notes that Chile used to rely far more on hydroelectric power as an energy source three decades ago than it does today. It also calls for Chile's energy sector to be more integrated with that of the wider region, along with saying that Chile should reduce the length and frequency of power blackouts as part of a broader effort towards developing a higher quality energy supply.

"Powering Past Coal"

Canada is one of the founding members of the [Powering Past Coal Alliance](#), a coalition of countries; city, state, and provincial governments; and private sector groups that was launched during last year's UN climate talks in Bonn, Germany.

The alliance, which was co-founded with the United Kingdom, aims to build international interest and momentum in phasing out coal. In terms of actionable commitments, its participants have pledged to both phase out coal power, along with agreeing to ban any new plants which lack carbon capture and storage technology.

They also aim to use their new grouping as a platform for participants to share lessons learned in phasing out coal, and say that they hope to have a total of 50 participants by the time UN negotiators reconvene for their annual negotiations at the end of this year in Poland.

France, another coalition partner, is aiming to close down its coal-powered plants in less than three years, suggesting that doing so will have economic and climate benefits, even though coal makes up only a small portion of the country's energy mix.

While Chile is not an official member, its recent announcement shows a similar approach to that of the coalition. Coalition lawmakers in Germany, which is also not part of the alliance, have said that they too plan to phase out coal-fired plants, though this pledge is still pending legislative action. Officials say that the European economic giant, despite its climate action efforts, is not likely to meet its previously announced goal for slashing greenhouse gas emissions by 40 percent relative to 1990 levels by the end of this decade.

Yet even with the increased efforts to disincentivise the use of coal and other fossil fuels as energy sources, analysts warn that far more work is needed to speed up the transition around the world, including through the structuring of energy taxes and other policy measures.

For example, taxes on coal are either low or non-existent in many parts of the world, according to a [new report](#) on energy taxes from the Organisation for Economic Co-operation and Development (OECD). The report warns that this is a missed opportunity for policymakers that could have extremely harmful effects.

"The damage to climate and air quality resulting from fossil fuel combustion can be contained, but the longer action is delayed the more difficult and expensive it becomes to tackle this challenge," said OECD Secretary-General Ángel Gurría.

ICTSD reporting; "Piñera propone que Chile tenga energía 100% limpia y removable para 2040," EL CRONISTA, 22 September 2017; "Chile declares start of coal power phase-out," CLIMATE HOME, 1 February 2018; "Chile vote: In energy, Piñera and Guillard see (mostly) eye-to-eye," BN AMERICAS, 15 December 2017; "France to shut all coal-fired power stations by 2021, Macron declares," THE INDEPENDENT, 24 January 2018; "Germany's coalition negotiators agree treaty, promise coal exit date," CLEAN ENERGY WIRE, 8 February 2018.

GLOBAL ECONOMY

Canada, Mercosur Eyeing Possible Trade Negotiations Launch Next Month

Canada and the South American trading bloc Mercosur are reportedly expected to announce the formal launch of trade talks next month, during a meeting on 9 March between Canadian trade minister François-Philippe Champagne and his Mercosur counterparts in Asunción, Paraguay.

"The stars are sort of aligning right now. Whether it's auto parts, chemicals, lumber, seafood, this is actually a very attractive market," Champagne spokesperson Joseph Pickerill [told](#) Reuters late last week.

The Mercosur talks "make a lot of sense and right now we have got countries very, very eager to work with us," Pickerill added.

Mercosur, which includes Argentina, Brazil, Paraguay, and Uruguay as full members, is the world's fourth-largest trading bloc, and the second largest in the Americas after the North American Free Trade Agreement (NAFTA). Canadian government statistics indicate that the group [accounts for](#) a combined GDP of US\$2.4 trillion and a population of 260 million people.

Canada already has significant trade with the group's individual members, with the sum total [running up to](#) about US\$8.1 billion in goods in 2016, according to government statistics. Bilateral investment flows are even higher, with outbound investment from Canada to the group hitting US\$11.7 billion in 2016, while Mercosur's investment into Canada was US\$15.6 billion.

The North American nation already has other accords with the South American bloc's members, such as investment promotion deals with Argentina and Uruguay, both signed in the 1990s.

A widening trade agenda

Proponents of the Canada-Mercosur accord note that the deal could both increase trade flows while also complementing and building on the plethora of regional accords springing up in the region.

For example, Canada is one of four countries involved in talks to become an "associate member" of the Pacific Alliance, a group which includes Mexico, Colombia, Peru, and Chile. Its trade with that South American grouping is worth six times as much as what Canada trades with Mercosur, at US\$38.1 billion annually. (See Bridges Weekly, [8 February 2018](#))

Canada already has trade accords with individual members of that grouping, and is also linked to Mexico, Peru, and Chile under the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Officials from those same 11 CPTPP members are due to convene in Santiago, Chile, on 8 March to sign the updated version of their planned agreement, just ahead of the reported Asunción meeting of Canada and Mercosur. (See Bridges Weekly, [25 January 2018](#) and related story in this week's edition)

Canadian officials say that the CPTPP, the Comprehensive Economic and Trade Agreement (CETA) with the European Union, and now the Canada-Mercosur talks are all part and parcel of the country's plans to create deeper ties with a wider coalition of trading partners. The CETA is already in force on a provisional basis. (See Bridges Weekly, [21 September 2017](#))

"Ensuring Canada has access to diverse and growing markets is more important than ever for Canadian businesses so they can grow, continue to hire more Canadians, and help strengthen the middle class," Champagne [said](#) in a statement this past week, highlighting these different initiatives.

The proposed talks also come at a time when Canada's ties with one of its top trading partners, the United States, are under strain, both due to bilateral tensions over goods such as softwood lumber, as well as in the wider context of their negotiations, together with Mexico, to update the North American Free Trade Agreement (NAFTA). (See Bridges Weekly, [15 February 2018](#))

Meanwhile, Mercosur members have been similarly active in recent years in pursuing new trade deals. The bloc is looking to ink its own accord with the European Union, with the goal of concluding formal negotiations in the coming weeks, and is also seeking deeper ties with the Pacific Alliance and other countries and country groups. (See Bridges Weekly, [1 February 2018](#))

In related news, Canadian Prime Minister Justin Trudeau is currently on a trip to India, where deeper trade ties were also expected to be on the agenda, including possibly the next steps for bilateral trade talks. Ottawa has also expressed interest in potentially launching trade negotiations with China, though whether and when that process will move forward remains unclear. (For more on the Canada-India meetings, see related story, this edition)

Building on exploratory talks

Informal meetings between Canadian and Mercosur officials received a fresh push in 2017, five years after they last met to explore the possibility of a trade agreement. The two sides held technical meetings on the subject nearly a year ago in the Argentine capital of Buenos Aires, which reportedly addressed subjects such as goods and services trade, non-tariff measures, investment, government procurement, labour, and environment.

The Argentinian official who chaired the meeting [referred](#) to it as "highly productive," and the meeting was followed shortly thereafter by the launch of a [public consultation](#) by Ottawa to gather views from domestic stakeholders. (See Bridges Weekly, [11 May 2017](#))

Analysts note, however, that there are potential sensitivities on certain sectors that could re-emerge in more structured trade talks. For example, Canada and Brazil have sparred openly over aircraft subsidies, including at the WTO. Agriculture is another area of interest for both Canada and the Mercosur bloc. (See Bridges Weekly, [23 February 2017](#))

The depth, subject area coverage, and approach to the potential trade deal are not yet clear. Analysts say that agricultural commodities and other resource industries, such as lumber, may factor into negotiations significantly, as both sides look towards greater market access opportunities. Ottawa might also be interested in infrastructure and government procurement, Canadian officials [told](#) CBC, a domestic news outlet.

ICTSD reporting; "Canada seeks Mercosur free trade deal amid NAFTA uncertainty," REUTERS, 16 February 2018; "Brazil beef scandal leaves fewer options for global buyers," REUTERS, 21 March 2017; "Canada set to open free trade talks with South American bloc," CBC NEWS, 15 February 2018; "Canadian and Indian companies ink deals worth \$1B during Trudeau's trade trip," CBC NEWS, 20 February 2018.

GLOBAL ECONOMY

Canadian, Indian Leaders Look to Reinvigorate Economic Ties

Canadian Prime Minister Justin Trudeau is in India this week for a series of talks with domestic leaders and business officials, including a highly anticipated meeting on Friday 23 February with Indian Prime Minister Narendra Modi that is slated to focus on trade, investment, and other shared priorities.

The two countries already have deep ties, and launched trade negotiations towards a Comprehensive Economic Partnership Agreement (CEPA) over a decade ago, although efforts to bring this process to completion have faltered.

Whether this week's meetings will help bring added momentum to the 11-year-old initiative remains unclear; however, officials and analysts alike have noted that the two sides have significant potential to deepen their trading relationship, and already have strong cultural links between them.

"India is one of the fastest growing economies in the world, and offers significant opportunities to strengthen Canada's middle class and bolster our shared prosperity. Our deep cultural and people-to-people ties foster an economic relationship that creates high quality jobs in both our countries," said a [statement](#) from Trudeau's office on 20 February, following the leader's stop in Mumbai and the announcement of various new and lucrative commercial deals involving Indian businesses.

To date, ten rounds of CEPA negotiations have been held, with the last such meeting taking place in New Delhi in August 2017 – two years after the round prior. According to a [brief summary](#) published by the Canadian government afterward, the round addressed various aspects of goods and services trade, along with e-commerce, telecommunications, sanitary and phytosanitary (SPS) measures, and technical barriers to trade (TBT).

Among the sticking points has been how to address services liberalisation in the talks, reportedly on whether to adopt a positive or negative list approach, which deals with how to include or exclude services sectors from coverage. Media reports ahead of the visit suggested that India is now willing to back a combination of the two approaches.

Proponents say that a trade deal between the two economies could yield significant opportunities for growth, along with meeting other public policy priorities. In 2016, two-way merchandise trade between the two nations reached C\$8 billion (US\$6.3 billion), though services trade flows were about one-quarter of that level.

Canadian officials have suggested that increased agricultural exports to the South Asian nation is one major area of interest for Ottawa.

"Pulses represent more than C\$1.1 billion of exports for Canada," said Canadian trade minister François-Philippe Champagne in comments to CBC News. "That's very important for Canadian farmers in terms of stability and predictability."

Other areas of interest for the North American nation include greater trade in renewable energy products and technology, along with natural resources and infrastructure development, according to a [backgrounder](#) published by the Canadian government. Indian

officials, meanwhile, have expressed particular interest in boosting services trade flows, among other negotiating priorities.

The meetings between Canadian and Indian officials this week are also expected to touch on topics such as clean energy, climate, and gender, officials say. Both Trudeau and Modi have expressed interest in ramping up the use of renewable energy sources as part of their climate action work. On gender, Trudeau has spent part of this week participating in panels with Indian business representatives on women's economic empowerment and leadership.

Both Trudeau and Modi will face general elections in 2019, which could affect the political momentum and timing for advancing both CEPA talks and a separate negotiating process on investment.

Building regional ties

Aside from the Canada-India discussions, Ottawa has also been looking at developing deeper trading relationships with other major partners in the region.

Along with being part of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which is due to be signed in Chile in early March, Canada has also been actively exploring with China the possibility of formally launching trade negotiations. (For more on the CPTPP, see related article, this edition)

Trudeau travelled to Beijing and Guangzhou last December to develop further with his Chinese counterparts their exploratory talks towards a future trade agreement, though plans to announce formal negotiations were ultimately scuttled. Some bilateral advances were reported at the time on addressing tensions involving select agricultural goods.

Meanwhile, India is a member of the 16-country Regional Comprehensive Economic Partnership (RCEP) coalition, which is aiming to bring its negotiations for a trade deal to a close this year.

New Delhi has also been in negotiations with the EU for a trade pact, though those efforts have struggled to advance in recent years. Canada, meanwhile, has a trade agreement provisionally in place with the European Union, with full application pending ratification in EU national, and in some cases regional, legislatures.

ICTSD reporting; "Canadian PM Justin Trudeau says he has a lot in common with Donald Trump at IIM-A townhall," BUSINESS TODAY, 19 February 2018; "Trudeau's India mission mixes global business with local politics," CBC NEWS, 17 February 2018; "Canada's Trudeau talks trade in India on weeklong state visit," NIKKEI ASIAN REVIEW 20 February 2018; "Justin Trudeau India visit: India-Canada trade has the potential to grow, says Canadian PM at IIM," THE INDIAN EXPRESS, 19 February 2018; "For trade talks with Canada, India offers 'Hybrid' model of positive & negative lists," INDIA TIMES, 19 February 2018; "Canada, China delay launch of trade talks as the Chinese cancel planned press conference," FINANCIAL POST, 3 December 2017; "China and Canada Fail to Agree on Launching Free Trade Talks," BLOOMBERG NEWS, 4 December 2017; "China seeks to restart free trade talks with Canada," FOREX LIVE, 2 February 2018.

EVENTS & RESOURCES

Events

Coming Soon

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 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 that work on trade. The event will be followed by a reception. To learn more and to register, please visit the Graduate Institute event [website](#).

28 February, Washington, US. MANAGING NATURAL RESOURCES FOR SUSTAINABLE PRODUCTION SYSTEMS: A RESEARCH AGENDA AT THE CROSSROADS. This event is being co-organised by CGIAR Independent Science and Partnership Council (ISPC), the International Food Policy Research Institute (IFPRI), and the CGIAR Research Program on Policies, Institutions and Markets. This policy seminar will focus on natural resource management, looking at what lessons can be learned from past experiences involving smallholder farmers, and what can be done to help support the creation of food production systems that are more sustainable and meet development objectives. To learn more and to register, please visit the IFPRI [website](#).

28 February, Washington, US. TRUMP'S TRADE POLICY IN ASIA: A ONE-YEAR REVIEW. This Brookings Institution event, held in partnership with the US-Japan Research Institute, will examine the trade policy approach of US President Donald Trump over the past year, with a specific focus on policies and investigations with implications for Asian countries. For additional information, including an event agenda and registration details, please visit the Brookings [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.

27-28 February: Council for Trade-Related Aspects of Intellectual Property Rights

28 February: Dispute Settlement Body

28 February: Informal Committee on Sanitary and Phytosanitary Measures

1-2 March: Committee on Sanitary and Phytosanitary Measures

Other Upcoming Events

6 March, London, UK. THE FUTURE OF UK INTERNATIONAL TRADE. This Chatham House event will look at what Brexit means for the UK's future international trade policy with non-EU partners, along with the possibilities for the UK-EU trading relationship going forward. The event will feature speakers from the private and public sectors and is available to Chatham House's corporate members. To learn more and to register, please visit the Chatham House 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, held by the Organisation for Economic Co-operation and Development (OECD), 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. More information, including on how to register, is available at the UNCTAD website.

Resources

TRADE FOR DEVELOPMENT NEWS. Published by the Enhanced Integrated Framework (EIF) (February 2018). This new platform is designed as a platform for sharing EIF stories, along with other topics that involve Aid for Trade, trade and development, and related subjects. Materials shared on the site come both from the EIF along with various partner organisations, and include photo essays, op-eds, event coverage, and more. To learn more, visit the Trade for Development News [online platform](#).

OUR ALARMING CLIMATE CRISIS DEMANDS BORDER ADJUSTMENTS NOW. By John S. Odell for the International Centre for Trade and Sustainable Development (ICTSD) (February 2018). This brief examines the potential for border carbon adjustments to tackle the risk of carbon leakage, the phenomenon where countries transfer their production processes to other nations with less stringent mitigation policies. The author examines how to design these measures so that they are in line with global trade rules and development concerns. The brief is available for download at the ICTSD [website](#).

TAXING ENERGY USE. Published by the Organisation for Economic Co-operation and Development (OECD) (February 2018). This report examines different energy taxes across countries, sectors, and fuels, looking at what these mean for emissions reduction and other objectives. The research examines over 40 OECD member economies as well as G20 members. The report and other associated materials are available for download at the OECD [website](#).

THE NEW GLOBAL AGENDA AND THE FUTURE OF THE MULTILATERAL DEVELOPMENT BANK SYSTEM. Amar Bhattacharya, Homi Kharas, Mark Plant, and Annalisa Prizzon for the Overseas Development Institute (ODI) (January 2018). This paper examines the role of multilateral development banks in implementing Agenda 2030 for Sustainable Development, providing recommendations aimed at fostering better cooperation and coherence. It also looks at topics such as development finance and trade. The report is available for download at the ODI [website](#).

ECONOMIC OUTLOOK FOR SOUTHEAST ASIA, CHINA, AND INDIA 2018. Published by the Organisation for Economic Co-operation and Development (OECD) (February 2018). This new report examines various aspects of regional economic and development issues, with this year's publication featuring an additional chapter focusing on the theme of "fostering growth through digitisation." The authors also include policy recommendations by country. To learn more and to download the report, visit the OECD [iLibrary](#).

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