

# Washington Trade Daily

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Trade Reports International Group

## ***Agenda Building for Buenos Aires***

Geneva – A number of industrialized and developing countries on Friday shared their priorities for next year’s World Trade Organization ministerial conference in Buenos Aires – including unresolved Doha issues, trade-distorting domestic support, fisheries subsidies, electronic commerce/digital trade, domestic regulation and trade facilitation agreement services (WTD, 9/28/16).

A decision on hosting the next biannual conference in Buenos Aires will be announced today.

During an informal heads of delegations meeting, the United States informed members about its plurilateral initiative on fisheries subsidies that it launched on September 14. The US initiative will likely trigger further action at the WTO, said a person familiar with the meeting.

But the European Union wants fisheries subsidies to start in the WTO. Fisheries subsidies ought to be addressed in a systematic manner at the WTO; a plurilateral initiative is only a second-best option, Ambassador Marc Vanheukelen told WTD.

Peru trade envoy Luis Enrique Chavez Basagoitia told his counterparts at Friday’s meeting that Peru and Argentina will soon present a joint proposal to negotiate possible elements for fisheries subsidies. Lima also wants a multilateral outcome.

Brussels said its four top issues for Buenos Aires are trade-distorting domestic support in agriculture, fisheries subsidies, e-commerce/digital trade and domestic regulation/trade facilitation agreement in services as proposed by India.

### **E-Commerce**

On e-commerce, said Ambassador Vanheukelen, members must deepen the discussion during the upcoming dedicated sessions and explore how to move it forward to Buenos Aires.

The group of developing countries from Africa, the Caribbean and Pacific also emphasized that the eleventh ministerial meeting must produce concrete outcomes on outstanding Doha issues – including domestic support, fisheries subsidies, a permanent solution for public stockholding programs for food security, “cotton” and other development issues, WTD was told.

The Africa Group issued a statement calling on members to address outstanding Doha agriculture and developmental issues such as special and differential flexibilities.

Both the United States and China must show flexibility for moving on deliverables for the Buenos Aires meeting, Uganda’s trade envoy Ambassador Christopher Onyanaga Aparr told WTD.

At the informal delegation meeting, World Trade Organization Director General Roberto Azevêdo said members need to deliver trade reforms that generate more inclusive growth and development gains. He added that it is important to deepen discussions about what members want to achieve between now and the end of next year.

## ***Agreement on ‘Administrative Measures’***

Geneva – Several industrialized and some developing countries have called for negotiating “administrative measures” — such as licensing requirements and procedures, qualification requirements and procedures, and technical standards – in the World Trade Organization’s General Agreement on Trade in Services Working Party on Domestic Regulation, WTD has learned (see related report this issue).

In a proposal tabled on September 23, a group of countries – Australia, Chile, Colombia, the European Union, Mexico, Norway, South Korea and Taiwan – have called for focused negotiations on major elements concerning domestic regulation. Elements include the development of licensing

requirements and procedures, qualification requirements and procedures and technical standards.

The eight countries also emphasized the need to negotiate transparency, development and institutional provisions.

Domestic regulation and services trade facilitation is a major platform for the European Union in next year's Buenos Aires WTO conference.

Most of the signatories to the proposal also are members of the ongoing plurilateral negotiations on the trade in services agreement.

But what is in the TISA negotiations so far is well below the level of ambition for comprehensive domestic regulation disciplines as spelled out in the eight-country proposal, a TISA participant told WTD.

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## ***Australia's GPA Offer***

Geneva – Australia on Friday circulated a revised market access offer on government procurement at the World Trade Organization spelling out additional areas of coverage, including a fundamental change in the market access for services from a positive to a negative list, and subcentral entity coverage, WTD has learned.

Canberra maintained that it streamlined on issues such as motor vehicles and data storage, as well as notes concerning reciprocity on subcentral coverage. The offer also updates the machinery of government changes, including central and subcentral government elections.

For the central government entities in the revised offer, Australia has provided market access threshold in goods as well as services procurement up to SDR 130,000, and SDR 500,000 for constitutional services. There are some 63 central government entities ranging from administrative appeals tribunal to a workplace gender equality agency. The Australian offer does not include Defense Department procurement for weapons, guided missiles, aircraft and airframe structural components and space vehicles, among others.

Australia has included several subcentral government entities with procurement thresholds of SDR 335,000 for goods as well as services, and SDR 5 million SDR for construction services. The subcentral entities include Australian Capital Territory, New South Wales, Northern Territory, Queensland, South Australia, Tasmania, Victoria and Western Australia.

The Australian offer also includes other entities for which the threshold for goods as well as services include SDR 400,000 – and SDR 5 million for construction services. The list of entities range from Australian Communications, Media Authority to Tourism Australia.

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## ***Concern Over Russia's Trade***

Geneva – Several World Trade Organization members spoke their concerns over Russia's trade policy measures last week – all underscoring the need for the country to do away with trade-distorting domestic content requirements in government procurement, sanitary and phytosanitary measures not based on international standards and removing the transit-related restrictions for the movement of goods (WTD, 9/29/16).

At the conclusion of the Russia's first trade policy review meeting on Friday, Trade Policy Review Body chair Irene Young said several members also spoke about Russia's fossil fuel subsidies, fisheries subsidies, use of contingency measures, the use of non-ad valorem tariffs, incentives and conditions on strict localization requirements and the need to fight corruption.

In her concluding statement, the chair said members felt that the lack of transparency and predictability in the administration of those measures had posed additional difficulties for their traders.

Ms. Young said Russia acknowledged the systemic trade and economic challenges that the country was facing, and found solutions in export diversification, development of domestic high-tech industries and of small and medium enterprises, as well as exploring new opportunities in foreign markets.

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## Duties on Tetrafluoroethane

The Commerce Department announced Friday its affirmative preliminary determination in the antidumping investigation of imports of 1,1,1,2-Tetrafluoroethane from China (WTD, 4/18/16).

Commerce preliminarily determined that the imports have been sold in the United States at dumping margins of 137.23 percent and 188.94 percent.

Commerce preliminarily found that critical circumstances exist with respect to the separate rate respondents and the China-wide entity, which means Customs and Border Protection will be instructed to impose retroactively provisional measures on entries of 1,1,1,2-tetrafluoroethane from China effective 90 days prior to publication of the preliminary determination in the Federal Register.

1,1,1,2-Tetrafluoroethane or R-134a, is a refrigerant gas that is used in automotive air conditioning systems as well as in stationary commercial air conditioning and refrigeration. In 2015, imports of 1,1,1,2-tetrafluoroethane from China were valued at an estimated \$46.2 million.

Commerce is scheduled to announce its final determination by February 14.

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## Around the Globe

- Trade negotiators will meet in New York this week to search for common ground on the controversial EU-US trade deal, which has been buffeted by strong opposition on both sides of the Atlantic, The Guardian reported (WTD, 9/28/16). A team of 90 EU negotiators will travel to New York for five days of talks on the Transatlantic Trade and Investment Partnership (TTIP), starting on Monday.

Hopes of a deal before US president Barack Obama leaves the White House in mid-January have evaporated, raising doubts about whether TTIP can ever be agreed amid widespread hostility and regular street protests. Cecilia Malmström, the EU trade commissioner, said last week: “If we were not to conclude TTIP before 19 January, then there would be a natural pause.” Her opposite number, US trade representative Michael Froman, is expected to leave his post during the White House changeover. By the time his successor is in place – a process that may take six months – Germany will be in the midst of a national election campaign.

With the window for finding an agreement closing, officials at the European commission hope to “lock in as much progress” as possible before Obama goes. Next week’s talks will focus on developing compatible standards in key industry sectors, spanning pharmaceuticals, engineering and IT. Regulatory differences are seen as an easier nut to crack than other disputed issues, such as allowing European companies to bid for US public-sector contracts or protecting European cheese and champagne from imitators. “We have not tried to hide the fact that these differences are quite large,” a commission source said.

While technical talks grind on, the political outlook has become stormier. Trade ministers from seven countries, including France and Germany, raised a variety of doubts and concerns last week. The UK was in a rival group of 12 countries that signed a letter in favour. The supporters, which also include Italy and Spain, said they were ready to sign a similar deal with Canada on 27 October.

- US and Cuban officials met on Friday to discuss how to move forward on economic normalization (WTD, 9/30/16). The fourth meeting of the Bilateral Commission in Washington. Acting Assistant Secretary of State for Western Hemisphere Affairs Mari Carmen Aponte led the US delegation, supported by Chargé d’Affaires Jeffrey DeLaurentis, Deputy Assistant Secretary John Creamer, and Chief of Staff and Director of Policy Planning Jon Finan. The Cuban delegation was led by Josefina Vidal, the Foreign Ministry’s Director General for U.S. Affairs, supported by Cuban Ambassador to the United States Jose Ramon Cabanas.

Officials discussed the way forward on key issues such as agriculture, health, environmental protection, economic engagement, science and technology, civil aviation, regulatory affairs, claims, culture and education, law enforcement, nonproliferation, trafficking in persons, human rights, maritime borders and migration. The delegations also discussed prospects for upcoming high-level visits and their shared desire to achieve as much progress as possible by the end of the year.

The next meeting will be held in Havana in December.

- The Obama administration needs to be more forthcoming about the sanctions relief that

came with the Iran nuclear deal, House Financial Services Committee Chairman Jeb Hensarling Friday today following a media report saying the US signed a secret document agreeing to lift some sanctions on two Iranian banks, Morning Consult reported (WTD, 9/22/16). “Making massive cash payments to Iran, agreeing to lift sanctions on the banks that fund Iran’s missile program, and concealing these facts from Congress and the American people are indescribably reckless,” the Texas Republican said in a statement.

“I call on the Obama Administration to provide all the details about this secret agreement.” The Wall Street Journal reported on Thursday that the U.S. signed a document in secret that relieved Bank Sepah and Bank Sepah International of United Nations sanctions that were scheduled to expire in 2023. The signature of the document came at the same time as a \$400 million cash transfer that administration critics say constituted a ransom payment for the release of four American prisoners, according to the article.

- The National Pork Producers Council said in a statement Friday that while the major US presidential candidates, the American electorate and members of the US Congress debate the efficacy of the TransPacific Partnership agreement, the European Union and Japan this week met for round 17 of negotiations on a bilateral trade deal between them (WTD, 9/30/16).

Japan Trade Minister Hiroshige Seko and European Commission Vice President Jyrki Katainen have agreed to accelerate the free trade talks and are confident an agreement will be struck by the end of the year. NPPC is concerned that, while the TPP, which includes the United States, Japan and 10 other Asia-Pacific countries, languishes in limbo, nations are moving forward with other trade agreements involving Pacific Rim countries.

In addition to the Japan-EU deal, for example, China is leading negotiations on the 16-nation Regional Comprehensive Economic Partnership, which includes seven of the 12 TPP countries.

- Britain will seek to maintain the freest possible trade terms with the European Union in its exit negotiations, but will insist on taking control of the country’s own affairs, the minister in charge of Brexit, David Davis, said on Sunday according to Reuters news service (WTD, 9/30/16). The Conservative government is using its annual party conference to end weeks of silence by setting out how it plans to start implementing the result of the June 23 EU referendum, in which Britons voted by 52-48 percent to leave the bloc.

“We want to maintain the freest possible trade between us, without betraying the instruction we have received from the British people to take back control of our own affairs,” Davis told the conference in the central English city of Birmingham. Earlier, Prime Minister Theresa May said Britain would trigger the ‘Article 50’ legal EU exit process by the end of March next year, hoping to ease investor uncertainty over how long the process will take and when it will start.

Once triggered, Article 50 of the EU’s Lisbon Treaty allows for two years of formal negotiations on the terms of Britain’s exit, with an extension possible if all parties agree. Talking in broad terms about what sort of a deal he wanted from the negotiation, Davis said Britain would approach the talks with “goodwill” and urged his European partners to take a similar approach.

Reuters also reported that Britain wants to agree post-Brexit terms with the World Trade Organization in a way that causes minimal disruption, trade minister Liam Fox said on Sunday. Fox told an event on the sidelines of the Conservative Party’s annual conference in Birmingham that Britain did not need to re-join the international trade body when it leaves the European Union as it was already “a full and founding member. What we do need to have are the schedules, which are effectively our license to trade. That’s what we are discussing at the present time,” he said.

- China will adopt various measures to boost foreign trade as the sector is still under considerable pressure, the Ministry of Commerce (MOC) said Thursday according to Xinhua news agency (WTD, 9/29/16). Policy priorities will include eliminating unreasonable charges on exports and imports, alleviating financing difficulties for enterprises and facilitating trade and investment, said Zhang Ji, assistant minister of the MOC.

Pilot projects including cross-border e-commerce and market procurement will be advanced, Zhang said at a briefing on the upcoming 120th China Import and Export Fair, also known as the Canton Fair, scheduled for Oct 15- Nov 4 in China’s southern city of Guangzhou. China will continue to build an international and law-based business environment, actively cope with trade frictions and strengthen intellectual property protection to boost imports and exports, said Zhang.

CCTV reported that China's top legislature has just revised four laws regulating inbound investment. The revised Foreign Invested Enterprise Law will take effect on Saturday. The revisions amount to an easing of rules for foreign investors starting businesses across China. CCTV's reporter Ying Junyi talked to a lawyer and a foreign entrepreneur to see what they think about the changes.

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# On the Web.....

## Canada

**Lumber.** US Lumber Coalition statement on a US-Canada softwood lumber agreement. (available at: <http://uslumbercoalition.org>) issued: 9/30/16.

**Ukraine.** Canadian government statement on relations with Ukraine. (available at: <http://www.international.gc.ca/media/comm/news-communiqués/2016/09/30b.aspx?lang=eng>) issued: 9/30/16.

## Russia

**WTO.** Testimony to the interagency Trade Policy Staff Committee on Russia participation in the World Trade Organization. ) issued: 9/30/16.

## Trade Balance

**Trade Shifts.** International Trade Commission latest report on trade shifts. (available at: [https://www.usitc.gov/press\\_room/news\\_release/2016/er093011664.htm](https://www.usitc.gov/press_room/news_release/2016/er093011664.htm)) issued: 9/30/16.

## Ukraine

**Canada.** Canadian government statement on relations with Ukraine. (available at: <http://www.international.gc.ca/media/comm/news-communiqués/2016/09/30b.aspx?lang=eng>) issued: 9/30/16.

**US Relations.** Commerce Department joint statement with Ukraine on trade relations. (available at: <https://www.commerce.gov/news/press-releases/2016/09/us-secretary-commerce-penny-pritzker-and-ukrainian-prime-minister>) issued: 9/30/16.

## World Trade Organization

**Azevedo Remarks.** Remarks by World Trade Organization Director General Azevedo on the work of the WTO. (available at: [https://www.wto.org/english/news\\_e/news\\_16\\_e/hod\\_30sep16\\_e.htm](https://www.wto.org/english/news_e/news_16_e/hod_30sep16_e.htm)) issued: 9/30/16.