



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## Trump Confirms U.S.'s Withdrawal from TPP

**By signing an executive order to withdraw the U.S. from the Trans-Pacific Partnership (TPP) agreement in his first day in office, newly inaugurated President Donald Trump made good of his promise to put America first.**

This cements his perspective when it comes to trade by negotiating or renegotiating only “fair” international trade agreements that can be used to grow the U.S. economy and “return millions of jobs to America’s shores” to help revitalizing the “nation’s suffering communities.”

“This strategy starts by withdrawing from the Trans-Pacific Partnership and making certain that any new trade deals are in the interests of American workers,” The Trump administration stated in a policy paper titled “Trade Deals Working for All Americans.”

The new administration’s move is meant to be tough on countries like China who have contributed in increasing U.S. trade deficit and worsening manufacturing jobs by luring them abroad.

Although he agreed on the importance of being tough on China when it comes to trade, departing USTR, Mike Froman, admitted to being a little perplexed with the new administration’s trade strategy.

“There simply is no way to reconcile a get-tough-on-China policy with withdrawing from TPP,” he said, “that would be the biggest gift any U.S. President could give China, one with broad and deep consequences, economic and strategic. It would be huge for China,” he added in a remark made early this month.

Like other TPP countries, Froman believes that failing to ratify the agreement will be a massive loss for the U.S.,

<sup>1</sup> Argentina, Australia, Benin, Brazil, Canada, China, Costa Rica, Egypt, the European Union, Hong Kong, India, Indonesia, Japan, Malaysia, Mexico, Morocco, New Zealand, Nigeria, Norway, Pakistan, the Philippines, Russia, Singapore, South Africa, South Korea, Switzerland, Thailand, Turkey, and the U.S.

former New Zealand’s Prime Minister, John Key.

“I can’t imagine why any President would want to abdicate our leadership in the Asia-Pacific, to be responsible for handing the keys of the castle to China, for driving our historic allies and China’s historic rivals into China’s arms. It would be a strategic miscalculation of enormous proportions,” Froman declared.

President Trump meanwhile thinks otherwise, and by signing today’s order he did what he promised during his campaign, calling the move “a great thing for the American workers.”

Trump also wants to renegotiate the North American Free Trade Agreement (NAFTA), warning that if Canada and Mexico refuse to reopen the deal, the U.S. could simply withdraw from the pact.

### Fear of Protectionism Dominates Davos Ministerial Talks

Ministers and high officials from 29 World Trade Organization (WTO) key countries<sup>1</sup> met on the margins of the World Economic Forum in Davos (Switzerland) on January 20<sup>th</sup> to reiterate their support to the multilateral trading system and the need to build on the successes achieved at the last two Ministerial Conferences by delivering “further incremental, yet substantive results” at the 11<sup>th</sup> WTO Ministerial Conference (MC11) which will take place from December 11–14, 2017 in Buenos Aires (Argentina).

The informal WTO ministerial gathering in Davos, chaired by Switzerland’s Federal Councillor, Johann N. Schneider-Ammann, is the first of three mini-ministerial meetings to be held prior to the MC11. The other two informal ministerial gatherings will occur in June – on the

The question, however, is whether the new U.S. administration will engage in multilateral negotiations this year.

“Of course there is a lot of uncertainty ahead of us” WTO Director-General, Roberto Azevêdo admitted noting that globalization has not always had a positive effect on jobs. “Clearly trade is very high on the political agenda at the moment. I recognize the concerns about globalization – and the need to respond.”

Azevêdo acknowledged that the WTO needed “better domestic policies to support people and get them back to work.” However, reverting back to protectionism measures is not the answer, he added.

“I have heard a lot of talk about protectionism and trade wars this week. That would destroy jobs, not create them. I am urging everyone to show caution and leadership. We must avoid talking ourselves into a crisis,” the Director General stressed, in a plea clearly addressed toward the new U.S. administration, urging trade ministers to amplify their engagement in the talks throughout the year in order to “keep strengthening and improving the trading system.”

“Ministers noted that protectionism was not the right answer to anti-trade sentiments,” Schneider-Ammann stated at the end of the informal meeting. However, trade agreements should be made more inclusive and its benefits spread more widely, he added.

WTO officials have been mandated to intensify work by tabling proposals in various areas of the negotiations including domestic support in agriculture, cotton, fisheries subsidies, trade facilitation in services, and reaching a permanent solution for public stockholdings for food security purposes.

Matters such as non-tariff barriers to trade and issues relating to market access, rules, and export restrictions were also mentioned as potential contributions for this year. Some Members insisted on the need to include new issues such as e-commerce and micro, small and medium-sized enterprises as part of the MC11 deliverables.

“2017 is an important year for the WTO as we prepare for our Ministerial Conference in Buenos Aires in December,” Azevêdo said highlighting Members’ willingness to see concrete results coming out of the next ministerial conference.

“[T]his is very welcome,” he continued. Ideas and proposals are being put forward. Engagement is high – both from WTO members and from the private sector, he added.

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.

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