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## *An overview of the WTO negotiations on agriculture*

### **Obama-Abe Summit Lands Mixed Results**

President Obama's trip to Japan on April 24-25 was initially tagged as the one event that could possibly mark a turning point in the Trans-Pacific Partnership (TPP) negotiations. However, few days before the trip, the U.S. Trade Representative office began to downplay expectations, saying that the main objective of the meeting between President Obama and Japanese Prime Minister Shinzo Abe would be to review the state of the TPP negotiations and provide fresh impetus to the talks.

However, in a statement released at the end of the summit, the U.S. stressed that the two major TPP economies have reached "a key milestone", one that will allow renewed momentum in the negotiations. This "path forward" in a pivotal Japan-U.S. parallel discussion has been billed by the Americans as an important stepping stone to completing a high-standard, ambitious, comprehensive TPP agreement which requires the two economic powers to show flexibilities and take "bold steps" toward resolving issues related to their respective sensitivities.

In the case of Japan, these bold steps could be summed up as providing market access in each of the five sacred product categories – dairy, rice, beef and pork, sugar and starch, wheat and barley – by reducing tariffs and/or increasing quotas.

Describing the outcome of the discussion in agriculture, a U.S. senior trade official said that the two countries went through each tariff lines "to determine what was the most robust outcome in terms of opening markets for U.S. exports".

"When I say that, it means there are various factors that go into market access agreement – the length of time over which a market access barrier might be reduced, which barriers are eliminated and which barriers are reduced and what the relationship is between them, how the market access is structured," the senior official said, refraining from detailing specifically the breakthroughs achieved in these tariff lines.

Meanwhile, Japanese media reported that the two sides agreed to drastically slashed tariffs on three of Japan's sensitive farm products – beef, pork and dairy – while maintaining tariffs on rice, wheat and sugar. In the case of dairy, the Japanese press reported that Tokyo agreed to put in place a TRQ with zero in-quota for U.S.-only cheese imports, while keeping tariffs for butter and milk powder intact.

With respect to autos, Japan has asked for the U.S. to reduce tariffs on autos (2.5% on passenger cars and 25% for light trucks) in a shorter period of time than the 20-plus years once suggested by the USTR. In its bilateral agreement with Australia, the latter agreed to eliminate its 5% tariff on Japanese cars three years after the deal is implemented. Trade observers say Japan officials were looking for similar results in their parallel talks with the U.S. However, the senior U.S. trade official reiterated the U.S.'s inclination to establish a much longer phase-out period for its auto tariffs.

"First of all, on autos we reached an agreement with Japan prior to letting Japan join TPP about what the staging of the tariffs would be in the United States," he said. "So the phase-out of tariffs on autos and trucks would be the longest of any staging of any tariff of any product anywhere in TPP upon any two countries," he added.

The vagueness surrounding the outcome of the Obama-Abe summit, may suggest that little in terms of concrete progress has been achieved in Tokyo. The two sides admitted that "even with this step forward, there is still much work to be done to conclude TPP." As such, this so-called "key milestone" achieved on May 25<sup>th</sup> may in the end represent a positive spin that both sides wanted to associate with the Obama-Abe summit, which would in turn inject some much needed momentum into the talks going forward.

“We now call upon all TPP partners to move as soon as possible to take the necessary steps to conclude the agreement,” the final U.S. statement reads.

The next steps involve a meeting of all TPP chief negotiators in mid-May in Vietnam to resume discussion on some of the TPP outstanding issues such as IPR (intellectual property) and SOEs (state-owned enterprises). The 12 countries’ trade ministers are also due to meet bilaterally on the sidelines of the Asia Pacific Economic Cooperation (APEC) ministerial meeting the weekend of May 17-18 before heading to Singapore to hold their second TPP ministerial meeting of the year. The previous ministerial was held the last week of February 2014.

## Upcoming Events

- OECD Forum 2014, May 5-6, 2014, Paris (France)
- WTO General Council, May 8-9, July 24-25, October 7-8, December 10-12
- TPP Chief Negotiator Meeting (TPP), May 12-16, Ho Chi Minh (Vietnam)
- APEC Ministers Responsible for Trade, May 17-18, Qingdao (China)
- TPP Ministerial Meeting, Singapore TBD
- WTO Regular Agriculture Committee, June 6, November 13
- G-20 Trade Ministers Meeting, July 19, Sydney (Australia)
- WTO Public Forum, October 1-3
- G-20 Leaders Summit, November 15-16, Brisbane (Australia)

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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