

## Smoke & Mirrors?

After two and half months of inactivity, aiming for the most part to leave enough time and space for Japan and the U.S. to resolve their bilateral issues in agriculture market access and autos, the full Trans-Pacific Partnership (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam) met in Ho Chi Minh City (Vietnam) on May 12–15. The meeting was primarily held at the chief negotiators' level to prepare for yet another Ministerial gathering in Singapore – the second since the beginning of the year – which was held on May 19-20 with the objective of taking advantage of the “momentum” created by the “breakthrough” achieved following the Obama-Abe summit in Tokyo on April 24-25.

Although expectations were fairly low coming to Vietnam, the focus in Saigon was to gain a better understanding of the progress accomplished by the two largest economies in the TPP zone, and how this would be translated in the broader TPP negotiations. This is critical because most TPP countries see Japan as the biggest prize, and expect the outcome of the parallel negotiations with the U.S. to set the benchmark for what could possibly emerge from the negotiations, particularly in the area of market access.

At the end of their two-day Ministerial meeting, which featured discussions between 8 of the 12 ministers during the first day (trade ministers from Canada, Vietnam and Brunei Darussalam did not attend the gathering, while Mexico's minister showed up for the second day), the group said it “reviewed recent bilateral engagements, including the Japan-U.S. negotiations last month, as well as the results of the Chief Negotiators meeting” held the previous week in Saigon, cementing their “shared views on what is needed to bring negotiations to a close.”

“We focused in particular on making meaningful progress on market access and also advanced outstanding rules issues in an effort to narrow our remaining differences,” the final statement at the end of the ministerial gathering reads. The Japan-U.S. relationship remains at the heart of the of negotiation process as it will set the level of ambition. Ministers meanwhile carefully avoided detailing the specifics of the Tokyo breakthrough, although there seems to be recognition that countries would no longer pursue a complete elimination of all tariffs as originally sought by TPP members. However, the aim remains to somehow meet the overall TPP ambition by agreeing to some cosmetic commitment that would imply that no product was completely exempted from the talks.

One official explained that Japan and the U.S. have agreed to reduce agricultural tariffs over a long phase-out period, with “significant” initial reduction at implementation. Japan, in addition, would introduce a safeguard mechanism that could be made permanent depending on the importance of the tariff cut. This tariff treatment, which is similar to what was agreed between Japan and Australia in their recent Economic Partnership Agreement (JAEPA), would likely apply to products like beef and pork, the official said.

A potential Japan-U.S. agreement on market access could be extended to other TPP members based on their requests, either through country-specific TRQ, a general TRQ for all the TPP or a mix of both. The plurilateralization of the results could come with some exceptions, the official said, adding that, however, at this point all options remained open.

“We can see that the path forward has become clearer than before,” Japan's TPP minister, Akira Amari said at the end of the two-day ministerial meeting. “We can see that the fog is clearing up more than in the past.” The acknowledgement that flexibility is needed in some sensitive areas of the talks, combined with the recognition that not all products could be protected, represent the main takeaways from this ministerial meeting, Amari was translated as saying.

This sentiment was echoed by Malaysia's trade minister, Dato' Sri Mustapa Mohamed, who described the "pragmatism" shared around the table as the most "important outcome." The agreement to show flexibility on some difficult issues "which are cultural and historical in nature," was in the Malaysian trade minister's view, "very helpful in terms of moving the process forward."

## Next Steps

To build on the recent momentum, trade ministers vowed to "engage bilaterally to direct negotiations, coordinate, and tackle the most challenging outstanding issues," but stopped short from calling another ministerial before the end of August.

Observers anticipated such a high level gathering sometime around the July 19<sup>th</sup> meeting of the G-20 Ministers in Sydney given the common belief that if technical issues are not finalized by the end of the summer, the TPP is unlikely to conclude this year.

Nevertheless, ministers have only instructed their chief negotiators to intensify their engagement over the coming weeks on market access and rules, starting with the Japan-U.S. bilateral talks due to resume next week in Washington.

With no further ministerial gathering foreseen in the coming months and with the U.S. entering mid-term election mode in the fall, chances are TPP ministers may not meet until the end of the year at the earliest.

## Upcoming Events

- WTO Regular Agriculture Committee, June 6, November 13, 2014
- TPP Chief Negotiator Meeting (TPP), July, (location TBD)
- G-20 Trade Ministers Meeting, July 19, Sydney (Australia)
- WTO General Council, July 24-25, October 7-8, December 10-12
- 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.

For more information or comments, please visit:

[www.dairyfarmers.ca](http://www.dairyfarmers.ca), [www.chickenfarmers.ca](http://www.chickenfarmers.ca), [www.eggfarmers.ca](http://www.eggfarmers.ca), [www.turkeyfarmersofcanada.ca](http://www.turkeyfarmersofcanada.ca), [www.chep-poic.ca](http://www.chep-poic.ca).

Legal Deposit: National Library of Canada, ISSN 1496-9254

