

## **A Turning Point in the TPP Negotiations?**

Japan and the U.S. may both claim they have found a breakthrough in their parallel talks on agriculture and automobiles that will ultimately inject fresh impetus into the broader Trans-Pacific Partnership (TPP) negotiations. However, trade observers still express major doubts that the negotiations will move faster to a rapid conclusion without concrete details shared around on the so-called “key milestone” achieved between Japan and the U.S. on agriculture and automobiles.

In a testimony before the U.S. Senate Committee on Finance on May 1<sup>st</sup>, U.S. Trade Representative, Michael Froman, said that the recent Obama-Abe summit “crossed an important threshold” in the two countries’ bilateral market access discussions.

“In doing so, we have identified a path forward on agriculture and autos, two of the most challenging areas of our negotiations with Japan. Although work remains to close the gaps, this milestone achievement – spurred by the President’s direct engagement – will provide significant momentum to the overall TPP negotiations,” he added

The TPP full membership will be holding a chief negotiators meeting on May 12–15 in Vietnam to resume discussion on some of the negotiations’ outstanding issues such as IPR (intellectual property) and SOEs (state-owned enterprises), whereas the Ministers are expected to hold their second gathering since the beginning of year in Singapore (May 19-20).

Some experts say there may not be a whole lot to discuss in Singapore, given the vagueness of the agreement reached between President Obama and Prime Minister Shinzo Abe. But, not holding a ministerial as planned would send a negative message that the talks are still very much deadlocked.

In addition, the U.S. Congress is not making things easier for the USTR, urging president Obama to engage more of his time on securing a bipartisan trade promotion authority (TPA) which will provide additional confidence to other TPP members that an eventual deal will not be blocked by lawmakers. But to do so, Congressmen from both parties (Republican and Democratic parties) are calling for additional transparency on the chapters under negotiations.

“We have held over 1,250 meetings with Congress about TPP alone – and that does not include consultations on the rest of our trade agenda,” Froman said during his May 1<sup>st</sup> testimony. “Our Congressional partners preview our proposals and give us critical feedback every step of the way. Any member of Congress can review the negotiating text and receive detailed briefings by our negotiators.”

But U.S. lawmakers want more than just briefings on the state of play in the TPP; they call on any potential TPA to address issues such as currency manipulation which is currently not discussed in the TPP. Froman meanwhile avoid including the exchange rate matter in the TPA. He said much has changed since the last TPA was passed over a decade ago: “from the May 10, 2007 bipartisan agreement on labor, environment, innovation and access to medicines to the rise of the digital economy and the increasing role of state-owned enterprises in the global economy. We believe these issues should be reflected in a new TPA bill,” the USTR said, adding that the Obama administration was looking forward to continue working with Congress as a whole to secure trade promotion authority with broad bipartisan support.

Some U.S. lawmakers stressed that if the Obama administration does not secure a TPA deal before the midterm election, it might be too late to conclude the TPP talks under President Obama’s term. Others think there may be another incentive to move quickly with the bill as China which — according to the new World Bank estimates — is poised to become the world biggest economy by leapfrogging the U.S. and is looking to explore the feasibility of a regional free trade agreement that would include not only Asia-Pacific countries, but also the western world current nemesis, Russia, as part of the FTA which is meant to compete against the TPP.

The feasibility study which is expected to take place on the sidelines of the upcoming APEC Trade Ministers meeting which will take place on May 17-18 in Qingdao (China), could also force the Obama administration and various U.S. lawmakers to revise their current trade strategy.

## Upcoming Events

- OECD Forum 2014, May 5-7, 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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