

An overview of the WTO negotiations on agriculture

CETA Deal Not Yet Ready to be Signed

Although there has been “enormous progress” made on the remaining issues in the Comprehensive Economic and Trade Agreement (CETA), the agreement is not yet ready to be signed and sent to both parties’ parliament for ratification, one European trade official said on May 7th. At the May 8th EU Foreign Affairs Council (FAC) meeting, Trade Commissioner Karel De Gucht briefed the member-states on the finalisation of the CETA negotiations and admitted that, although there were a great deal of expectation from his May 7th meeting with Canada’s trade minister Ed Fast in Paris as this latest bilateral encounter could have led to the conclusion of the negotiations, the two parties have not been able to close the deal.

The Commission had in effect declared that it would report on the progress achieved on the remaining technical issues which it expected to conclude ahead of the May 8th Council meeting. But “to be frank,” De Gucht stressed, those “final technical discussions have proven to be more difficult than originally foreseen.” However, the EU trade Commissioner remains confident that both sides will get to the finish line in the coming weeks.

In a background note sent to member-states in preparation for the FAC–Trade meeting, the Commission cited the issues of tariff rate quota management; intellectual property rights for pharmaceuticals; financial services; the protection of geographical indications; investment protection; and rules of origin as issues on which additional work is required.

At the council meeting, De Gucht said there were “3 or 4 technical issues” left to be resolved, describing the pending matters as “thorny” which make it difficult to put a precise date as to when the two sides will be able to finalize the deal.

On TRQ administration for instance, the Commissioner explained that the two parties differ on how the agreed TRQs (ex. beef and pork into the EU, dairy into Canada) are going to be managed, i.e. whether it would be done on the basis of licenses or first-come first-served and how to make sure that access is adequately spread over a number of EU countries.

The EU’s next Trade Policy Committee (TPC) which is to be held on May 23rd may also present an opportunity for member-states to be handed a completely-finalized CETA text that will then require about 4 weeks of examination before member-states can start the ratification process.

WTO Mini-Ministerial Meeting

Key WTO Members held their traditional mini-ministerial meeting on the margins of the May 5–7 OECD Forum in Paris. About 24 countries¹ attended the gathering hosted by Australia to discuss the progress made in the Doha Round since the successful Ministerial Conference (MC9) held in Bali last December.

Andrew Robb, the Australian trade minister who chaired the two and half hour meeting, said Members agreed on a number of issues including the need to finalize the implementation of the MC9 outcome – particularly trade facilitation which most agree was advancing well – and the post Bali work programme by the end of the year, seen as “a critical test for the WTO.”

In that sense, progress on the core issues –agriculture, industrial products and services also known as the tripod – has to be made quickly, Robb said, adding that there is a need to identify what can realistically be done. The plan is to mark the WTO’s 20th anniversary by making the next ministerial conference (MC10 to be held probably in December 2015) a complete success. This would be an excellent occasion “to celebrate another round of substantial progress” the Australian minister said.

¹ Argentina, Brazil, Canada, Chile, China, Colombia, Costa Rica, the EU, Hong Kong, India, Indonesia, Japan, Korea, Lesotho, Mexico, New Zealand, Norway, Peru, South Africa, Switzerland, Turkey, Uganda, and the U.S.

“There is momentum. You can smell it, you can see it,” Robb added. WTO Director General, Roberto Azevêdo, for his part claimed that Members were exactly where they are expected to be at this point in time. Delegates in Geneva have gone through sessions of general discussions without talking about “the specifics of the texts,” he said. Now, the time has come to move onto the next stage which is to look at “the texts and the issues with a solution-finding mode.”

It’s actually this part of the conversation that created a bit of controversy in Paris. Developed and developing countries have not been able to find a consensus on the status of the 2008 revised draft modalities texts, which up until now were considered the basis for future negotiations.

Even though Members have agreed to keep an open mind in addressing the difficult issues in agriculture and NAMA, the U.S. and other developed countries think the talks have to adapt to the new reality of the global economy. Robb said the world has changed since Doha started and Members cannot “just rest on historic positions.” U.S. Trade Representative, Michael Froman couldn’t agree more, calling out emerging countries to do more in the area of domestic support. “[T]his is another area in which we’re not yet having a full, credible conversation,” the USTR told his peers in Paris. “We cannot ignore the fact that the nature of who subsidizes has transformed dramatically in the 13 years since the Doha Round was established.”

“The largest emerging economies now subsidize their farmers at levels as high or higher than the United States and Europe. Moreover, developed country subsidies have been decreasing, while emerging country subsidies have risen dramatically,” Froman added.

Froman’s comments have also been reflected in a working paper circulated by the Cairns Group in mid-March where the group demonstrated that traditional big spenders such as the EU and the U.S. have sharply reduced their domestic support over the last decade.

In the case of the EU, total trade distorting support (TTDS²) has shifted from (all values in USD) \$36.1 billion in 2001 down to \$10.3 billion in 2010 while the U.S. saw its TTDS drop from \$21.5 billion to \$14.4 billion between 2001 and 2011. On the other hand, developing countries’ TTDS have significantly increased over the last decade particularly when it comes to emerging countries such as China and India. India’s TTDS grew from \$8.2 billion to \$16.4 billion between 2001 and 2008 and although Brazil’s total level of support appeared far less scary, it has likewise doubled, going from \$1.3 billion to \$3.6 billion between 2001 and 2012. However, the highest rise in TTDS came from China whose estimated support “increased exponentially” from \$320 million to a stunning \$13.9 billion between 2001 and 2008.

China’s total support reached a staggering \$99.8 billion in 2008 when green box subsidies are taken into account while India’s reported level of all types of support (i.e. including green box subsidies) reached \$50.2 billion the same year.

Froman said the problem-solving in this area of the Doha negotiations “is made infinitely more complicated by the fact that key players are years behind in complying with their obligations to notify the Membership of their subsidy programs.”

“So right now we are flying blind, and that’s not a good way to begin a serious negotiation. At the mini-Ministerial in Davos earlier this year, I, and others, called for updated information and analysis. In the area of agriculture, we’re still waiting,” the USTR added.

China meanwhile rejected the criticisms, considering a “non-starter” any attempts which aim to force emerging countries to make greater cuts in their current level of domestic support which the Chinese Assistant Commerce Minister described as a “red line” in the negotiations.

Froman meanwhile insisted that any discussions in the area of domestic subsidies that simply ignore to take into account the new status of emerging countries cannot be considered “politically or economically serious,” and therefore cannot be the basis for the kind of progress the U.S. is also seeking out of NAMA and services.

² TTDS takes into account the sum of product specific and non-product specific support provided by the selected countries, including spending limits originating from inputs and investments subsidies provided to resource-poor or low-income farmers (so-called “special and differential treatment” support or Article 6.2 of Agreement on Agriculture)

The full WTO Membership is expected to discuss the outcome of the Paris Mini-Ministerial at the May 12th meeting of the General Council.

Upcoming Events

- WTO General Council, May 12, July 24-25, October 7-8, December 10-12
- TPP Chief Negotiator Meeting (TPP), May 12-15, Ho Chi Minh (Vietnam)
- APEC Ministers Responsible for Trade, May 17-18, Qingdao (China)
- TPP Ministerial Meeting, May 19-20, Singapore
- 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)

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

