

## Little Headway in Latest TPP Talks

Chief negotiators and key subject matter experts of the Trans-Pacific Partnership (TPP) negotiations met in Ottawa from July 3–12 “with the objective of advancing remaining rules,” Canada’s Department of Foreign Affairs, Trade and Development (DFATD) stated on July 12.

The 10-day “mini round”, as described by some observers, has led to little actual progress since several of the remaining outstanding issues were not even featured on the agenda. The low-key event, meanwhile, saw working groups such as intellectual property (July 7–10), investment (July 6–8), stated-owned enterprises (SOEs July 9–12) and rules of origin (RoO - July 3–7) holding working sessions intended to move forward on as many text-based issues as possible.

In addition, although there was no formal meeting of the market access chapter, TPP countries met bilaterally throughout the week of July 7<sup>th</sup> on market access. The event was capped by a gathering of chief negotiators who met from July 4–12 to “discuss labour, SOEs, services, investment, and all areas of market access, among others,” DFATD stated.

Next steps in the TPP talks remain unclear as the group refrained from communicating any dates and location for their next gathering. “At this time, dates and location for the next officials’ meeting have not been confirmed,” a statement released on DFATD’s website reads, specifying that “a Ministerial meeting has not been scheduled at this time.”

Japanese officials who attended the Ottawa meeting said the group agreed to continue to accelerate the negotiations so that they can be concluded in a near future with no further indications on the next steps. However, sources close to the negotiations claimed that the group will likely hold another chief negotiators gathering between the end of August and/or early September, which could be followed by a ministerial meeting sometime in October. Other possibilities for ministerial meetings include gatherings on the margins of the East Asia Summit this fall in Myanmar and the G-20 leaders’ summit taking place November 15-16 in Australia.

Trade observers have come to expect that a ministerial meeting would soon take place to tackle the remaining political issues given President Obama’s hopes to have something concrete by the time of his November trip to Asia.

## U.S.-Japan Bilateral Continues in Washington, D.C.

The low level of expectations for the Ottawa chief negotiators meeting can be attributed to the fact that not enough progress had been achieved on the U.S.-Japan bilateral negotiations front. Sources also raise the U.S.’s reluctance to make concessions ahead of the November mid-term elections as another factor that has contributed to slow down the talks.

That being said, the two biggest TPP economies resumed their bilateral discussions in Washington on July 14-15, immediately after the Ottawa meeting. Acting Deputy U.S. Trade Representative, Wendy Cutler and Japanese Ambassador to the U.S., Hiroshi Oe, discussed Japan’s five agricultural product categories (dairy, rice, sugar & starch, wheat & barley, beef & pork). Thus far sources familiar with the bilateral negotiations claimed that the focus has been on dairy, beef and pork tariffs with no clear emphasis being put on the rest. Sugar for instance is a sensitive item for the Americans and is unlikely to be affected by the talks, sources close to the negotiations said.

The USTR office described the two day meeting as “constructive,” adding that the two sides were planning on meeting again on August 4-5 in Washington, D.C. to continue “to make some progress in narrowing the gaps on treatment of a range of agricultural products.”

## WTO Negotiating Groups Meet, Await Trade Facilitation Resolution

After the agriculture negotiating group gathered a few days ago, it was the turn of Swiss Ambassador, Remigi Winzap, chairman of the Negotiating Group on Market Access (NAMA) to hold an informal meeting of his negotiating group on July 9<sup>th</sup> to report on where the Membership stand with respect to the NAMA negotiations.

Much like in the agriculture negotiating group, Members continue to differ on what should be the basis for resuming the negotiations, according to one official who attended the meeting. Some – mostly developing countries – maintain the perspective that the 2008 draft modalities text should remain the basis on which future negotiations will take place, while others – mostly developed countries – continue to rejected that assumption.

Winzap said he believes the difference on what should constitute the basis for the negotiations would not be narrowed at this point, thus urging delegates to brainstorm a suitable solution going forward. Part of the problem is due to the fact that most developed countries continue to advocate that emerging countries live up to their new economic status by contributing more to the negotiations whereas countries such as China, which only acceded to the WTO in 2001, claimed that it has already done enough in terms of liberalizing its economy given the commitments it had taken to join the organization.

### The TF problem

Delegates also brought forward the problem with trade facilitation (TF) discussion, as some countries argue that acceptance of the protocol that would formally incorporate TF into the Marrakesh Agreement – effectively integrating it into the WTO's existing legal framework – needs to be linked to the single-understanding of the Doha Development Agenda.

The Preparatory Committee on Trade Facilitation met on July 10<sup>th</sup> to discuss this, although it was reported that Members were not yet in a position to adopt the Protocol of Amendment. The chair of the TF committee, the Philippines' Ambassador to the WTO, Esteban Conejos, stressed after the meeting that consensus on the protocol “still appears elusive as of today”. The conversation, he added, “will need to take place at another time, and possibly at another level.” It is believed the issue will be raised at the July 19<sup>th</sup> G-20 ministerial meeting in Sydney, Australia.

The issue is not taken lightly as it could represent a severe threat to the entire WTO negotiations, Australia said at the NAMA meeting.

Meanwhile, the WTO agriculture committee also held a meeting on July 14<sup>th</sup> to discuss the Bali package as it pertains to the issue of food security. There, the U.S. circulated a paper that suggests ways of looking at food security as a whole, monitoring the situation, evaluating Members' policies – including the Bali decision – and drawing on that to develop best practices, recommendations and a permanent solution for the Bali decision itself.

The G-33 group which is targeted by the U.S. proposal is said to be preparing a counter paper to be circulated in the coming weeks. The issue is expected to be discussed this fall.

## Upcoming Events

- U.S.-Japan Parallel Negotiations, August 4-5 Washington, D.C.
- TPP Chief Negotiator Meeting, TBD
- G-20 Trade Ministers Meeting, July 19, Sydney (Australia)
- Informal Agriculture Negotiations, July 23
- WTO General Council, July 24-25, October 7-8, December 10-12
- WTO Public Forum, October 1-3,
- APEC Leaders Summit, November 10-11 Beijing (China)
- WTO Regular Agriculture Committee, November 13-14
- G-20 Leaders Summit, November 15-16, Brisbane (Australia)

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