



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

TPP Ministers Meet in Sydney, Say Deal “is Crystallizing”

After three days of meetings that involved nine of the twelve¹ Trans-Pacific Partnership (TPP) Trade Ministers (Vietnam, Brunei Darussalam and Peru were represented by their heads of delegation), Australian Minister for Trade and Investment, Andrew Robb, was pleased to report that contrary to past ministerial meetings where members spent “a lot of time” articulating their “own particular positions,” the October 25–27 gathering allowed them “to turn the corner in a very significant way.”

“I’ve felt that the entire focus has gone up several notches,” Robb said at the end of the meeting. “We met in a preliminary format to make decisions on a range of issues that will help us set the stage to bring the TPP negotiations to finalization,” he added.

“[W]e are within reach of the finish line,” U.S. Trade Representative Michael Froman said. “These were tremendously productive meetings, both in terms of reaching agreement on certain outstanding issues, narrowing gaps on remaining issues, and giving direction to our chief negotiators and our teams [on] how to take the next step of the work forward,” the USTR explained.

The twelve countries held focused discussions on some of the TPP’s most controversial chapters including intellectual property (IP), state-owned enterprises (SOE), environment, investment, government procurement and market access, with the aim of bringing those issues close to completion.

“We are seeing a great preparedness to make some of the difficult decisions, a willingness to compromise, to get to final decisions,” Robb said, adding that the meeting has allowed negotiators to lock up “quite a number of basic issues” while at the same time making “substantial progress on most of the rest.”

These efficient negotiations were spurred by the recent progress made in the U.S.-Japan parallel negotiations on agriculture and autos. Both Japanese and American trade

officials agreed that “substantial progress” has been made over the last couple weeks in their bilateral talks. Froman was quick to add, though, that there were still issues that remain in both agriculture and autos on which their respective negotiators are trying to “bridge the remaining differences.”

“We’ve not yet reached a final agreement on a market access package. And therefore there is more work to be done before we can say that we’re satisfied with market access,” Froman stated. The progress in the U.S.-Japan talks has allowed the latter to engage more substantially with other TPP countries and table an improved offer on market access.

“We really feel that we are close” said Chilean Vice-Minister of Foreign Affairs, Andres Rebolledo, about his country’s bilateral talks with Japan, adding that Chile is now awaiting the final outcome of the U.S.-Japan negotiations to close the deal.

New Zealand’s Trade Minister, Tim Groser, meanwhile, warned against “a sweetheart deal that just is made in Tokyo and Washington” as it may well cause “immense disruption” to the TPP negotiations.

“[W]e did not come down in the last shower,” he said, acknowledging the importance of the U.S. and Japan — the two largest parties — holding private meetings. “Because power is very important to integrate into a negotiating process (...) it is absolutely essential that they explore what I’d call the outer parameters of a deal (...) in a continuous process of discussion with countries like mine.”

The outline of what will be delivered on the sidelines of the APEC summit remains a bit unclear. Despite the progress announced by ministers, there are still a number of very significant issues remaining including in areas like the IP and particularly SOE, even though Minister Robb stressed that in Sydney, Ministers have been trying to reach a “set of

¹ Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam

principles on SOE that is “sound, and workable.”

“We are seeing places people are prepared to move to, providing the rest of the package ends up as they hope,” Robb declared. “It’s been very successful and it will give renewed momentum, additional momentum to the ongoing work that our chief negotiators and our teams will continue,” the Australian trade official said.

Indeed, on October 27th, TPP Ministers instructed their chief negotiators (CN) to carry on the work in Sydney based on the decisions they provided in the areas of SOE, Rules of Origin, and IP. The CN will meet until the end of the month of October, at best, said informed sources. The results will then be re-examined by trade ministers when they gather in Beijing ahead of the November 10-11 APEC Leaders’ Summit, with the hope that that the reworked issues will put them in a better position to advise their respective leaders.

That being said, the group stopped short of announcing any potential TPP conclusion or agreement-in-principal to be announced in Beijing. The most optimistic observers would describe the Sydney ministerial as one that, at best, opened the door for the talks to enter “the compromise stage.” However, while in Beijing, TPP Trade Ministers may consider where and when the leaders may next meet, but this will be conditional on how far they’ve gotten in the negotiations.

“There is a real sense that we are within reach of the finish line and the prize does look very attractive, but, of course, in the end the substance will drive the actual timetable,” Mr. Robb declared adding, however, that the group do consider “that the shape of an ambitious, comprehensive, high standard and balanced deal is crystallizing.”

DEADLINE TO FINALIZE NEXT STEPS WITH BALI PACKAGE POSTPONED TO DECEMBER

“We still do not have a solution to the impasse before us,” WTO Director General, Roberto Azevêdo, told the full Membership on October 31st, after 10 days of “open and honest consultations” with Members on how to resolve the trade facilitation (TF) and public stockholding blockage.

Azevêdo said the conversation he and the General Council chairman, Canada’s Ambassador to the WTO, Jonathan Fried, had with delegations shows a willingness to explore one particular scenario out of three discussed with Members.

In effect, given the persisting impasse, most Members tend to lean toward turning the TF into a plurilateral agreement inside the WTO framework, but one that would implement the accord, leaving the door open for more countries to join at a later stage.

In short, a coalition of willing countries will implement the TF on a most favored nation basis meaning that those opposed to the agreement like India could nevertheless benefit from it. That being said, the financial and technical assistance associated with the TF would only be made

available for participating developing countries. This scenario, Azevêdo said, could also bring some or all of the other Bali decisions forward, though there seems to be a reluctance to address the issue of public stockholding at this point.

India said the present situation is a manifestation of the huge imbalance in the way the WTO has functioned, arguing that the organization has faced several challenges in the past, but has also managed to overcome most of them successfully and move forward, respecting the needs of all Members. India remains optimistic that a solution can be found. It does not subscribe to the characterization of the present situation as a doomsday scenario or existential crisis for the multilateral system, as has been depicted by the Director General.

The other two scenarios explored in Azevedo’s consultations with Members were seen as difficult to put into practice at this juncture. The first seeks to find a solution on the current impasse now, “an ideal scenario” if it materializes, but one that looks rather bleak at this stage.

The second would be to continue with business as usual, in other words, do what they’ve been doing since July i.e. waiting for a solution in TF/food security, while continuing to work on the post-Bali work program. This latest scenario, meanwhile, was rejected by Members as work in the negotiating groups has proved to be difficult without a solution on TF.

Although turning the TF into a plurilateral agreement inside the WTO framework appeared to be the scenario preferred by most Members, concerns were nevertheless raised about abandoning the multilateral approach. Delegates questioned how this would take shape, whether it would set a precedent for future talks and how to ensure it leads to a multilateral solution down the road. Another question relates to how to ensure the post-Bali work program is resumed, even though it is clear now that they would not meet the December deadline to craft this as instructed by Ministers in Bali last December.

India, meanwhile, said it remains optimistic the Membership will be able to achieve balanced progress on all Bali outcomes. It opened the door to a potential solution in the coming weeks, saying that it is prepared to take a step forward towards resolution of the crisis in a manner which meets the aspirations of the Membership.

However, the Indian trade envoy refrained from providing details on the steps the country was prepared to take to resolve the current crisis, simply claiming to be exploring alternative approaches towards implementing the TF and urging Members to avoid temporarily seeking alternative approaches – i.e. transforming the TF into a plurilateral agreement – without assessing the systemic implications for rearranging the WTO’s founding system.

WTO Members now target the December 10-11 General Council meeting to take a decision on how to move the organization’s negotiating pillar forward.

KEY UPCOMING EVENTS

- TPP Ministerial Meeting, November 7-9, Beijing (China)
- APEC Leaders' Summit, November 10-11 Beijing (China)
- WTO Regular Agriculture Committee, November 13-14
- WTO General Council December 10-11
- 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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