



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## TPP Chief Negotiators Prepare for First of Two Potential Technical Rounds Before Ministerial Meeting

**There has been much speculation surrounding the dates of the next Trans-Pacific Partnership (TPP) ministerial meeting and whether that gathering will finally allow trade ministers to finalize the agreement by tackling the outstanding political issues. But, in reality, it appears that several requirements need to be completed in order for this “final” TPP ministerial meeting – anticipated around the May 23-24 Asia-Pacific Economic Cooperation Ministers Responsible for Trade meeting (APEC-MRT) in the Philippines – to become a truly efficient and substantial one.**

One of those preconditions is U.S. trade promotion authority (TPA), which is to be introduced and discussed this week as U.S. lawmakers are returning from their Easter recess. The Obama administration and particularly, U.S. Trade Representative, Michael Froman, has been campaigning tirelessly for Congress to pass the authority as it is seen by many, including trade partners, as a guarantee that the outcome of a final TPP agreement won't be altered by congressional amendments, thus encouraging them to table their best offers.

Froman, last week, reinforced that point while promoting the release of a new study - “United States of Trade” – which analyses the overall value of goods exports and on exports to countries involved in the TPP and the Transatlantic Trade and Investment Partnership (TTIP) of all 50 U.S. states. “This report shows that the President’s trade agenda puts American workers first,” Froman said.

“In every state across the country, good-paying jobs are tied to “Made in America” exports. This report also tells the story of American small businesses that will benefit from tearing down trade barriers in markets around the globe; this is where we see a lot of opportunity for growth and more trade-supported jobs. With the Trans-Pacific Partnership we have a once-in-a-generation chance to unleash the economic potential of American small businesses and to level the playing field for our workers,” Froman added, urging Congress to pass TPA.

Another requirement comes from the outcome of the bilateral negotiation between the U.S. and Japan. The two have resumed their parallel discussion on motor vehicle trade which Japanese sources have recently touted as the biggest hurdle to an agreement. The negotiations have previously bogged down on non-tariff measures and the elimination of the U.S. tariffs on auto parts. Sources now say rules of origin for autos has now become part of the problem, as Japan gets many of its auto inputs from Thailand.

TPP chief negotiators are slated to meet at the National Harbor near Washington D.C. from April 22–26, informed sources confirmed. The sources say that this meeting is likely to involve very few negotiating groups as the gathering is meant to focus primarily on the chiefs’ work, although some chapter leads including intellectual property, state-owned enterprises (SOEs), rules of origin, and market access may join the chief negotiators in National Harbor.

Of all the remaining chapters, IP has been identified as the most troublesome as it contains many open questions not yet ready for ministerial level review and approval. As for market access, the U.S. continues to blame Canada for not engaging in discussions pertaining to agriculture.

The plan for negotiators so far, remains to organize a full-blown Ministerial meeting around May 23-24 APEC-MRT. Whether this ministerial gathering turns into an important ministerial where all remaining political issues are tackled or just one of those meetings where trade ministers get together for a stock-taking discussion, remains to be seen.

However, at this point, avoiding seizing the chance to hold a TPP ministerial meeting when all TPP ministers are going to be attending the APEC ministerial gathering, will likely send a negative signal about the state of the negotiations, especially when the USTR claims that the talks are nearing the final stages, and concluding them will provide a big boost to U.S. exports and employment.

## WTO Agriculture Agenda for First Half of 2015

Agriculture Negotiations chairman and New Zealand Ambassador to the WTO, John Adank, plans to intensify his consultations leading up to July when Members are expected to come up with a clearly defined post-Bali work programme on the remainder of the Doha Round.

“A key goal over the next few weeks is to ensure that we have sufficient opportunity to discuss all the relevant issues within agriculture,” the chair said in a fax sent to delegates early this month. “I would hope that by the end of April we can review the overall state of play, and then plan the further work that I expect will need to intensify in the period through to the end of July,” he added while encouraging Members to continue interacting with each other in advance of the consultations.

Adank said he is planning to hold smaller groups of focused discussions, one on public stockholding for food security purposes on April 14; consultations on some aspects of market access including the issues of safeguards will take place on April 15 and finally a discussion on domestic support, pertaining to the *de minimis*, blue box and “any other relevant issues,” on April 16<sup>th</sup>.

So far, Adank’s consultations on domestic support have been focused on the overall trade-distorting domestic support (OTDS) and although it has “helped to uncover some issues which attract sharply-differing views, and in particular some of the specific rules on OTDS applicable to certain members,” there were calls “to look at what would be doable” in order to find a solution acceptable to all using the Rev4.

The issue here is that the U.S. refuses to be the only country – according to a Cairns group analysis – that would have to reduce its domestic subsidies while others such as India and China who have become huge subsidizers over the years, will have to do nothing, mainly because of their developing country status.

On market access, the talks have touched on the alternatives to the tiered formula recently tabled by Argentina (request-offer judged too “time-consuming and difficult to manage”) and Paraguay (average cut could “dilute the potential for meaningful market access”). Members have also noted that the interlinkages of potential outcomes in market access in agriculture with those in non-agricultural market access (NAMA) should be taken into consideration.

The week of April 20<sup>th</sup> will be dedicated to export competition and cotton, along with any items Members want to bring forward. This cycle of consultations will lead to an informal gathering of the full Membership on April 24<sup>th</sup>. This is not only to ensure transparency in the agriculture talks, but also to take stock of progress achieved thus far and consider the next steps ahead of the April 27<sup>th</sup> informal trade negotiations committee (TNC) called by the Director General, Roberto Azevêdo.

“There is a clear need to step up the intensity and the productivity of our work, both on the Work Programme for July and on Public Stockholding, and I will be counting on the active, constructive participation of all delegations as we move forward,” Adank concluded.

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



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