



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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WTO Post-Bali Work Programme: Recalibration Needed?

Three months before the July deadline set by Members to find consensus on what will constitute the basis for the post-Bali work programme for concluding the Doha Round (Doha Development Agenda – or the DDA), negotiators are still facing big gaps in all three major areas of the negotiations – agriculture, non-agricultural market access (NAMA) and services – in addition to slow-to-no movement at all on finding a permanent solution on the issue of public stock-holding for food security purposes by the end of December 2015.

The Director General meanwhile thinks the group is off to a good start. He told the full Membership on April 27th that they have made “good use of the momentum” created by the agreement on the Bali Package last December.

“Some will say that we're not making progress, or that our work is not going to lead anywhere. I disagree entirely. It would be extremely surprising if, at this point in time, we already had solutions to the problems that we've been grappling with for so long,” Azevêdo said reminding Members of the same doubts expressed by some prior to the Bali Ministerial Conference in December 2013. “[I]t did look very difficult at times. But, in the end, they were proved wrong. Just as in Bali — if the political will is there, we will deliver.”

The agriculture consultations chaired by New Zealand Ambassador John Adank – which are considered by many as the precondition for the broader Doha Round forward – have led to very little progress the past few weeks. Ambassador Adank said delegates were “a long way” from achieving an agreement on the post Bali work programme by July as they are still unwilling to move from their well-known positions on the basis for reducing their domestic support and whether to move away from the tiered formula contained in the draft modalities text to cut tariffs or adopt alternative approaches, such as those proposed by Argentina and Paraguay in the area of market access.

Developed and emerging countries are still at odds on these issues. China said it was not prepared to accept additional obligations – other than those outlined in the 2008 draft

modalities text which Brazil and India consider as the basis for concluding the agriculture negotiations. The U.S., meanwhile, maintains that real outcomes are needed on market access in exchange for cuts in domestic support, and that emerging economies have to carry their weight in the negotiations commensurate with their bigger role in the world economy. Canada stressed that it will be difficult for others to find negotiating space for a deal as long as China and the U.S. were unable to find a “zone” for agreement on some of the threshold issues, notably domestic support.

It's clear that some Members had “no appetite for an ambitious outcome” in the domestic support area the EU representative said, stressing that the best Members can hope for is a round that respects current policies, provides adequate policy space, and seeks to avoid excessive increases in support.

Azevêdo believes these early disagreement are perfectly normal at this stage. “It is to be expected,” he told the full Membership urging them not to be discouraged by lack of convergence.

“[W]e still have a long way to go, and that some areas are proving very problematic, there is no doubt in my mind that we are making progress. There is a great amount of engagement on the core DDA issues,” he told delegates.

“We have moved from a finger-pointing mode to a solution-finding mode (...) this solution-finding mode is proving to be tough. We should not expect it to lead to immediate convergence, or to produce instant results. If it did, it would be truly amazing!”

Some Members have started exchanging views on the need to recalibrate the ambitions for the agriculture talks in light of the ongoing difficulties in resolving outstanding issues, but Azevêdo urged them not to be afraid to explore new options in the negotiating groups. The Director General is also looking to get involved in the process by chairing horizontal discussions to identify inter-sectoral trade-offs, in parallel to the negotiating groups' process.

“The earlier we find conceptual solutions for the big, tough issues before us, the better the end product we will be able to deliver,” he told Members. His aim remains to elaborate a clearly defined work programme that is “substantive, meaningful, specific and modalities-like” and which would lead to the finalization of the negotiations fairly quickly.

TPP Countries Prepare for Potential End of May Ministerial Meeting

The recent debate on the trade promotion authority (TPA) bill along with Japan’s Prime Minister’s – Shinzo Abe’s – official visit to the U.S. put the Trans-Pacific Partnership (TPP) negotiations – among other issues – at the heart of the political discussion last week in Washington.

The meeting between President Barack Obama and Prime Minister Abe has not led to a breakthrough as some expected. Instead, the leaders of the two largest economies in TPP simply “welcome the significant progress” that has been achieved in their bilateral negotiations and reaffirm their “commitment to work together to achieve a swift and successful conclusion to the broader agreement.”

The two leaders said they have reviewed the progress their teams have made in the negotiations. The bilateral discussion between the two sides have recently bogged down on non-tariff measures and whether this should be subject to a dispute settlement mechanism, a source said, also citing problems with the level of U.S. tariffs on auto parts. The discussion on motor vehicle trade has recently emerged as the biggest hurdle to an agreement between the two sides.

“I know that the politics around trade can be hard in both our countries. But, I know that Prime Minister Abe, like me, is deeply committed to getting this done and I’m confident we will. I often point out, for example, that there are many Japanese cars in America. I want to see more American cars in Japan, as well. TPP will help level the playing field. It will be good for the workers of both our countries,” Obama said during the leaders’ joint press conference on April 28th.

However, autos are not the only issue creating problem in the U.S.–Japan talks. Japanese sources also cite outstanding issues in agriculture, such as the level of market access Japan will provide in rice and Japanese willingness to protect butter and milk powder in the dairy sector. The sources said Japan have showed certain flexibility on how it could accommodate the U.S., but demands from New-Zealand, which is stridently calling for the Japanese to open their butter market has somewhat complicated the situation.

With respect to TPA, President Obama said he is confident he is going to end up getting enough votes in Congress. “Here’s what I’m confident about: this will end up being the most progressive trade bill in history. It will have the kinds of labor and environmental and human rights protections that have been absent in previous agreements. It’s going to be enforceable. It’s going to open up markets that currently are not fully open to U.S. businesses. It’s going to be good for the U.S. economy,” Obama said, adding that Congress will have plenty of time to look at the text before taking a final vote.

“Based on the progress we’ve made, Prime Minister Abe and I discussed how the United States and Japan, as the two largest economies in the TPP negotiations, will now work together to lead our TPP partners to swift and successful conclusions of the broader negotiations,” the U.S. president said.

Officials won’t have to wait long to test the repercussions of this latest U.S.–Japan summit as TPP chief negotiators prepare to meet in Guam from May 15–25. The meeting is expected to be followed by a gathering of TPP ministers from May 26–28 in the Philippines, various sources said. Observers have long speculated about a potential TPP ministerial meeting taking place around the Asia-Pacific Economic Cooperation ministerial meeting in Bocoray (Phillippines).

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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