



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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Pivotal Month for the TPP Talks

The Guam Chief Negotiators (CNs) Meeting was held under the assumption that it would be the last CN meeting before the end of the TPP negotiations. In the absence of trade ministers, CNs and some of the negotiating groups that were in Guam – market access for goods, rules of origin (ROO), textiles, legal and institutional issues, intellectual property (IP), investment, financial services and state-owned enterprises (SOEs) – extended their stay until May 28th in order to complete anything that doesn't require ministerial decision.

The U.S. Senate passage of the Trade Promotion Authority (TPA) on May 22nd helped spur positive momentum into the negotiations. Agreement on the TPA remains a key element to moving forward. It is considered by many as a necessary condition to bring a TPP deal to a close, which a majority of observers believe can be done by the middle of June, giving credibility to a potential ministerial meeting by the end of June or early July.

The U.S. House of Representatives will now take up the TPA Bill as early as the week of June 8th after lawmakers are back from the Memorial Day recess. But, if progress has been recorded on the fast track bill, it may however be too soon to tell what will happen in the House.

The Senate Republicans did a fairly masterful job of getting TPA through without a poison pill currency amendment and making a key change to the amendment on human trafficking was seen as important to get Malaysia on board, one informed source say. However, with Congress in recess this past week, it's hard to know what House lawmakers are thinking about the Senate bill.

There seems to be a change in how the TPA bill will unfold.

The intention now is to have four votes on all four bills:

1. TPA (HR 1314) which regroups the negotiating objectives the Obama administration must follow, but also includes all voting procedures as soon as the USTR and the 11 TPP countries conclude the negotiations
2. Trade Adjustment Assistance (TAA) which includes training and compensation for workers adversely affected by the TPP
3. the Preferences Bill, which includes *African Growth and Opportunity Act* (AGOA), help program for *Haiti*, and the *Generalized System of Preferences* (GSP)
4. the Customs Enforcement Bill, which represents pretty much everything under the sun going into that bill, including currency and human trafficking amendments

The absolute magic number is 217 votes to pass the TPA as the bill needs a simple majority to pass, although this magic number could end up being lowered if fewer lawmakers than the full 435 are present and voting.

Of the 247 Republicans, 40-45 are expected to vote against TPA, the source said, while acknowledging that the voting outcome will likely be very close with about 30 of the pro-trade Democrats, out of 188 in total, expected to vote for the TPA Bill.

Japan-U.S. Bilateral

If TPA is passed by mid to late June, most observers expect an intense period of negotiations to take place leading up to the end of June/early July ministerial meeting. A good indication of how close TPP countries are to the finish line will come from the Japan-U.S. bilateral negotiations which, according to Japanese officials, will only resume a week or so before the final ministerial meeting.

Japan–U.S. talks on auto parts are currently focused on which portions should face immediate tariff elimination and which ones should be undertaken under a gradual reduction, sources say. These issues can only be resolved when the two countries decide to conclude their talks the source added.

At their upcoming meeting with the U.S. – which is believed to be the final one and is expected to be held at the

ministerial level between Akira Amari and Michael Froman – it is believed that Japan will be looking to close most political decisions, leaving aside some decisions that will need to be tackled at the final ministerial meeting with the 12 TPP countries. However, before all that happens, the Obama administration will have to secure TPA.

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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