



## U.S. Senate's Vote on a Standalone TPA Bill Expected This Week

**After the U.S. House of Representatives failed to approve the joint Trade Adjustment Assistance (TAA) /Trade Promotion Authority (TPA) bill that was passed by the Senate on May 22<sup>nd</sup>, Republican leaders suggested that lawmakers consider a revote on TAA on June 16<sup>th</sup>. However, late on June 15<sup>th</sup>, a motion was tabled to postpone the vote on the TAA until July 30<sup>th</sup>. This motion, which was approved 236 to 189 on June 16<sup>th</sup>, allows the TAA revote to be called anytime between now and July 30<sup>th</sup> without advance notice or debate. This is partly because it is anticipated that the extension would provide more time to convince additional lawmakers to vote in favour of the TAA out of devotion to TPA.**

Two days later (June 18<sup>th</sup>), with a vote of 244 to 181, the House approved a rule to consider a vote on TPA as a standalone bill without TAA. The standalone TPA bill was later approved 218-208, sending the measure back to the Senate for approval. The TAA is now attached to the preferences bill that includes African Growth and Opportunity Act (AGOA), the Generalized System of Preferences (GSP) and programs devoted to help Haiti.

The U.S. Senate is expected to vote on TPA Wednesday (June 24<sup>th</sup>), that is if a successful vote on cloture is recorded on June 23<sup>rd</sup>, sources familiar with the procedure said. If successfully passed, the TPA will go straight to President Barack Obama for his signature. The TAA/preferences bill will be taken up after the TPA, possibly on June 25<sup>th</sup> and if passed, will have to be sent to the House for approval before it can reach President Obama's desk.

The main question remains as to whether Senate democrats who supported the packaged TPA-TAA deal would agree to vote for a standalone TPA bill. The House Ways and Means Committee Chairman, Paul Ryan (R-Wis.), said last week that the world was watching to see if the U.S. was still capable of exerting leadership on trade and foreign policy, urging lawmakers to vote in favor of the standalone TPA. However, there are still many democrats who believe

that the fast track would provide the administration with a "blank check" to negotiate trade agreements that would not meet the expected goals as there are continued doubts as to whether Japan would provide true market access for agriculture and autos.

### TPP about to enter endgame

There is common belief among trade observers that once the Senate approves the standalone TPA bill, the TPP talks will finally enter their end game. Some, like Australian Trade Minister Andrew Robb, believe the talks will only need about a week to conclude after TPA is approved. However, New Zealand's Trade Minister, Tim Groser, sees things a bit differently as he hasn't yet seen a deal emerging in the dairy sector. It will be a "big call" to reach an agreement on dairy within the remaining timeframe, Groser said as the U.S. plans to finish off the talks before the August break.

"It's not to say that there's a bad deal on dairy products, it's more to say that there's no deal. We've barely started," the New Zealand Trade Minister was quoted as saying by New Zealand's business news Business Desk.

New Zealand is looking for significant market access gains for dairy in the U.S., Japan and Canada. But so far, discussions have only taken place on a bilateral basis and have not been shared among the 12 TPP countries. Sources familiar with the U.S.-Japan bilateral talks stressed that the agriculture talks between the two TPP powerhouses have greatly advanced and, although some flexibilities have been provided to the U.S. on products such as whey, the sources said Japan still wants to protect butter and milk powder.

The Japanese negotiators have started engaging seriously with other TPP countries, including Canada. However, New Zealand, whose negotiators want significant market access for butter, has now become a major concern for Japan, the sources said. According to Groser, the TPP package includes "a very good deal on everything but dairy products."

"We can't join TPP if it were to exclude dairy products," Groser stressed admitting that this was not the issue. "The issue is: how big a deal?" he asked.

## Decision Time for Doha Work Programme

It is decision time for the Doha work programme, WTO Director General, Roberto Azevêdo, said on June 17<sup>th</sup> at the meeting of the full Membership where he reported on the status of the Doha Development Agenda (DDA). The Director General said the many consultations he had undertaken the past few months have not produced the convergence he expected.

“As things stand, I see very little prospect of delivering the substantive, meaningful work programme which we have been aiming towards,” Azevêdo declared, adding that the time has come for Members to make “the political calls” to help move the talks forward with the intent of reaching an agreement on a work programme by the end of July.

Lately, discussions have focused on agriculture market access, since the U.S. and key emerging countries, such as China, remained at odds over the issue of domestic support.

### Three Options for Agriculture Market Access

The Agriculture negotiating group gathered on June 16<sup>th</sup> in a session dedicated to market access. The discussion was described as “encouraging” even though Members are said to be far from finalizing the work programme on the remainder of the Doha round. The chair of the agriculture negotiating group, New Zealand Ambassador to the WTO, John Adank, welcomed Members’ engagement in trying to move the discussion forward.

“It’s fair to say that discussions are entering a more interactive stage than in past exchanges,” Adank stressed noting the divergences of views on the alternative approaches to the agriculture tiered formula contained in the 2008 draft modalities text and on which consensus is unlikely.

Argentina with its request-offer approach, Paraguay, and Norway with their average cut approaches have been among the countries who have lately tabled ideas on this topic. Tuesday’s open-ended discussion focused on three possible options to be considered as alternatives to the tiered formula:

- A. a modified version of the 2008 tiered formula
- B. a combination of the tiered formula plus, using the outcome of this as the starting point, then apply a cut in the overall tariff average – considered the more “ambitious” alternative as it would put more emphasis on reducing the highest tariffs
- C. the tiered formula plus, using the outcome of this as the starting point, then apply an average cut of tariff lines which would resemble the Uruguay Round approach without a minimum tariff line cut, thus allowing flexibility to minimize cuts on the highest tariffs while respecting the agreed overall average cut

Even though most Members agreed that it was worth exploring alternatives to the tiered formula, they could not agree on which option was best to move the talks forward. Some asked for more time to better analyze the proposals, whereas others complained about the treatment topics such as tariff peaks, tariff caps, tariff escalation, tariff rate quotas, safeguards and other flexibilities would get under the new alternatives as they would impact the outcome of the market access discussion.

“Discussions now need to move to a more decisive phase,” Mr. Adank told Members as they approach the July deadline to reach consensus on the work programme. This has become even more pressing given the linkages some Members have made between the market access pillars in agriculture and industrial products market access (NAMA), as well as the interlinkages existing among the three agriculture pillars (market access, domestic support and export competition).

Ambassador Adank acknowledged the need for greater clarity on the suggested alternative approaches to the tiered formula. He asked the WTO secretariat to produce a background paper on tariff reduction modalities that will be further discussed in technical workshops.

Azevêdo and the negotiating group chairs will continue their intensive consultations with Members throughout the weeks to come with the objective of finding an agreement on a work programme for the remainder of the DDA.

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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