



## TPP Enters End Game after Congressional Approval of TPA

**With the successful vote on cloture (60-37) on June 23<sup>rd</sup>, the final passage of the standalone trade promotion authority (TPA) Bill was never in doubt as the U.S. Senate rules require only 51 votes post-cloture to approve the TPA Bill.**

It ultimately did pass on June 24<sup>th</sup> with a 60-38 votes, sending the fast track bill straight to President Barack Obama for his signature.

Trans-Pacific Partnership (TPP) negotiators have been waiting for the passage of the U.S. TPA to resume their negotiations. The talks have been put on halt since the last chief negotiators meeting in Guam as debate on the trade bill started to heat up in the U.S. Congress. Now that the TPA is approved, negotiators are expected to resume their activities in the coming days and informed sources expect several meetings at the technical level prior to the much-anticipated final ministerial meeting between the 12 countries to conclude the talks.

U.S. Trade Representative, Michael Froman, stressed last week that the U.S. and other TPP countries will first engage bilaterally or in small groups to continue narrowing the remaining outstanding issues in the days to come. "And then when the time is right and we think we're ready to close, we'll convene the chief negotiators and the ministers to resolve what will be the most challenging remaining issues, which are the issues which require political guidance," he added.

Although it is believed to be almost completed, the U.S. still has some issues that it needs to sort out in its bilateral negotiations with Japan. Many believe the two TPP powerhouses will meet at the political level at some point to finalize their talks prior to the full-blown ministerial meeting involving all 12 countries. However, at this juncture, no date has been floated as to when Froman and the Japanese Minister responsible for the TPP, Akira Amari, will meet. That being said, Amari told Japanese press last week that he expects a ministerial meeting of the 12 TPP countries to take

place in July and believes the group could possibly reach an agreement in principle at that time.

According to Japanese industry sources, ex-Agriculture Minister Koya Nishikawa, who led the Liberal Democrat Party (Japan) lawmakers on TPP, stressed that TPP countries had initially scheduled a ministerial meeting the week of June 26<sup>th</sup>, had the TPA been agreed to on its first attempt by the U.S. House of Representatives. Nishikawa added that the plan now is to have the ministerial gathering sometime in Mid-July, which is seen by many as a little too ambitious given the remaining outstanding issues.

### WTO Work Programme in Jeopardy

An agreement on the post-Bali work programme by the end of July is very unlikely as WTO Members have not been able to make a lot of progress on any of the main negotiating sectors – agriculture, industrial products market access, and services. The case of agriculture, which is seen as a prerequisite to any advancement in other negotiating groups, is telling as discussions there have been described as extremely difficult.

The issue of domestic support (DS) is the biggest problem. Members are waiting for China and the U.S. to find a consensus on how they plan to reduce their subsidies to allow things to move forward. Since discussions have gone nowhere lately, Canada and Australia have circulated a joint paper on how Members could handle the issue by providing a range of technical solutions which could be considered to advance negotiations on domestic support.

Reducing the gap between bound and applied levels in the overall trade-distorting domestic support (OTDS) could be one of the possible avenues Members could explore, with the objective of finding some common ground for the U.S., EU, China and India to agree upon for DS and allow the talks to move to market access.

The paper shows that the EU, China, India, and Brazil have a lot of space between their most recent reported total trade-distorting support and current limits under the WTO

Agreement on Agriculture (AoA). The space estimated for the U.S. is \$46 billion (USD) while China seats at \$142 billion.

The two countries have been at the heart of the DS debate, with the U.S. refusing to move forward if nothing is done to limit China's OTDS. China, in turn, refused to do anything at all, claiming that it made enough changes when it joined the WTO in 2001.

"There are consistently large gaps, or binding overhang, between China's and the United States' reported levels of total trade-distorting domestic support and their current limits. These gaps are projected to grow in the future," the paper outlines in its conclusions.

"At least from a technical perspective, this large and consistent binding overhang means that it is feasible and doable to find a landing zone on OTDS that accommodates existing policies over the short to medium term while also improving disciplines on domestic support over the Uruguay Round," Australia and Canada stressed, suggesting that "even a significantly re-calibrated outcome on OTDS would be a significant step forward on disciplining trade-distorting domestic support as compared to existing AoA disciplines."

### Market Access

In the area of market access, it seems that all the traditional key countries with offensive interests have disappeared from the discussion partly due to the number of free trade agreements being negotiated outside the WTO.

Ambassador Adank's latest consultations on the issue have seen some Members asking for complete flexibility, while others insist on a substantial outcome.

Ambassador Adank has lately suggested three options for Members' consideration:

- A. a modified version of the 2008 tiered formula, with different cuts and possibly different bands
- B. applying the tiered formula including maximum and minimum average cut provisions and then using the outcome of this as the starting point for applying a cut in the overall tariff average
- C. applying the tiered formula including maximum and minimum average cut provisions and then using the outcome of this as the starting point for applying an average cut of tariff lines

Officials familiar with the negotiations said option C was the one most delegates seemed to favour, while option B was viewed as the most ambitious of the three. Several countries, including the EU and Norway, believe option A would not work.

The talks are expected to intensify this month. However, observers anticipate the negotiations to continue in the fall leading up to the 10<sup>th</sup> Ministerial Conference in Nairobi (MC-10), at which point if nothing is agreed, the Doha Development Agenda will be in serious jeopardy.

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.

For more information or comments, please visit: [dairyfarmers.ca](http://dairyfarmers.ca), [chickenfarmers.ca](http://chickenfarmers.ca), [eggfarmers.ca](http://eggfarmers.ca), [turkeyfarmersofcanada.ca](http://turkeyfarmersofcanada.ca), [chep-poic.ca](http://chep-poic.ca)

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



Dairy Farmers  
of Canada  
Les Producteurs laitiers  
du Canada



Chicken Farmers  
of Canada  
Les Producteurs de  
poulet du Canada

EGG FARMERS  
OF CANADA  
Dedicated to Quality



LES PRODUCTEURS  
D'ŒUFS DU CANADA  
Dédiés à la qualité



TURKEY FARMERS  
OF CANADA  
LES ÉLEVÉS DE DINDON  
DU CANADA

Canadian  
Hatching Egg  
Producers



Les Producteurs  
d'œufs d'incubatio  
du Canada