



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

Ministers Fail to Conclude TPP in Maui

At the end of three days of intensive negotiations in Maui (Hawaii), Trans-Pacific Partnership (TPP) trade ministers from Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam were unable to conclude the TPP.

In their closing statement they said they have achieved significant progress and are resolved to continuing working toward solving “a limited number of remaining issues,” in order to conclude the negotiations.

Prior to the ministerial gathering (July 28–31), chief negotiators and lead experts met from July 24–27 to address outstanding technical issues in various chapters of the negotiations including: market access for goods, rules of origin (ROO) and textiles, legal and institutional issues, intellectual property (IP), investment, state-owned enterprises (SOEs), and government procurement.

Acting Deputy U.S. Trade Representative, Wendy Cutler, stressed after the meeting that unprecedented progress was made on significant issues including environment, investment, financial services, market access, non-conforming measures, government procurement, and specific tariff line reductions. She also said that the number of outstanding issues had been narrowed and the number of countries concerned about those issues had been significantly reduced.

In effect, various sources in Maui believe that the remaining concerns in the negotiations are down to a handful of issues included in IP and market access areas. Apart from these two chapters, issues pertaining to investor-state dispute settlement (ISDS), ROO and textiles, and autos are also pending. Officials said a small group of countries including the U.S., Japan and Mexico have been working on various carve outs in the textiles discussion, but the results remain up for negotiations.

Sources close to the negotiations also reported that Mexico and Japan’s trade ministers have clashed on rules of origin for autos. Asked about this, the Mexican trade minister reminded journalists of the importance of the auto industry in his country. “I’m sure that you are aware the auto industry in Mexico is the 7th largest in the world, so obviously Mexico has deep interest in autos,” the Mexican trade minister stated.

On IP, the biggest concern seems to come from “biologic” exclusivity and the length of the protection this should enjoy. Observers said Australia stressed that it cannot agree to more than 5 year protection for biologics whereas the U.S. and Japan were seeking 8 years.

Another area of the IP talks on which ministers spent some time is the issue of geographical indications (GI) which has emerged as an issue for several countries, including Japan. Japan is currently negotiating a bilateral FTA with the EU and its CN said the issue was of utmost importance for his country as it will play a huge role in its negotiations with the EU. Singapore and Canada have also accepted GI provisions in their agreed FTA with the EU.

Japan told the U.S. that it considers GI as a deal breaker, one source said. TPP CN and trade ministers devoted the evening of July 30th to discuss this issue. At the press conference, U.S. Trade Representative, Michael Froman said the group made “some great progress on closing disciplines around IP rights including geographical indications.”

Officials also cited market access for dairy and sugar among others as issues which prevented ministers from achieving a deal in Maui. They said negotiators were stuck on market access and recognized that the issue will not be resolved at this ministerial meeting.

“We have made progress on sugar and dairy, but we haven’t concluded,” Australian trade minister, Andrew Robb said.

Various sources reported that the offer tabled by the U.S. on dairy had been rejected by New Zealand and that Tim Groser, New Zealand’s trade minister, did not even bother

considering the proposal, stressing that it was not worth discussing.

Groser reminded that the negotiations started with a huge number of uncertainties which TPP countries have tackled “piece by piece” until the very difficult issues remain. “Now that undergrowth has been cleared away (...) there are one or two really hard issues, and one of them is dairy,” he told journalists.

“What we have agreed on is commercially meaningful access. That has not quite been achieved at this meeting. Dairy is always either the last issue to be resolved or one of the last two because it has been so distorted for so many years,” Groser declared.

The New Zealand trade minister said he nevertheless remains “extremely confident” that TPP countries “will find a way of dealing with political complexities for those around the table who are less competitive.”

Asked whether New Zealand would leave the TPP if its request in dairy was not met, Groser replied that his country will not be pushed out of this agreement, adding that he found the idea of leaving the negotiations “a very interesting proposition given that New Zealand is the originator of this negotiation.”

“On a personal level, I wrote the first paper on this. So I don’t really feel emotionally in the space of leaving the party,” he said.

“We have agreed on comprehensive liberalization, made very large compromises as a small dairy producer, but the

largest exporter in the world. The idea that we would eliminate all tariffs and the proposition that NZ is hanging out for something completely impossible for our partners is something I would reject. Essence of this negotiation will be to continue it in good faith and to find what the sweet spot is,” Groser concluded.

Froman, for his part, echoed Groser’s analysis with respect to the limited number of difficult issues that require additional attention to be resolved. “I am very impressed with the work that’s been done, gratified with progress that has been made, and confident that through intensive engagement we’ll be able to tackle the remaining issues successfully,” he said.

The group aims to build on the momentum of the ministerial meeting by staying in close contact as negotiators continue their engagement to find common ground and formalize the achievements that have been made this week, the ministerial statement stressed. However many asked if the recent call for a general election in Canada would hamper Canada’s ability to fully engage in the upcoming TPP negotiations.

Trade minister Ed Fast stressed that Canada came ready to conclude the TPP in Maui and assured all that this will remain his goal when the negotiations will resume in the near future.

“When our partners reconvene and we trust that will be very soon, Canada will continue to be at the table as a constructive partner with a sincere desire to complete these negotiations,” Fast said on July 31st.

Summer Break

Please note that *Geneva Watch* will be taking a short summer recess and will return in September.

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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