

Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

TPP Trade Ministers Strike Deal in Atlanta

After a first attempt to conclude the Trans-Pacific Partnership (TPP) negotiation in Maui this past July, Trade Ministers from the 12 TPP countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam) gathered again in Atlanta, U.S. on September 30th – October 5th to finally reach a deal on the remaining outstanding issues left in the negotiations. Prior to the Atlanta gathering, the so-called NAFTA+ Japan (Canada, Mexico, the U.S., and Japan) met exclusively on automotive issues on September 21-22 in San Francisco, U.S.

The progress achieved in the NAFTA+ Japan gathering paved the way for the final ministerial meeting to take place. After several extensions of the ministerial meeting – originally scheduled to end on October 1st – the 12 countries announced early on October 5th that after more than five years of intense negotiations, they have finally come to an agreement, thus successfully concluding the TPP negotiations.

The Atlanta meeting mostly focused on three major issues i.e. rules of origin in the automotive trade, market access for dairy, and “biologic” exclusivity and the length of the protection this should enjoy. At first, the data protection for biologics was the biggest problem in the talks, as several countries, including Australia, Chile, and Peru, vowed to maintain their internal regulation in data protection without shuffling the systems they have already agreed to in previous free trade agreements.

“We use data protection as the method for creating effective market protection, and we have in our – the United States of course – 12 years, in some of the other countries eight or 10 years,” U.S. Trade Representative, Michael Froman, explained. “What we’re doing in TPP is recognizing that we’re all trying to achieve that effective market protection and deliver a comparable outcome through various mechanisms, including at

least 5 years of data protection plus other government measures that can achieve a comparable outcome”, he added.

“[It] may take seven or eight years beyond the five years of data protection for the various biosimilars to be approved, but the goal is “to have a comparable outcome in terms of incentivizing innovation and at the same time ensuring access to affordable medicines,” Froman stressed.

Five o’clock the morning

The issue of dairy meanwhile had been left for the very last moment. Decisions on this very sensitive matter were made as late as 5 o’clock in the morning the day the agreement was struck, trade ministers said. New Zealand’s trade minister, who sought substantial market access for his country, said the accord found in dairy “will not only create opportunities for dairy farmers in Australia and New Zealand, but it will help, over the long term, to reduce volatility (...) This is unquestionably positive for our dairy farmers.”

This small country of 4.6 million people is responsible for about 2.5% of world dairy production but yet accounts for “one-third of world trade” – depending on how you measure it, New Zealand Trade Minister, Tim Groser said. With the issues its main company – Fonterra – recently faces, a good outcome in market access for dairy product was essential for Groser to sell the deal back home. Groser’s hopes hinged on Froman’s ability to open the Canadian dairy market. The U.S., whose dairy industry has seen increased exports lately, sought to renegotiate the dairy elements of the North America Free Trade Agreement (NAFTA), which the USTR said didn’t provide any direct benefits for dairy.

This agreement will allow the U.S. to sell more than 4,000 more tons of butter, nearly 14,500 more tons of cheese, and more than 50,000 more tons of liquid milk to Canada, according to the USTR. Canada, for its part, found solace in the fact that it has only offered “limited new access for supply-managed products” (dairy, poultry, and egg sectors).

This new access for dairy products will be granted through tariff rate quotas (TRQ), phased in over five years with equal increments and open to all TPP partners. The in-quota tariff would be brought to zero on day one. Canada said the dairy access it granted amounts to 3.25% of current annual dairy production.

In the other supply-managed sectors the access provided equates to 2.3% for eggs, 2.1% for chicken, 2% for turkey and 1.5% for broiler hatching eggs.

“[W]e have been successful in protecting the three key pillars of supply management, being production controls, price controls, and import controls,” Canada’s Trade Minister Ed Fast said on October 5. “We believe the outcome is one that very much reflects Canada’s long-term interests and will provide the supply managed sector with a bright future. They can now continue to invest in their industry, grow their industry. That is an outcome that we’re very pleased with,” Fast added.

Ratification process

Asked how he intends to negotiate this “historical” deal through the Canadian political scene given the country’s upcoming election on October 19th, Fast pointed out “the irresponsibility for a Canadian Government to abandon a negotiation like this and not defend the interests of Canadians.”

“Now, please understand that post-October 19th, the new Parliament in Canada will have a full debate on the merits of this agreement and will vote on this agreement. Our role was to make sure we defended Canada’s interests at the table. We are very pleased with the outcome we’ve been able to secure for all sectors of our economy. Ultimately, it will be the new Parliament that will judge the merits of this agreement,” Fast said.

Some technical work, including legal scrubbing, is still being undertaken before the text could be made available to the public, trade ministers said. Once this work completed, the USTR will notify its Congress, with another, at least, 90 days before the agreement is signed by President Barack Obama.

A technical summary of the TPP agreement can be found here: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/understanding-comprendre/index.aspx?lang=eng> and <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/benefits-avantages/index.aspx?lang=eng>

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, chickenfarmers.ca, eggfarmers.ca, turkeyfarmersofcanada.ca, chep-poiic.ca

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