



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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CETA Signing Threatened by Belgium

Several protests against the Comprehensive Economic and Trade Agreement (CETA) and the Transatlantic Trade and Investment Partnership (TTIP) took place over the weekend in France, Poland, and Spain as the EU Trade Ministers prepared to vote on the agreement on October 18th. These protests are however unlikely to produce results as politicians and lawmakers from the above listed countries have already backed the agreement.

This is also the case for Germany, where trade activists urged the government to refrain from endorsing the deal prior to the ratification by each Member state's national parliament. Germany's constitutional court ruled otherwise on October 13th, giving the freedom to its Trade Minister to vote for the deal on October 18th.

That being said, the biggest threat to the signing of the agreement comes from the Walloon Parliament in Belgium. Lawmakers from this French-speaking region of Belgium have long criticized the CETA agreement over issues such as the investor-state dispute settlement mechanism.

Walloon government's minister-president, Paul Magnette, once warned that the Walloon regional government would not give its green light to the Belgian federal government to ratify the deal if its concerns are not properly addressed. The Walloon Parliament also rejects the partial implementation of the agreement prior to the completion all national ratification procedures.

The Commission had hoped that the legally-binding Joint Interpretative Declaration would answer Wallonia's concerns. However, at an emergency session of the regional parliament where lawmakers voted 46 to 16 against CETA on October 14th, Magnette repeated that his government will not give powers to the Belgium federal government to sign CETA on October 18th. The Belgian federal government needs the approval of all its regions to ratify the agreement.

After Tuesday's foreign affairs council (FAC) meeting, "all member states are on board except one on substance," Slovak Minister of Economy and chair of the FAC-Trade talks declared. However, consultations are still ongoing in Belgium to find a solution. Canada, for its part, sent its trade envoy, former Minister Pierre Pettigrew, to Belgium to help convince the Walloon government to sign the pact.

Bulgaria and Romania have also maintained their reservations over the visa liberalisation issue. Canada offers a visa-waiver to citizens of all EU member states, except Romania and Bulgaria. Sources say both countries have agreed to support the agreement as soon as they receive a written agreement on the issue.

If the EU 28 Trade Ministers unanimously provide their support to the accord early next week, it will pave the way for the deal to be signed on October 27th when Canada's Prime Minister Justin Trudeau visits Brussels.

The agreement will then be presented to the EU Parliament, which is expected to ratify the deal before the end of 2016, or early 2017, allowing part of the accord to provisionally enter into force. That being said, as CETA is a mixed agreement, national and regional parliaments of all EU Member states will also have to ratify the deal to allow the full implementation of the agreement.

“Pragmatic Multilaterism”

In a speech delivered at the Graduate Institute of Geneva on October 17th, United States Trade Representative (USTR) Michael Froman stressed that World Trade Organization (WTO) Members have begun “to turn the corner into what could be one of the most exciting periods in the history of the multilateral trading system.”

Ever since Members agreed to “turn the page” of the Doha Round, and explore “fresh and new approaches” to advance the negotiations, they have been able to show successes at the last two Ministerial Conferences, with a deal on the Trade Facilitation Agreement at the MC9 in Bali and agreement on the termination of agricultural export subsidies

and the elimination of tariffs on information and technology products at the MC10 in Nairobi, the USTR explained.

WTO Members have become much more pragmatic, he continued, adding that this pragmatism has allowed them to work on eliminating tariffs on a range of environmental goods, to gather in a plurilateral to liberalize the trade in services and address fisheries subsidies.

However, according to the USTR, the MC10 in Nairobi has been the critical turning point, one which has opened “a new chapter in the history of the multilateral trading system,” he said, referring to Members’ agreement to disagree on the Doha Mandate and explore new avenues to resolve the negotiations’ outstanding issues.

Members shouldn’t resign themselves to the lowest common denominator. Froman said he recognizes that there is diversity among countries and that not all them are prepared to progress at the same pace. However, where consensus is possible, he advises Members to pursue multilateral agreement or otherwise chase plurilateral agreements with the hope of transforming them into multilateral agreements later on.

“Since Nairobi, we are beginning to see the green shoots of new thinking,” Froman stressed, citing recent developments in the agriculture negotiations.

“For example, we know agriculture is tough. We took an important first step in dealing with export subsidies in Nairobi. But one cannot deal with agriculture without taking on market access restrictions, which economists view as the most distortive of all policies. And if we’re going to deal with domestic support, we will need to deal with every Member’s programs – because if you’re a cotton farmer in Mali, it doesn’t matter whether the distortion comes from a subsidy in the United States or Europe or from a subsidy and the stockpiling of excess supply in China,” the USTR stated.

The world has changed significantly in the last two decades, he continued, explaining that some developing countries have become globally competitive emerging markets, leading economies, and that with that increasing role in the global economy comes increasing responsibilities.

Chinese agricultural subsidies have been the U.S.’s main focus lately. The two super powers are currently conducting consultations which may lead the U.S. to request adjudication by a panel if they fail to arrive to a satisfactory solution. The U.S. said China is providing nearly \$100 billion annually in highly trade-distortive subsidies above and beyond its WTO limits. “How can we have a serious conversation about distortions to global agricultural trade if we pretend that trade-distortive subsidies at this level don’t exist?” said Froman.

“When major emerging economies are providing trade-distortive agricultural subsidies at a greater volume than all of the developed countries put together, we can no longer turn a blind eye to their lack of transparency and their failure to live up to their agreed-upon limits.”

The U.S. wants China and other emerging countries, such as India, to agree to further reduce their trade-distorting support levels. China, for its part, has claimed that it already made an effort in that regard when it joined the WTO in 2001 and looks to maintain its developing country status.

According to Froman, pragmatism is what would make the MC11 in Buenos Aires a successful Ministerial Conference by allowing Members to step away from rigid notions of who is a developing country and what their responsibilities are, and rather focus on the challenges of the present and the opportunities of the future.

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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