



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

The Trump Effect

The Obama administration has now conceded that the Trans-Pacific Partnership (TPP) is unlikely to be taken up by the U.S. Congress now that Donald Trump has won the presidential election.

Republican lawmakers, although traditionally pro-trade, have lately embraced the anti-trade rhetoric of the President-elect, claiming that they would not bring forward the TPP before Donald Trump officially assumes office on January 20, 2017.

The Obama administration warned against the cost of delaying congressional approval of the TPP, claiming that failing to pass the agreement would put the U.S. in a bad position by not only foregoing substantial economic gains, but would also face trade diversion and enjoy less market access compared with other countries, such as China.

Trump, meanwhile, believes that trade deals have damaged the American economy by sending jobs to other countries. He cites the North American Free Trade Agreement (NAFTA) as a perfect example of trade deals that have destroyed jobs in the U.S.

U.S. President, Barack Obama is scheduled to travel to Lima (Peru) to attend the APEC leaders' Summit on November 19-20 where he is scheduled to meet with several TPP leaders, as well as China's president, Xi Jinping. There, officials said the U.S. president is slated to inform his fellow TPP leaders about the unlikelihood of the TPP being approved by the U.S. Congress in the next two months.

"We're clear-eyed about the current situation," Ben Rhodes, one of Obama's top advisers, told the Associated Press on November 11th. "But we believe what we believe about the value of trade and the importance of the Asia-Pacific region to the United States. And I think, given its size and importance, it's going to have to continue to be a focus for the next president and Congress going forward, no matter what," Rhodes said.

Uncertainty at the WTO

Questions remain at the WTO as well with regards to the U.S.-China relationship under the incoming Trump administration. The two countries are holding consultation on China's subsidization of several products including rice, wheat, and corn. The U.S. claims that China has breached its domestic support levels by over \$100 billion. An American delegate said the U.S. is prepared to request adjudication by a panel as it looks like the 60-day consultation period has not been enough time for the two parties to resolve their differences.

Trade-distorting domestic support has been the focus for the 2017 11th Ministerial Conference (MC11) in Buenos Aires (Argentina). At first, it looks like Members had very little appetite to pursue discussions on market access, although some Latin American countries led by Paraguay have suggested including the special safeguard (SSG), tariff peaks, and tariff escalation as part of the MC11 deliverables.

The countries supporting the inclusion of market access say it may unlock other parts of the negotiations. They entertain the idea of agreeing to the termination of the SSG in Buenos Aires as the provision has not been used by the majority of countries that hold it (except for Chinese Taipei). They claim that the elimination of the SSG will help lower the need for a special safeguard mechanism (SSM).

At the MC10 in Nairobi, India and the G-33 (also called "Friends of Special Products" in agriculture, and is a coalition of developing countries [*48 WTO members] pressing for flexibility for developing countries to undertake limited market opening in agriculture) tried to bring the functioning of the SSM closer to that of the SSG so it could be agreed to as part of the MC10 outcomes. However, Members rejected the proposal, claiming that SSM could not be discussed in isolation from market access. The G-33 has retracted its proposal and reverted to its original position looking to have the measure agreed upon in Buenos Aires.

It remains to be seen how all this will play out now that Donald Trump has been elected U.S. president.

***WTO members (48):** Antigua and Barbuda, Barbados, Belize, Benin, Bolivia, Plurinational State of, Botswana, China, Congo, Côte d'Ivoire, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Korea, Republic of, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Chinese Taipei, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Bolivarian Republic of, Zambia, Zimbabwe.

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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