



An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

Ministers Fail to Reach Agreement on EGA, Cite Good Progress

The 18 Environmental Goods Agreement's (EGA) trade ministers met in Geneva over the weekend of December 3-4 to try to finalize the EGA deal before the end of the year.

Observers believed the group wanted to take advantage of the recent run of World Trade Organization (WTO) negotiating successes to conclude yet another plurilateral agreement which will remove customs duties on a list of about 300 goods and technology products that are considered environmentally-friendly.

The negotiations were well advanced sources said. However, there were existing gaps which required rigorous discussions. For instance, products such as bicycles, an offensive interest for China, were described as red lines for the EU.

Furthermore, Canada has offensive interests in some wood products, which were seen as problematic for the U.S. China, for its part, has tabled a long list of requests – some 30 products including refrigerators and energy-saving vacuum cleaners – that were seen as difficult for other participants. On the other hand, Beijing was looking to exclude eight key offensive interests for the U.S. from the list.

WTO Director-General, Roberto Azevêdo, hoped that a successful EGA deal would generate some momentum for the WTO heading into the New Year.

The EGA participants are: Australia, Canada, China, Chinese Taipei, Costa Rica, the European Union, Hong Kong, Iceland, Israel, Japan, Korea, Liechtenstein, New Zealand, Norway, Singapore, Switzerland, Turkey, and the U.S.

The negotiations are conducted on a most favored nation (MFN) basis which means that even countries such as India, who isn't among the participants, will be also able to benefit from the agreement. Although the constructive talks held over the weekend did not allow participants to close the existing gaps, they nevertheless set the stage for further talks in the near future.

"I believe that the knowledge and understanding gained in these discussions will help us to move forward in the near future. I urge participants to show whatever flexibility they can to help conclude the deal," Azevêdo declared.

WTO's Heads of Delegation

At the December 1st informal heads of delegations meeting, it was acknowledged that Members have now transitioned from reflection to action with the number of activities that have taken place in various negotiating committees. There is a broad support for the process and for the plan to bring forward issues in agriculture, fisheries subsidies, and services, at the next WTO Ministerial (MC11) in Buenos Aires (Argentina).

In the area of agriculture, Members' wish lists have expanded a bit with issues pertaining to market access – i.e. tariff peaks, tariff escalation, tariff simplification, and the special safeguards (SSG) – joining the reduction of trade-distorting domestic support as part of the potential MC11 deliverables. However, if the latter has the support from the majority of the Membership, it's not quite the same for market access, sources said.

"Whether all of those [market access issues] will be doable for the MC11 remains to be seen," officials said. The objective, mostly pushed by Latin American countries, and Argentina in particular, is to have some market access issues addressed as part of the Buenos Aires package, using the elimination of the SSG as way to lessen the need for the special safeguards mechanism (SSM) requested by India and the G-33 (the "Friends of Special Products" in agriculture group of 48 countries).

On domestic support, the biggest issue remains the dispute between China and the U.S. China said it won't touch its 8.5% *de minimis*, unless a drastic cut on developed countries' AMS (aggregate measure of support) is agreed upon. The Chinese argue that each U.S. farmer receives about \$47,000 on average, which is far more than the support Chinese farmers get from their government.

The two-month period for the China-U.S. consultations on trade-distorting support ended on November 13th. Since then, the U.S. has not yet requested a formal panel, even though they claim to have a “slam dunk” case. However, officials said the request for a panel could be made any time in the coming days, or even in a year or so.

The negotiations on domestic support, meanwhile, will have to take place on updated notifications and so far, only Argentina, Australia, Brazil, New Zealand, Norway, and Russia have provided updated notifications to the WTO. Twenty-nine Members have yet to notify the WTO of their level of domestic support.

In addition, President-elect Donald Trump’s new trade team and its strategy will play big role in next year’s process, and the prospects of a successful ministerial conference in Buenos Aires in December 2017.

The view from here is that Dan DiMicco, who leads the Trump administration’s U.S. Trade Representative (USTR) Office transition team, and who is perceived to become the next USTR by early next year, may be willing to go after China and its global trade strategy.

Officials believe negotiations such as the Trans-Atlantic Trade and Investment Partnership (TTIP) and WTO are less problematic than the TPP or the North America Free Trade Agreement (NAFTA), since Donald Trump favors bilateral deals and vows to challenge Chinese trade policies.

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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