



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## European Parliamentary Committee Backs CETA

**As it was anticipated, the EU's International Trade (INTA) committee's adoption of Comprehensive Economic and Trade Agreement (CETA) on January 24<sup>th</sup> paves the way for the agreement to be ratified by the European Parliament (EP) during a plenary vote in Strasbourg (France) on February 15<sup>th</sup> (previously scheduled for Feb. 2<sup>nd</sup>).**

The ratification by the EP will allow the agreement to be implemented on a provisional basis as early as March this year (instead of July), provided that the deal is also ratified by the Canadian parliament next month, European Trade Commissioner, Cecilia Malmström, stated.

Those supporting the deal claimed that the ratification of CETA is the best way to respond to Trump's isolationist strategy, describing CETA as "a strong and important signal in favor of the regulation of globalization."

"We have an important friend and ally who seems to be at least partly disengaging from the international scene, promoting less trade, more protectionism. We need to stick together with like-minded partners to show that these trade deals are actually functioning, and what better partner can we have than Canada," Malmström said.

Ironically, CETA received the backing of several U.K. Members in the European Parliament who believe that the ratification and provisional implementation of the agreement "will help restore the EU's reputation as a reliable trading partner after the deal was held up by socialist politicians in the Belgian region of Wallonia." Some even called the two partners to work together to strengthen the multilateral trading system.

However, many EU lawmakers still believe the deal represents "a pact with the devil" as Canada will become the back door for U.S.'s "big sharks" to attack Europe.

Although some called for no further delay in the approval of the agreement, the deal still has to go through Member-states' national and regional parliaments for their ratification before it can fully enter into force. This process is likely to take several years, one EU source said.

### Panel Established in U.S. Complaint over Chinese Agricultural Subsidies

On January 25<sup>th</sup>, the WTO's Dispute Settlement Body (DSB) established a panel on China's alleged illegal subsidization of its agricultural producers. The U.S., who requested the complaint, claimed that China provides domestic support in excess of the commitments it agreed to when it joined the WTO in 2001, namely to provide no more than 8.5% of the value of production of each of the four products under investigation – wheat, Indica rice, Japonica rice and corn (i.e. its product-specific *de minimis* level).

The U.S. told the DSB it was concerned that China's market price support for wheat, rice, and corn each exceeds China's permissible level of domestic support for agricultural producers from 2012–2015 noting that in 2015 alone, China's market price support for these commodities was estimated to be nearly \$100 billion in excess of its WTO commitments.

China for its part regretted the U.S.'s second request for a panel describing the move as an "unprecedented and unjustified step" in challenging

its “legitimate and WTO-consistent” domestic support, claiming that Members have the right to provide necessary and essential support to their respective domestic agricultural sectors. It vows to strongly defend its interests and demonstrate the WTO-consistency of its measures.

The U.S. first requested a panel at a DSB meeting on December 16<sup>th</sup> which was blocked by China. Under WTO dispute rules, a second request for a panel can only be blocked if all WTO Members in attendance refuse the request. But in this case, several Members<sup>1</sup> requested third-party rights in the proceedings.

<sup>1</sup> Australia, Brazil, Canada, Chinese Taipei, Colombia, Egypt, El Salvador, the European Union, India, Indonesia, Japan, Kazakhstan, Korea, Norway, Pakistan, Paraguay, the Philippines, the Russian Federation, Saudi Arabia, Singapore, Thailand, Turkey, and Vietnam.

**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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