



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

Kenya to Chair Agriculture Negotiating Group

World Trade Organization (WTO) Members have finally resolved the impasse in the selection of the next agriculture negotiations chairman. Last week, the African Group suggested that Kenyan ambassador, Stephen Karau, take over the position as a compromise candidate given the ongoing disagreement over the Hong Kong, Uruguay, and Mexico candidates.

Ambassador Karau was subsequently approved during an informal meeting of the General Council on April 7th. Various officials now believe Members can truly resume their work in agriculture and those other areas of the negotiations seen as essential for a successful Ministerial Conference (MC11) in Buenos Aires (Argentina) this December.

Among the topics targeted for the MC11 are the pursuit of a permanent solution concerning the public stockholding programs for food security and other matters such as the special safeguard mechanism (SSM) for developing countries, which is supported by the G-33, but opposed by key players like the EU. Opponents to the SSM stressed that any outcome in that area must be accompanied by elements of market access, as the two issues are linked.

Now that the crisis over the agriculture chairmanship has ended, delegates hope discussions on the Buenos Aires agenda will resume in Geneva (Switzerland), although the confirmation of the Mr. Lightizer as United States Trade Representative (USTR) and the nomination of a new U.S. ambassador to the WTO are also paramount to move things ahead.

Fragile Optimism

However, there seems to be a renewed sense of optimism that the Trump administration may, in the end, engage at the WTO, sources say, citing the latest

domestic support notifications circulated by the U.S. and the EU.

As the reduction in trade-distorting support represents one of the main targets for Buenos Aires, the sources believe the lower levels of aggregate measures of support (AMS) notified by the U.S. (\$3.8 billion for 2015) and that of the EU (5.9 billion € 2013-2014) could help with reaching a compromise if indeed U.S. President Donald Trump managed to get Chinese President Xi Jinping to commit to do more on trade when they met in Mar-a-Lago (Florida) on April 6-7.

The U.S. has urged emerging countries, especially China, to undertake a bigger cut in their trade-distorting domestic support, claiming that the world has changed and these countries need to contribute more. China has thus far stressed that it has already done enough for the changes it made when it joined the WTO in 2001. It is expected that any outcome in the trade-distorting subsidies area in Buenos Aires would have to involve China in order to reach an agreement.

At the end of the Mar-a-Lago Meeting, Commerce Secretary Wilbur Ross stressed that two countries agreed to pursue a 100-day plan with the aim to increase U.S. exports to China and reduce the U.S. trade deficit vis-a-vis China.

How this new process is going to impact talks in Geneva and Buenos Aires remains to be seen.

However, WTO sources point out the role the multilateral talks could play in advancing the Trump Administration's trade agenda, citing areas such as fisheries subsidies, which is also a priority for the USTR as outlined in the NAFTA draft proposal circulated to Congress at the end of March.

The sources also see the difference of opinion among experts in the Trump trade team as positive. They highlighted the rather soft tone of the NAFTA proposal as a proof that the new U.S. administration may be more engaged on the multilateral front than people think.

Draft NAFTA Renegotiation Proposal

The Trump administration's North American Free Trade Agreement (NAFTA) renegotiation proposal circulated to Congress at the end of March by acting USTR, Stephen Vaughn, was in the end not as tough on NAFTA as many expected it to be. The fact that President Trump used to call the agreement a total disaster for the U.S. economy since it has been implemented had many observers anticipating a more drastic tone when it comes to the review of the agreement. At the same time, the number of topics listed in the letter also means that the "tweaking" President Trump is looking to bring to the bilateral agreement with Canada will not be as "minor" as he floated last month when he met Prime Minister Justin Trudeau in Washington D.C.

Overall, observers find the document rather moderate in tone. Far from demonizing the agreement as President Trump did throughout his campaign, the USTR draft proposal starts off by praising the pact, describing the aims as strengthening the trading relationships and making it more profitable to manufacture within the trading bloc, and noting the huge economic changes that have taken place in since NAFTA was negotiated 25 years ago.

"The persistent U.S. deficit in goods trade with Canada and Mexico demands that this administration take swift action to revise the relationship and respond to 21st century challenges. The NAFTA was negotiated 25 years ago and while our economy and businesses have changed considerably over that period, the NAFTA has not. Most chapters are clearly outdated and do not reflect the most recent standards in U.S. trade agreements," the draft reads.

To adapt U.S. trade agreements to respond to the new challenges of the 21st century, is "a far cry from decrying NAFTA as the worst trade deal ever negotiated," said one U.S. trade observer, as the objectives listed in the letter may easily be considered as a normal step toward modernizing the three nations' pact without being as radical as the damaging propaganda that was heard throughout the campaign to discredit the deal.

Funnily enough, even though the Trans-Pacific Partnership (TPP) is never mentioned in the letter, no one will be surprised if the USTR uses part of the agreement as the basis of the negotiation to meet some of the objectives listed in the letter: matters such as intellectual property, services, digital trade, transparency and regulatory reform, and state-owned and controlled enterprises, could be largely solved by adopting the understandings reached among the 12 TPP members.

Once the paper is finalized, the Trump administration will formally notify Congress about its intent to renegotiate the NAFTA, which in turn will launch a 90-day period for congressional consultation before the U.S., Canada, and Mexico officially begin the renegotiations.

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-poic.ca

Legal Deposit: National Library of Canada, ISSN 1496-9254

