

# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## United States Agree to Fight Protectionism

**After refusing to include the pledge against protectionism in the final statement of two international summits (G-20 and Asia Pacific Economic Cooperation – APEC), the U.S., through President Donald Trump agreed to endorse the commitment to fight protectionism at the G-7 Leaders meeting in Taormina (Italy) on May 27<sup>th</sup>.**

“We acknowledge that free, fair and mutually beneficial trade and investment, while creating reciprocal benefits, are key engines for growth and job creation. Therefore, we reiterate our commitment to keep our markets open and to fight protectionism, while standing firm against all unfair trade practices,” the G-7 Taormina leaders’ communiqué states on trade.

“At the same time, we acknowledge that trade has not always worked to the benefit of everyone. For this reason, we commit to adopting appropriate policies so that all firms and citizens can make the most of opportunities offered by the global economy,” the communiqué added.

Last week the United States Trade Representative (USTR) Robert Lighthizer refused to include a similar language in the APEC ministerial communiqué, choosing rather to call on countries “to accelerate work to deepen APEC’s structural reform agenda to remove barriers to trade and investment.” This time observers said President Trump was pressured to accept the inclusion of the word protectionism in the statement.

### Remove all Trade-Distorting Practices

The G-7 leaders also agreed to the removal of all trade-distorting practices to foster a truly level playing field. This includes dumping, discriminatory non-tariff barriers, subsidies, and other support by governments and related institutions that distort markets, the statement reads.

“We recognize the importance of the rules-based international trading system. We commit to working together to improve the functioning of the WTO, to ensure full and transparent implementation and effective and timely enforcement of all WTO rules by all Members and

to achieve a successful 11<sup>th</sup> WTO Ministerial Conference (MC11).”

The statement is welcomed by WTO Members who are looking to make the reduction in trade-distorting domestic support one of the major outcomes of the ministerial conference in Buenos Aires (Argentina).

Last week, Members of the Cairns Group circulated an analysis paper on how this could be achieved suggesting four possible scenarios for a new overall trade-distorting domestic support (OTDS) discipline for Members to look at with the view to make incremental progress at the MC11:

1. A “floating” OTDS limit based on existing limits
2. A “floating” OTDS limit based on existing *de minimis* limits and 50% of existing AMS limits
3. A “floating” OTDS limit based on existing *de minimis* limits
4. A “fixed” OTDS cap based on a percentage of value of production in a reference period

Floating OTDS limits under scenarios 1 to 3 assume that Members’ entitlements are recalculated on an annual basis given the changes in their value of production (VoP). “As values of production have historically trended upward for most Members, this means the total amount of money which can be spent globally on trade-distorting support in agriculture will increase over time,” the paper states.

A fixed OTDS cap meanwhile does not vary from year to year and permanently fixes a maximum amount of money calculated based on a percentage of Members’ average VoP in a reference period which can be spent globally on trade-distorting support in agriculture.

### Market Access

The Cairns Group is also pushing for the pursuit of tangible outcomes in market access to level the playing field for agricultural products versus all other goods in world trade.

“Average tariffs on agricultural products remain more than eight times higher than tariffs on industrial products; and tariffs of more than 300% are not uncommon,” the group says.

“We should look to make incremental, yet substantive steps on market access for MC11, including technical work and examining existing entitlements, in order to help us launch into substantive negotiations on remaining market access issues for future ministerial meetings,” the Cairns analysis paper continued.

### Export Competition

The Cairns Group also suggested using the decision to eliminate export subsidies reached at the last Ministerial Conference in Nairobi (MC10) as a “stepping stone to further strengthen disciplines on export competition, and in particular on export credits.”

The Cairns analysis, along with proposals tabled by a group of Latin American countries led by Argentina (Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, and Uruguay) and the G-33, are expected to be discussed at the June 1-2 informal open-ended meeting of the agriculture negotiating group.

## WTO 11<sup>th</sup> Ministerial Conference to Start a Day Earlier

At the General Council meeting of May 18<sup>th</sup>, Argentina proposed to advance the MC11 dates by one day citing logistical reasons. With the proposed date, the ministerial conference originally scheduled to start on December 11–14 will now take place December 10–13, 2017. These new dates are to facilitate Members arrival in Buenos Aires by starting the event on a Sunday, one WTO official said.

Members were given until May 24<sup>th</sup> to voice their concerns with respect to the changes. Past that date, the new dates will automatically become official. As none of them raised concerns over the proposed changes, the chair of the General Council confirmed on May 29 that the MC11 will now take place from December 10–13, 2017.

At a General Council meeting held on May 18<sup>th</sup>, the full Membership also formally elected Argentina’s Foreign Minister Susana Malcorra as Chair of the Ministerial Conference.

**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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