



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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## Next Steps in the WTO Negotiations

**This past week, key World Trade Organization (WTO) players have approached the organization's Dispute Settlement Body (DSB) to complain about the U.S.' decision to impose tariffs on steel and aluminum based on the so-called Section 232 of the *Trade Expansion Act of 1969* which allowed Washington to limit imports that pose a threat to the country's national security.**

The EU, which has joined a list of temporarily exempted countries – along with Canada, Mexico, and South Korea – is now seeking a permanent exemption. To achieve that, the Commission requested a consultation with the U.S. on April 16<sup>th</sup> in order to gain compensation for the loss of market opportunity if the tariffs were to be implemented.

By challenging the U.S.'s decision, the EU has joined China who on April 10<sup>th</sup>, decided to challenge the U.S.' steel and aluminum tariffs. Last week, Russia and India also joined the group of countries seeking compensation and sources say Japan may likely follow the same path after President Donald Trump's refusal to exempt Tokyo during Prime Minister Shinzo Abe's visit last week.

The current list of exempted countries – Argentina, Australia, Brazil, Canada, the EU, Mexico, and South Korea – have been granted a temporary exclusion until May 1<sup>st</sup>. After that date, and if the exemption is lifted, observers fear an escalation of trade protectionist measures which will be put in place by several countries to emulate the U.S.' strategy.

It is under this edgy trade environment that WTO's Deputy Director-General Alan Wolff gave a speech at the 2018 China Agricultural Outlook Conference on April 20<sup>th</sup>. Wolff seized the opportunity to reiterate the “vital importance of transparency in

monitoring agricultural supply and demand,” importance that has also been raised by the U.S. in its 2018 trade policy agenda, which targets China in particular.

Wolff stressed that the issue is “one of the fundamental WTO principles and the cornerstone of a predictable trading environment (...) Without transparency, informed and sound decision-making, let alone effective risk management, would be elusive.”

In its 2018 trade policy agenda, the United States Trade Representative (USTR) said its major focus concerning the WTO agricultural discussions would be the reduction of agricultural tariffs, trade-distorting subsidies, as well as enhancing notifications and transparency to update discussions about the problems that face agricultural trade today.

“The notification performance of our membership has been sub-optimal,” Wolff told the conference adding that “the absence of timely and accurate notifications on countries' policies, particularly in the domain of agriculture and fisheries subsidies, has hindered Members' efforts to monitor compliance with existing rules and scheduled commitments.”

“Importantly, the lack of an accurate picture on Members' implementation efforts has also blurred our collective knowledge and understanding of the present agricultural trade policy landscape. This situation has affected WTO negotiations in many areas. For some time, delegations have been left in the dark on important negotiation matters ... a situation that needs to be rectified. It impedes progress in negotiations and can lead to trade conflicts,” Wolff told the audience.

## Negotiations' Next Steps

On the ongoing agriculture talks, Wolff said “there is broad agreement among WTO Members that the negotiations will be carried out pursuant to Article 20 of the Agreement on Agriculture, focussing on market access, domestic support and export competition, while taking into account Members’ non-trade concerns and the need for special and differential treatment for developing country Members.” He went on to detail what Members are expecting in each pillar of the agricultural talks.

On market access, he mentioned that key exporters will “seek enhanced market access under WTO-bound agricultural tariff quotas.” On domestic support, Members will look to strengthen and implement more effective disciplines to prevent adverse impacts on the livelihoods and food security of poor developing countries. On export competition, “there is some appetite to re-focus on the other elements of the package, namely non-commercial practices by state-trading enterprises, international food aid and subsidized export credits,” Wolff added.

Wolff also mentioned the issue of export restrictions, as well as a number of new issues – e-commerce, investment facilitation, micro and medium and small enterprises (MSMEs), and the question of gender in trade to be discussed at a plurilateral level.

Members should break the current impasse in the negotiations by working together to reduce the current tensions in the multilateral trading system, Wolff said, adding that the “lack of cooperation” among countries “will exacerbate tensions, increase uncertainty and disrupt international markets, including agricultural markets. As such, he expects “pragmatic discussions based on specific submissions to take place among Members.

“There is much progress to be made this year. And it goes without saying that Members’ inputs will shape the agenda,” he concluded.

**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

