



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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## Safe for Now?

**The World Trade Organization (WTO) appears to be safe for now, considering U.S. President Donald Trump’s announcement on July 2<sup>nd</sup> that the U.S. might do “something” if the organization continues to treat America “very badly.”**

The U.S. President has always claimed that his country was at a disadvantage at the WTO, which let Members such as China reap benefits from their status as developing countries.

The “WTO has treated the United States very badly, and I hope they change their ways (...) we’re not planning anything now, but if they don’t treat us properly, we will be doing something,” said Trump.

President Trump’s remarks came amid a series of retaliatory measures being implemented by several WTO Members, including China, the EU, India, Japan, and Russia. Canada joined that list and announced on June 29 that it filed a WTO and NAFTA litigation in response to illegal U.S. Section 232 tariffs on steel and aluminum on top of the retaliatory duties on U.S. imports that took effect July 1<sup>st</sup>.

The EU and others have challenged the legitimacy of Section 232 tariffs, saying that the measure was inconsistent with the WTO’s agreement on safeguards. Canada agreed.

“These unilateral tariffs, imposed under a false pretext of safeguarding U.S. national security, are inconsistent with the United States’ international trade obligations and WTO rules”, Canada’s Minister of Foreign Affairs, Chrystia Freeland, said in a statement released on June 29. “Canada will closely collaborate with the European Union, which also filed a WTO challenge today, as well as with other like-minded countries, on opposing these tariffs,” Freeland added.

### **Section 232 Investigation on Automobiles and Automotive Parts**

Members also slammed U.S.’s announced measures of extra duties on the import of automobiles, including cars, SUVs, vans, light trucks, and automotive parts at the July 3<sup>rd</sup> meeting of Council for Trade in Goods, chaired by Canada’s ambassador to the WTO, Stephen De Boer.

Over 40 Members took the floor to express concerns regarding the serious disruption these measures could have on the world market, as well as the threat of potential counter-measures on the multilateral trading system (MTS).

Just like the tariffs imposed on steel and aluminium, these new measures cannot be justified on the basis of national security, Japan said. The EU agreed, arguing that there is no apparent economic threat to the U.S. industry, which has steadily expanded domestic production in the past decade.

These are obviously protectionist measures under the disguise of national security measures that will significantly distort the trade market and global value chains and will bring serious challenges to the multilateral trading system, China added.

Others including Canada, Switzerland, Norway, Brazil and India echoed the same concerns on the U.S.’s unilateral measures which they say go against WTO rules. For Russia, the U.S. is simply losing its reputation as a trusted trade partner.

### **Special Session on Agriculture**

Meanwhile, the chair of the agriculture negotiating group, Ambassador John Deep Ford of Guyana, invited delegates to a last informal meeting of the committee on agriculture special session (COASS) before the summer break.

Although nobody expects progress to be made in the negotiations this year, the objective of this upcoming informal meeting, the chair said in his note to delegates, is to continue keeping the “Membership in focused, interactive, and proactive discussions.”

Ford listed a series of questions aiming at guiding discussions at the July 16<sup>th</sup> meeting. Issues such as domestic support, market access, export competitions, as well as public stockholding for food security purposes, and the special safeguard mechanism are expected to be tackled by the group.

On domestic support, the chair asked which proposals and ideas currently on the table are the most promising to help moving the discussion forward.

On this, China and India tabled a joint submission with respect to the elimination of AMS (aggregate measures of support) beyond *de minimis* entitlements looking for developed countries to first cap and then reduce their AMS beyond *de minimis* as product-specific support as an incremental first step in the reduction of the trade distorting support discussion. The two said this should be considered a pre-requisite for consideration of other reforms in domestic support talks.

The China/India proposal has very little chance of being accepted by others. The move is mostly seen as a way for them to reiterate their position, knowing that they will be the main targets of developed countries, and the U.S. in particular, in the domestic support discussion.

Canada will also table a proposal that should recap where Members stand in the domestic support discussion and set the stage as to where to go from here, one official said. The proposal is likely to be supported by some Cairns Members, such as Australia and New Zealand.

The U.S., for its part, is not against negotiating a reduction in trade distorting support as it looks to include all aspects of support in the balance (including the *de minimis* and article 6.2 support). However, the U.S. stressed that they want the reduction of domestic support to be paired with increases in market access for agricultural products.

What would be the best way to restart the negotiations, considering that Members have not engaged in substantive technical discussion on market access for some time, Ambassador Ford asked in his note. Should Members elect to prioritize selected topics within the market access pillar? If so, what could those topics be? the chair added.

The group also plan address issues pertaining to cotton and unfinished business in the export competition pillar.

**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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