



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## Kazakhstan to Host MC12

**WTO Members agreed by consensus to hold the 12th Ministerial Conference (MC12) in Astana, Kazakhstan, early June 2020. The organisation's biennial conference, which is traditionally held in December, will be pushed to the following summer due to the cold December temperature in Kazakhstan, one source said. The delay will also provide Members with additional time to negotiate the results to be harvest at the MC12.**

Officials said the EU also provided a quick briefing on the bilateral encounter between European Commission President Jean Claude Juncker and US President Donald Trump on July 25 in Washington D.C. The two countries issued a joint statement following Juncker's visit to the White House announcing the launch of a new phase in their USD1 trillion bilateral trade relationship.

"If we team up, we can make our planet a better, more secure, and more prosperous place," the two said. "This is why we agreed today, first of all, to work together toward zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods. We will also work to reduce barriers and increase trade in services, chemicals, pharmaceuticals, medical products, as well as soybeans." In order to make trade "fairer and more reciprocal" – something of critical importance to the Trump Administration – the EU committed to import more liquefied natural gas from the US in addition to "join forces to protect American and European companies better from unfair global trade practices."

The unfair trade practices refer to Beijing's policy of forcing foreign companies that wishing to enter China's market to collaborate with Chinese companies and share their technology. This practice, along with the issue of steel overcapacity and intellectual property theft, has been

at the source of the US' decision to impose Section 301 tariffs on China.

The EU and the US also committed to brainstorm on the changes required to modernise the WTO. With a joint population of more than 830 million people, and accounting for more than 50% of global GDP, the duo decided to set up an executive working group to take on these issues and "identify short-term measures to facilitate commercial exchanges and assess existing tariff measures."

"We will therefore work closely together with like-minded partners to reform the WTO and to address unfair trading practices, including intellectual property theft, forced technology transfer, industrial subsidies, distortions created by state-owned enterprises, and overcapacity," the joint statement reads. The two countries will also look at how they can resolve the steel and aluminum tariff issues and retaliatory tariffs imposed by the EU and other WTO Members.

As a result of this bilateral meeting, President Trump has changed his mind with respect to imposing Section 232 tariffs on imports of European automobiles.

### NAFTA – Mexico First

On July 26, US Trade Representative Robert Lighthizer appeared before the Senate Committee on Appropriation where he provided an outlook on his team's current work. The USTR listed NAFTA, the WTO, US-Korea FTA (KORUS), the newly-announced initiative with the EU (see above), as well as initiatives with Southeast Asia and Sub-Saharan Africa countries as being among the areas where his office has been actively engaged since he has been confirmed as USTR 14 months ago.

“We have been renegotiating the North American Free Trade Agreement at an unprecedented speed,” Lighthizer said adding that he hopes the three countries “are in the finishing stages of achieving an agreement in principle.”

On this, Lighthizer appears to prioritize securing a deal with Mexico first, in hopes that this would influence Canada to compromise. He was very specific with respect to the timeline by which an agreement in principle should be reached. Based on Trade Promotion Authority (TPA) notification requirements, this must be done by the end of August.

As Congress needs 90 days notification, and the current Mexican president leaves office on December 1st, the agreement in principle would need to be signed in August. This would allow Mexican President Enrique Peña Nieto to sign final deal with the consent of incoming Andrés Manuel López Obrador’s administration.

Lighthizer clearly expressed support for the inclusion of the controversial sunset clause in a new NAFTA even though some US lawmakers have stressed that they would vote against a deal includes this provision.

NAFTA negotiators are expected to resume their meetings this week, various sources said.

**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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