



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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Ministers Brainstorm WTO Reform in Ottawa

Trade ministers from the so-called group of like-minded World Trade Organization (WTO) countries – Australia, Brazil, Canada, Chile, the European Union, Japan, Kenya, Korea, Mexico, New Zealand, Norway, Singapore, and Switzerland – met in Ottawa (Canada) on October 24-25 to take a first bite at the emerging discussion on how to reform the WTO. The initiative came after the U.S. complained several times about the need for changes to reflect the new reality of global trade.

With the continuous blockage in the selection of new judges at the WTO's Appellate Body, Canada – which the same day (October 25th) received the green light to implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and is therefore poised to become one of the first six countries to ratify the agreement – decided to lead the way by convening the first of several meetings of ministers to brainstorm how potential WTO reforms could help reinvigorate the institution by addressing some of the difficult issues the it's currently facing.

The brainstorming session chaired by Canada's Minister of International Trade Diversification, Jim Carr, took place on October 25th. Carr said the like-minded group will aim to "come up with a consensus for reform that we will then roll out to other Members of the WTO."

The organization is facing serious challenges that cannot be solved by any one Member, he added, calling on all Members to contribute in making sure that the agreement works for all. To do so, identifying the issues of concern is the first step toward reforming the organization.

Ministers' discussions in Ottawa revolved around three main themes:

1. Immediate actions to improve the efficiency and effectiveness of the WTO

2. Safeguarding and strengthening the dispute-settlement system
3. Reinvigorating the WTO's negotiating function by creating 21st century trade rules

In their final statement the group emphasized on the urgency to "unblock the appointment of Appellate Body Members," which has been blocked by the U.S. since January last year.

"We acknowledge that concerns have been raised about the functioning of the dispute settlement system and are ready to work on solutions," the group added, urging its officials to engage "in discussions to advance ideas to safeguard and strengthen the dispute settlement system" which in turn will help restore confidence among Members in the negotiating pillar.

On this particular theme, the group called for the conclusion of the fisheries negotiations as instructed by Ministers in Buenos Aires (MC11). It also urged Members to tackle both new issues (such as industrial subsidies or state-owned enterprises) and pending and unfinished business (e.g. trade distorting domestic support) to help reinvigorate the negotiating function of the organization.

"This may require flexible and open negotiating approaches toward multilateral outcome," the statement reads. In its paper circulated to the full Membership on the WTO reforms, Canada said Members could consider pursuing negotiations through "open" (i.e. most favored nation – MFN) or "closed" plurilateral agreements within or outside the WTO framework.

Finally, the group echoed the necessity to improve the monitoring and transparency of Members' trade policy through updated notifications of their WTO commitments. "Our officials will engage on concrete ideas put forward in this area," the statement reads.

The rulemaking in this area should focus on creating incentives for WTO Members to fully comply with their notification obligations, the EU said on the need to improve transparency and subsidy notifications. This area has been “one of the biggest shortcomings in the application of the current system,” the EU stressed in its concept paper circulated in September. One way to correct this could be “the creation of a general rebuttable presumption according to which if a subsidy is not notified or is counter-notified, it would be presumed to be a subsidy or even be presumed to be a subsidy causing serious prejudice,” the Commission added.

The two biggest players at origin of the WTO reform discussion – the U.S. and China – did not attend the Canadian meeting. However, both countries have been involved in similar talks, either bilaterally or with third parties, such as the trilateral talks between the U.S., the EU, and Japan on how to bring a new set of issues to the WTO and to reform China’s IP (intellectual property) policy.

Carr said the like-minded group will now seek to bring China and the U.S. up to speed by briefing them on the outcome of the Ottawa talks. This remains a continuing process, the Canadian trade minister stressed, adding that the group plans to meet again in January 2019, on the sidelines of the World Economic Forum, in Davos (Switzerland).

Market Access & SSM

Meanwhile in Geneva (Switzerland), the agriculture negotiating group met on October 22nd to discuss, market access and the special safeguard mechanism (SSM) in the second part of four thematic sessions planned this fall by the chair of the agriculture negotiating group, Ambassador Deep Ford of Guyana.

The technical discussions revolved around presentations by the WTO secretariat (on agricultural tariffs and diverse data systems and online tools on tariffs and other market access issues at the disposal of Members); and Paraguay (on its previously tabled paper titled “market access alternatives” which seeks to address issues such as the water in Members’ tariffs (difference between Members’ bound

tariff and applied tariffs), tariff rate quotas (TRQs), the special agricultural safeguard (SSG), non-tariff measures, high tariffs (tariff peaks, tariff escalation) and complex tariff structures (non-ad valorem tariffs).

The U.S., for its part, also addressed issues they have previously flagged i.e. bound versus applied tariffs, complex tariffs, high tariffs, issues with TRQs, SSG, regional/preferential trade agreements and the need for greater transparency. Russia reiterated its requests to address SSG and whether the provision is truly needed given its low usage rate (8 countries out of 33 have used the measure in the last 5 years).

Speaking on behalf of the G-33 group, Indonesia highlighted the importance of the SSM to support food security and rural development, especially when paired with the United Nation’s sustainable development goals.

Broadly speaking, officials who attended the meeting said Members welcomed the discussion, but sharp differences remain on sequencing with domestic support. Some (like G-10 Members) have linked talks in agriculture market access to other areas such as services and NAMA (non-agricultural market access). Others (e.g. the EU), believe it is premature to address the SSG without considering the entire context of the market access reform. The same goes for SSM.

Ambassador Ford welcomed Members’ engagement in the discussion but warned them against drawing linkages with other areas/ topics at this stage. “We should continue our efforts and engagement so that we can get ready to make decisions and compromises in a more enabling and conducive negotiating environment,” he told the negotiating group, urging them to adopt a sense of urgency as we enter 2019.

Other dedicated sessions are expected in November (export competition, export restrictions) and in December (stocktaking and the way forward). The Chair plans to return to some of the issues addressed in September (domestic support) and October (market access) before the December break.

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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