



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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Busy Year in Sight – WTO Reform & Preparations for MC12

What looked rather unlikely the past few years has now become a reality as all Members have agreed to engage in reforming the World Trade Organization (WTO) system to make it more efficient.

As WTO Director General Roberto Azevedo stressed recently, Members must aim to turn the challenges they are currently facing into “an opportunity to renew and to strengthen the WTO for the years to come.”

“It seems that 2019 is going to be a very busy year for all of us,” he told the full Membership last week. In effect, Members will embark in various discussions next year including the preparations for the 12th Ministerial Conference in Astana, Kazakhstan (MC12, June 2020) and the reform of the Dispute Settlement Body and the Appellate Body.

In addition, some negotiating groups will also increase their activities next year in order to reach an agreement by the end of the year or at the MC12. This is especially the case for the negotiating group on rules which will undertake text-based negotiations on fisheries subsidies early next year with the aim to reach a deal by December 2019, as directed by Trade Ministers at the MC11 in Buenos Aires.

All Members were of the view that the time has come to shift to a negotiating mode favouring compromise and consensus, one trade official said. As the U.S. put it, the fisheries subsidies negotiations will be “a test case for the WTO’s negotiating capacity; a “litmus test” for the organisation’s “ability to craft new rules that are in step with the new global economy and that respond to challenges of sustainable development,” the EU added.

Similar to fisheries subsidies, the agriculture negotiating group will also step up its activity quite significantly in 2019. The chair of the negotiating group, Ambassador Deep Ford from Guyana, suggested that Members intensify the pace of the agriculture talks next year with the intent to deepen the discussions on each topic in the coming months “by focusing more specifically on the key elements and differences identified thus far by Members.”

An intensive schedule featuring some 16+ meetings, including open-ended gatherings and smaller working group meetings, has been agreed to for the first quarter of 2019. The discussions will touch on all three pillars of the agriculture negotiations – domestic support, market access, and export competition – with the aim to deliver a number of issues at the MC12.

“My objective is to progressively move towards a problem-solving mode and an exchange of views on possible options and on how to frame these options to achieve incremental outcomes, taking into account the specific circumstances of each topic,” Ambassador Ford said.

The chair was encouraged by Members’ positive attitude throughout the dedicated sessions he convened this fall where he said they have “demonstrated a high level of interactive engagement in the discussions.” These technical sessions of Members’ agricultural policy and tariff regimes will continue next year as they enhance the “understanding of the relevant issues in the negotiations, partly due to the numerous submissions and presentations made by Members.”

On December 3rd, certain Members of the Cairns Group – Australia, Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, New Zealand, Paraguay, Peru, Uruguay, and Viet Nam – circulated a paper on what they see as the next steps toward reforming the agreement on agriculture (AoA).

The group said it supports the chair’s efforts and looks for an increased frequency of meetings in the lead up to 2020. They called on Members to tackle all trade distorting domestic support notified under article 6 of the AoA.

“The presence of ‘water’ [*the gap between Members’ bound and applied tariffs rates (the so-called water)*] in the entitlements of Members remains a risk to agricultural markets. Reducing this water is in every Member’s interests,” the group wrote, calling for additional disciplines in the export competition pillar “to provide a fairer and more open trading system.”

On Market access, the group suggests that Members continue their discussion with “an open mind toward possible outcomes.”

“Many Members also continue to retain high bound tariffs whilst their applied tariffs are much lower, whereas other Members may apply tariffs at a high level or impose restrictive quota arrangements,” the Cairns Members stressed.

“Members have raised options for further discussion including cuts to bound and/or applied tariffs, improvements in transparency and tariff simplification, and addressing tariff rate quotas, tariff peaks, tariff escalation and special safeguards,” the group wrote.

Given the “enormous technical complexity” of the market access discussion, Members would need to invest a greater effort and energy to undertake analytical work and engage in technical exchange toward a better appreciation of issues” Ambassador Ford said.

One possible approach to address market access issues, could be to explore a possible incremental approach and prioritization among the issues to ensure progress. “Some Members referred to issues like improving the quality of tariff commitments (i.e. tariff simplification) or tariff escalation as possible candidates for a first-step engagement,” the chair mentioned.

Ambassador Ford said he plans to review the agriculture schedule in April and set up a new calendar for the May–July period. The objective according to officials is to arrive to a situation similar to the fisheries subsidies negotiation where text-based negotiations can take place on some issues sometime during the second half of 2019 leading up to MC12.

This is the final edition of *Geneva Watch* for 2018.
Happy holidays and all the best to you
and your family this festive season.

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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