



## **Editorial: Till Death Do U.S. Part**

The probability of seeing a mini package emerging by the time of the 8<sup>th</sup> Ministerial Conference (MC8) at the end of the year is getting slimmer and slimmer with every passing day. The odds, according to delegates, are now 25 (for) and 75% against chances that all will come together by December. That said, WTO Director General Pascal Lamy has not given up on reaching a successful outcome in December. He urged key Members to continue negotiating on the content of the package. It now looks as if delegates will simply brush aside their initial goal of finalising the list of subjects before the summer break, going directly for the kill and negotiate throughout the fall with the hope to ratify something before the Christmas break. Since a deal in December is seen as a confidence-booster for the WTO, rumours have it that the U.S. is negotiating an alternative behind-the-scenes deal. An even smaller deal that would come as a no cost for them; one that would seek a series of measures for approval at the MC8 and which will include proposals pertaining to special & differential treatment (S&DT) as well as services waivers and “aid for trade”. In other words: a symbolic package that usurps around an increasingly complicated mini-package.

## **G-7 + Discuss December Mini Package**

WTO key countries met several times the past week to discuss elements of the December mini package. Along with Director General, Pascal Lamy, the G-7 (Australia, Brazil, China, EU, India, Japan and the U.S.) were joined by key coalition coordinators as well as other Members, including Canada, Mauritius, Norway and Switzerland—considered important participants for the topics under discussion.

This week’s discussion focused essentially on three of the five so called “Plus” issues that Lamy listed at the June 22<sup>nd</sup> informal meeting of the trade negotiations committee: trade facilitation, export competition, S&D Monitoring Mechanism, a step forward on fisheries subsidies and a step forward on environmental goods and services.

### **Export Competition**

According to officials, Members involved in this discussion continue to differ on whether export competition should be part of the package. It was reported that Canada was very firm on excluding export competition from the list.

The EU continues to insist that the elimination of export subsidies is contingent to agreement on other element of the Doha package, but also an understanding on Geographical Indications (GIs).

Switzerland also strongly insisted on GIs, saying it is ready to consider eliminating export subsidies if GIs is part of the December package.

The U.S., who stressed that there seemed to be “very little appetite” to include the export competition pillar in the mini-package, nevertheless claimed they are remaining open to exploring the subject “within the context of a broader package.”

Sources said Norway suggested considering eliminating only export subsidies that are linked to least developed countries (LDCs).

### **Trade Facilitation**

The discussion on trade facilitation did not go well either. Taking the lead on this, the U.S. continued to insist that every Member, including LDCs will benefit from a trade facilitation deal as it will allow enhancing LDCs’ integration into the global economy.

Developing countries are not so convinced. They claimed that most of the reforms that will be needed under trade facilitation (like customs control) will fall on them, not on developed countries.

According to one U.S. official, “Brazil said flat out that if there was no agriculture export element in the plus package, there would be no plus package, including on trade facilitation.”

After meeting on this very same topic on July 6<sup>th</sup>, the LDC decided not to include trade facilitation as part of the early harvest. They asked their coordinator to clearly specify at the next TNC (expected sometime before the end of July) that any package must address the LDC's only issue before including any other question – such as trade facilitation – into the mix.

Members are expected to pursue their discussion on this topic the week of July 11–15 with a designation of four facilitators to take on four themes: S&DT, freedom of transit, taxes & procedures and customs co-operation.

## Environmental Goods and Services

Here as well, there was no progress to report. China and Brazil continue to vigorously oppose it because they said it's a market access issue. Both emerging countries claimed that this is linked to non-agricultural market access (NAMA) as it calls for tariff reduction on industrial products that are considered “green”.

A suggestion was made – and it is believed to originate from the U.S. – to consider 25 environmental goods for which a total liberalization will be pursued with a standstill commitment to be considered as the minimum agreement to be agreed upon. The original U.S. proposal was to apply a standstill on 155 lines. However, both India and Brazil both indicated they would not be in a position to bind even a single line at standstill level, one U.S. official said.

Officials believe agreement on this issue will be hard to reach as developing countries accept as true that there is nothing good for them here. They argue that since developed countries' current industrial rates are already low (most cases bound rates equal applied levels), they therefore have nothing to lose whereas developing countries will give up their flexibility by further narrowing the existing gap between their bound and applied rates.

Discussion on this issue is expected to continue under the chairmanship of Philippines' ambassador, Manuel Tehankee.

## Upcoming Events

- Third Global Review of Aid for Trade July 18-19, 2011
- WTO General Council, July 27-28, October 12-13, December 1-2, 2011
- Regular Agriculture Committee, September 29, and November 2011
- Cairns Group Ministerial Meeting, September 7-9, 2011 Saskatoon (Canada)
- WTO Public Forum, September 19-21, 2011
- G20 Summit, November 3-4, 2011 Cannes, (France)
- APEC Ministerial Meeting, November 11, 2011
- WTO Ministerial Conference (MC8), December 15-17, 2011

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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