

TPP Negotiations Progressing but Work Still Remains

The nine TPP countries (Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, U.S., and Vietnam) wrapped up their 12th round of negotiations on May 18th in Dallas, Texas (U.S.). After eleven days of discussions (seven, among chief negotiators), negotiators were able to narrow their differences on certain issues in the legal text of the agreement.

This “better-than-expected progress,” allows TPP members to “now see a clear path forward toward conclusion” of most of the chapters under negotiations, said U.S. chief negotiator Barbara Weisel.

However, there is still a lot of work ahead, all nine chief negotiators will later admit, as they managed to close only one out of the 20-plus chapters contained in the agreement.

During the meetings, TPP members successfully concluded talks on small and medium-sized enterprises (SME), a so-called horizontal and crosscutting issue (along with matters of regulatory coherence, competitiveness and business facilitation and development) widely considered as non-contentious.

The SME chapter aims to support the integration of small and medium-sized enterprises into global trade, a top priority for most TPP countries, particularly the U.S., due to its link to job creation. The agreement has been largely inspired by what was done under the Asia Pacific Economic Cooperation (APEC) in that regard and focuses mostly on how TPP members are going to provide information to firms so they can better understand how the agreement operates, Weisel said.

Meanwhile, negotiations will continue on other chapters when the group gathers for their 13th negotiating round in San Diego, California (U.S.) from July 2–10. There, discussions on issues ranging “from goods, services, investment, telecommunications, and e-commerce to customs, intellectual property, labor, environment, and competition,” will resume with the view to continuing narrowing brackets particularly in the most contentious chapters i.e. intellectual property, investment, market access for goods or state-owned enterprises (SOE).

On market access, the group said it continued to work on developing ambitious tariff packages that would provide access to each other’s industrial goods, agricultural, and textiles markets. On all these issues, the nine countries declared that they remain “committed to ambitious outcomes, while finding the flexibility necessary to develop solutions.”

Shooting for an Agreement this Year?

The chances of closing the negotiations this year have been somewhat altered after this latest round of talks in Dallas. All negotiators maintained the same line: the focus is not on timelines, but rather to move the negotiations forward as quickly as possible while acknowledging that the more the talks drag on, the harder it becomes to close out issues. “We have been instructed by our leaders to make as much progress as we can, and we are not going to set firm deadlines,” the U.S. negotiators declared. Negotiators agreed to proceed on a “step-by-step” basis, trying to understand each other’s interests and concerns.

Even though the Dallas round has led to some bracket reduction in some chapters of the text (services, customs, labor, horizontal issues, telecommunications, technical barriers to trade and trade remedies), the talks are far from having reached the point where negotiators can engage in a discussion across chapters.

“We have reached the level where we start going into the core issues of each chapter,” Chilean negotiator Rodrigo Contreras said, “but not at the point of negotiating issues between chapters.”

Weisel, however, claimed that negotiators have managed to remove a lot of brackets from many chapters, but there are issues remaining where countries continue to work to develop the flexibilities they need, she said, acknowledging that there were still proposals tabled that add more brackets back into the consolidated text.

New Members

In Dallas, chief negotiators also took the time to address the inclusion of new members. After exchanging information on the status of their respective bilateral discussions with the three main aspirants – Canada, Mexico and Japan – they declared being at different stages in their consultations and are looking to finalize their respective consultations before a decision can be taken on adding new countries.

At this point, negotiators will be looking to update their respective trade ministers on the progress achieved in Dallas and are making their plans for the next round of negotiations in San Diego on July 2nd.

TPP trade ministers will meet on the sidelines of the June 4-5 APEC trade ministers conference in Kazan, Russia. There, New Zealand chief negotiator, David Walker said, the issue of new membership may be raised once more.

Movement on Services Plurilateral Talks

The EU and the U.S. made some progress on identifying what would be the legal framework under which the services plurilateral agreement would be undertaken.

Informed sources said the EU is now considering the possibility of completing the agreement on the basis of the General Agreement on Trade in Services (GATS) Article V – the U.S. preferred option for complying with WTO rules – though another source said a decision on whether to pursue Article V will come after the negotiations are near completion.

The GATS Article V will allow the 18 countries involved in the talks (Australia, Canada, Chile, Colombia, Costa Rica, the EU, Hong Kong, Japan, Mexico, New Zealand, Norway, Pakistan, Peru, Singapore, South Korea, Switzerland, Taiwan, the U.S. and with the latest addition of Israel, set to join the group at its May 29-30 meeting in Geneva) to avoid free riders from taking advantage of the agreement.

The U.S. has not hidden its willingness to negotiate a deal which will leave emerging economies such as Brazil, China, India and South Africa on the sidelines. The EU originally insisted that the deal be open to new Members, especially emerging economies,

Article V implies that the services plurilateral agreement must cover substantial sectors which, in turn, may force the U.S. to make a substantial offer in Services Mode 4 (temporary migration of workers). This will be one of the topics that will be discussed at the group's May 29-30 meeting in Geneva.

OECD Mini-Ministerial

The WTO Director General, Pascal Lamy will join trade ministers and ambassadors in Paris (France) on May 23rd to discuss the state of the Doha Development Agenda (DDA) on the margins of the May 22–24 OECD Ministerial Council Meeting (Organization for Economic Cooperation and Development).

The meeting, which is traditionally hosted by Australia's trade minister, Craig Emerson, will focus on trade facilitation – the one issue on the DDA “that was within reach, and where the benefits are substantial” Emerson said, urging his fellow trade ministers to brainstorm on how to close the remaining gaps in that area of the negotiations.

Trade facilitation has been touted as an issue that could benefit both developed and developing countries alike.

In Paris, trade ministers are also expected to address the “early harvest” issues – mostly developmental matters – as promised at last year's Ministerial Conference.

Upcoming Events

- OECD Forum, May 22–24, 2012, Paris (France)
- APEC Ministers Responsible for Trade, June 4-5, 2012, Kazan (Russia)
- CETA, Week of June 4, 2012, Ottawa (TBC)
- G-20 Summit, June 18-19, 2012, Los Cabos, Baja California Sur (México)
- TPP Round XIII, Week of July 2, 2012, December (TBC)
- Trade Facilitation Negotiating Group, July 9–12, 2012
- WTO General Council, July 25-26, October 3-4, December 19-20, 2012
- APEC Leaders Summit, September 2–9, 2012, Vladivostok (Russia)
- Regular Agriculture Committee, September 20-21, November 14-15, 2012
- WTO Public Forum, September 24–26, 2012
- TPP Round XIV, September (TBC)

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