

Mexico to Join TPP

The 9 countries involved in the Trans-Pacific Partnership Agreement (Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, the U.S. and Vietnam) will welcome a new Member after they have extended an invitation to Mexico to join the negotiations, pending successful conclusion of their domestic procedures.

The announcement was made by U.S. President, Barack Obama, the morning of June 18 after a head to head meeting with Mexican president Felipe Calderón, who hosts of the June 18-19 G-20 Summit. Mexico expressed its interest in joining the TPP last November. The country has completed its consultations with all nine TPP partners and assured the U.S. that “it is prepared to conclude a high-standard agreement that will include issues that were not covered in the North American Free Trade Agreement (NAFTA),” a U.S. Trade Representative (USTR) statement said.

“We are delighted to invite Mexico, our neighbor and second largest export market, to join the TPP negotiations,” USTR, Ron Kirk said. “Mexico’s interest in the TPP reflects its recognition that the TPP presents the most promising pathway to boosting trade across the Asia Pacific and to encouraging regional trade integration. We look forward to continuing consultations with the Congress and domestic stakeholders as we move forward.”

“[A]t this time of recession in some areas of the world, of a slowdown in others, the TPP, or Trans-Pacific Partnership, perhaps represents the greatest potential area of growth in an entire decade. So this is a great piece of news for Mexicans because it implies jobs and economic growth for at least the next two decades,” said president Calderón said, adding that the invitation is a testimony of Mexico’s important on the global scene.

“I know that other nations want to join the TPP, and I hope that they’ll be able to do that soon” Calderon said, alluding to Canada and Japan and other Latin American countries that have shown interest in joining the negotiations.

“Clearly, current members of the TPP have recognized the possibilities of what this means and the contribution to the Mexican economy in being part of this process.”

The U.S. Administration will have to undertake a 90-day consultation period with its Congress on a negotiating objective with Mexico, as well as seeking public comments about its intent to include its southern neighbor in the TPP negotiations.

In the meantime, all 9 TPP Members will gather in San Diego, California on July 2–10 for their 13th round of negotiations.

G-20 to Back LDCs Accession, Trade Facilitation

G-20 Leaders will gather in Los Cabos (Mexico) on June 18-19 in a meeting that will likely be dominated by the European debt crisis and the results of the Greece parliamentary elections. The EU later is expected to gather its leaders at a summit in Brussels on June 28-29. The outcome of the meeting is likely to shape the future of the euro, hence, the global economy. Already several countries such as China have expressed their concern about the potential impact that the European crisis may have on them and ask for a G-20 action plan that will boost demand.

“[W]e are going to be very busy over the next day and a half. The world is concerned about the slowing of growth that has taken place. A lot of attention has been centered on Europe. Now is the time, as we’ve discussed, to make sure that all of us join to do what’s necessary to stabilize the world financial system, to avoid protectionism, to ensure that we are working hand-in-hand to both grow the economy and create jobs while taking a responsible approach long term and medium term towards our fiscal structures,” president Obama said.

“I think the election in Greece yesterday indicates a positive prospect for not only them forming a government, but also them working constructively with their international partners in order that they can continue on the path of reform, and do so in a way that also offers the prospects for the Greek people to succeed and prosper.”

On the trade file, G-20 leaders (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, South Korea, Russia, Saudi Arabia, South Africa, Turkey, Britain, U.S. and the EU) are looking to endorse the decision to operationalise some of the decisions taken at the last WTO Ministerial Conference (MC8) which will see Members concluding the work on LDC’s Accession and take on trade facilitation (TF).

“We are encouraged by the work of trade ministers and direct them to seek early agreement in the WTO on strengthening trade facilitation that will help reduce transaction costs significantly for all economies, especially developing economies,” a statement released ahead of the Los Cabos meeting reads.

Trade facilitation is believed to be beneficial to both developed and developing countries alike. Officials said there is no opposition to conclude the talks in this area of the negotiations as all Members appreciate the importance of the issue. However, the problem here is twofold:

1. Members differ on whether or not the agreement should be done on a stand-alone basis. The band of developing countries is split on the issue. ACP, SVE and LDCs argue that TF progress should entail parallel movement on both rules and trade capacity building as envisaged in the negotiating mandate. However, emerging economies, notably India and Brazil, argue that partnering TF with LDC issues lacks sufficient potency and is therefore inextricably imbalanced.
2. The second concern is related to matching TF commitments with technical/financial capacity required by developing countries to implement these commitments. It is legally meaningless for ACP countries to schedule commitments in which we have no capacity to deliver, the ACP once claimed.

However, the leaders will pledge to resolve this latter issue in order to close the TF negotiations as soon as possible. “[W]e undertake to effectively address the special needs of the LDCs for financial and technical assistance so that they are able to implement enhanced disciplines in this area,” the G-20 draft statement says.

Emerging economies such as Brazil and India are also pushing to add agriculture to the Trade facilitation-LDCs package. The Brazilians, observers say, are looking to add export subsidies and TRQ administration in the package while others like Argentina and South Africa also look for more controversial issues like cotton and duty free quota free to be included among the early harvest.

Upcoming Events

- G-20 Summit, June 18-19, 2012, Los Cabos, Baja California Sur (México)
- Services Plurilateral Talks, week of June 25
- TPP Round XIII, Week of July 2, 2012, December (TBC)
- Trade Facilitation Negotiating Group, July 9–12, 2012
- CETA, Week of July 23 (TBC) September, 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)

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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Legal Deposit: National Library of Canada, ISSN 1496-9254



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