

Comprehensive Economic & Trade Agreement (CETA)

While in Mexico from November 12–14, EU Trade Commissioner, Karel De Gucht, was asked by Reuters about CETA and provided the following response: “Hopefully we are very close to closing a deal. On both sides we have a very clear desire to wrap up the deal before the end of the year”.

This has prompted some to already claim that the EU and Canada won’t be able to close the remaining gaps at the November 22-23 ministerial meeting in order to conclude CETA by the end of the year.

Commissioner De Gucht said he remains optimistic about the completion of the talks before next year, but warned his European counterparts not to expect too much out of the upcoming ministerial gathering. “We should have no illusions [...] there are still a number of difficult issues to tackle. So I’m not promising anything.”

The EU Trade Commissioner will meet with Canada Trade Minister Ed Fast on November 22nd while Agriculture Commissioner, Dacian Ciolos, meets Canada’s agriculture Minister Gerry Ritz to finalize the remaining political issues on the table.

Sources said, the following issues are set to be discussed by ministers: agriculture market access, Intellectual Property Rights (pharmaceutical patents & geographical indicators), government procurement, investment (market access and protection), services (financial, cultural and Mode 4 i.e. cross-border movement of professionals), automobile (Tariff Rate Quotas, Rules of Origin, standards).

The ministerial meeting could be extended to the 23rd if a possible deal is reachable. Moreover, the Commission has scheduled a meeting on November 23rd with Members to review the state of the negotiations. If both parties are unable to reach an accord at the end of the ministerial meeting, the Commission will no longer request trade ministers to decide on a deal at the November 29th council. Instead, additional time would be requested to finalize the negotiations. In this case, the Commission would simply seek ministers’ appreciation and guidance on the way forward.

EU member states are also cautious about the potential outcome of this week’s ministerial, citing the number of tough issues remaining on the table. “On rules of origin for instance, Canada and the EU are on two different planets,” one source said. According to Commissioner De Gucht, the November 22-23 ministerial meeting “would be a final opportunity to sort it out and do the necessary political arbitration.”

WTO Informal Agriculture Negotiations Meeting

Agriculture negotiations chairman, New Zealand’s ambassador to the WTO, John Adank, convoked delegates to an open-ended meeting on November 16th to debrief them on the consultations he had undertaken the past few weeks on issues of the 2008 draft modalities text that could be delivered as part of the early harvest package – along with trade facilitation and a group of development-oriented issues such as flexibilities in special and differential treatment for developing countries – at the 9th Ministerial Conference scheduled to take place in Bali on December 2013. It is with that objective in mind that Brazil, on behalf of the G-20 group of developing countries, tabled two informal papers last September on TRQ administration and export competition.

Ambassador Adank said he noticed, despite some hesitations, that Members generally consider striking an early agriculture deal along with other subjects currently discussed as early harvest, to be very important for the way forward. As such, he praised delegations’ “willingness to engage” in the consultations on TRQ administration “even if the consultations have predictably revealed a range of sensitivities.”

“It's fair to say that I have not heard ‘no’ from any member on the idea that tariff rate quota (TRQ) administration might form part of a broader range of Doha-related decisions taken forward next year, even if it's not possible to say that there has been an unreserved ‘yes’ to the specific proposal of the G-20,” Ambassador Adank told the full membership.

The G-20 paper asked that the WTO secretariat perform updated studies on TRQ administration and more specifically on their fill rate percentages between 2002 and 2011. The group also provided an “understanding” piece on TRQ administration under Article 2 of the Agreement on Agriculture whereby problems of persistent under-filled TRQs (i.e. when the fill rates are below 65% for 3 consecutive years) would be analyzed by the WTO, to determine whether the problem is due to market circumstances or how the TRQ is administered, in which case the country may be requested to change the way the TRQ is administered.

At the open-ended meeting, many countries, starting with Members of the G-20 and the Cairns Group led by Australia, threw their support behind the proposal, even though they wanted the proposed disciplines to be more ambitious. Some countries have stressed that TRQ administration – considered one of the rare issues inside the draft ‘08 modalities text that doesn't contain square brackets – was a good candidate for the early harvest package.

However, at the meeting other countries, such as Japan, cautioned that although the provision is considered “stable”, it would not on its own reflect the negotiated balance on market access currently existing in the 2008 draft modalities text.

More Papers Expected by the Year's End

The G-20 group has also requested that the WTO secretariat update Members on the use of export competition (export subsidies, export credits, export credit guarantees and insurance programmes, states' trading enterprises and food aid).

The G-10 group has also asked for a Secretariat paper on export restrictions while other Members said they are also contemplating other agricultural topics for early agreement. Sources cited Brazil which will soon table a paper on cotton.

The Secretariat, meanwhile, is set to assemble information on TRQs, export competition and export prohibitions and restrictions. Ambassador Adank believes some of these papers could come out before the end of 2012 and the rest will follow early in 2013.

In the meantime, he urged delegations to reserve their comments for after the papers are released instead of “negotiating too much” in advance about their content.

Public Stockholding for Food Security Purposes

Meanwhile, the G-33 group has circulated an unofficial paper outlining a number of provisions concerning food security which would allow government stockholding and purchases from poor farmers at supported prices to be considered green box subsidies as they would not distort trade, the group said.

The group described this proposal as one of the “stable” provisions of the draft 2008 modalities as, much like the TRQ administration, there are no square brackets around the text and suggested that the provision be also listed among the early harvest issues.

The proposal was “cautiously” received by Members, one official said. If some like G-20 and G-33 countries highlighted its importance in light of the current high food prices, others said they need more time to analyze the proposed provisions. The EU asked G-33 Members to explain how the provisions would be used while the U.S. argued that the Annex B of the 2008 draft modalities has hardly been discussed in depth by Members. Others like Australia, New Zealand and South Africa stressed that the reform of global trade in agriculture through a completed Doha Round would be the best way to boost food security.

MPs Call for Conclusion of the Doha Round

Gathering at the annual Parliamentary Conference on the WTO on November 16th, more than 250 Members of Parliament and parliamentary experts attending the meeting, organized jointly by the International Parliamentary Union (IPU) and the European Parliament, said they would use “all political means available” to bring Doha Round to a successful ending.

In a communiqué released at the end of the meeting, the group expressed “deep concerns at the lack of progress on the negotiations” calling for “a balanced but ambitious development orientated outcome” that would put an emphasis on “achieving quick progress on development-related issues.”

Discussions at the conference touched on issues such the importance of trade in the fight against rising unemployment around the world as well as the role of the WTO as a safety net against growing protectionism in time of global financial crisis.

“It was an opportune moment to reconsider the nature and magnitude of the financial sector in globalization and rebalancing the global finance and trading systems to make them work for the poor was part of that challenge.” The MPs said in their concluding statement, adding that Doha Round play a “key part of that solution.”

The WTO, they added, needs “a strong and effective parliamentary dimension to its work,” given the role played by parliaments in “over-sighting international trade negotiations and the implementation of trade agreements.”

Trans-Pacific Partnership

Make it one more ASEAN country interested in joining the TPP talks. At the occasion of U.S. president Barack Obama’s visit to Thailand on his way to Cambodia for the East Asia Summit, the U.S. President and Thai Prime Minister, Yingluck Shinawatra, held a joint conference on November 18th, announcing Thailand’s interest in joining the Trans-Pacific Partnership (TPP).

The move is only the first step in joining the group, of now 11 countries, as each of the current TPP member countries will have to approve Thailand’s bid before consultations on its entry could start. The Thai government would also need an approval from its Parliament before beginning negotiations with TPP Members.

Thailand’s interest to join the negotiations should be widely embraced by current TPP members whose strategy is to expand the agreement to Asian-Pacific Economic Cooperation countries. This is also seen as a way to counter another regional free trade negotiation set to be launched later this week on the sidelines of the East Asia summit.

Observers are anticipating the official launch of the Regional Comprehensive Economic Partnership (RCEP) or ASEAN + 6 – comprising of ASEAN (Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Myanmar, Cambodia, Laos, and Vietnam) and Australia, New Zealand, India, Japan, South Korea, and China (which, some argue, has been deliberately left off the TPP agreement).

Thailand’s government see the TPP as an opportunity to gain increase access to the U.S. market but also Canada and Mexico those with which the country does not have an FTA. So far Thai stakeholders have expressed concern over some sensitive sectors such as finance, information and communications technology, intellectual property and telecommunications.

Upcoming Events

- CETA Ministerial Meeting, November 22-23, 2012
- Services Plurilateral, December, 2012
- TPP Round XV, December 3-12, 2012, Auckland (New Zealand)
- WTO General Council, December 11-12, 2012
- MC9, December 2013, Bali (Indonesia)
- Regular Agriculture Committee, March 26, September 4, November 12, 2013

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