

Geneva Watch

An overview of the WTO negotiations on agriculture

Gut-Check Exercise

On April 11th, World Trade Organization (WTO) Director General, Pascal Lamy, convened an informal Trade Negotiations Committee (TNC) meeting to evaluate where Members stand with respect to the Bali Ministerial Conference (MC9). This so-called, “Bali Stocktaking” session provided something of a reality check for the full Membership in their quest to deliver a substantial outcome at the MC9.

Lamy went through the entire Bali package (trade facilitation, agriculture and least-developed countries (LDC) issues) as it currently stands, and with about 27 working weeks remaining before the Ministerial Conference, could only report limited progress on substance.

Trade Facilitation (TF) – the central piece of this package – is embroiled in an ambition quarrel. Agriculture remains stalemated, although the G-20 proposal on TRQ administration received good reviews, but that could not be said for the G-33 proposal on public stockholding for food security and domestic food aid. Contrasting views have emerged on what could be achieved on export competition, while Members are still awaiting proposals from the LDC group on preferential treatment to services of LDC, duty-free quota-free (DFQF), rules of origin and cotton.

Reactions

All delegations share Lamy’s sense of urgency and agreed with him that the time has come to accelerate the pace of the negotiations or otherwise face the risk of yet another failed ministerial conference. Perhaps no other delegate was as blunt as the U.S. Ambassador to the WTO, Michael Punke, who questioned Members’ commitment to deliver something concrete in Bali.

“We have not seen the ‘meeting of minds’” in most of the issues under the Bali package, Punke said, citing the G-33 proposal on public stockholding as an example.

“Frankly, the very essence of this proposal is confusing and concerning. Since the beginning of the Doha Round [Doha Development Agenda or DDA], developing countries have made clear that they view disciplines for the reduction of trade-distorting agriculture subsidies as one of the fundamental goals of the Round. Instead of creating new disciplines to reduce agriculture subsidies, the G-33 proposal represents a step back from existing Uruguay Round disciplines – creating a new loophole for potentially unlimited trade-distorting subsidies,” Punke said.

He warned against new proposals on agriculture, claiming that beyond the G-20 proposal on TRQ administration – which is seen as calibrated for Bali as it “does not immediately call into question the broader balances within the agriculture pillar – or with other pillars” – any Member tabling new proposals should be ready to face a counter offer on market access, Punke declared. “Frankly, we are highly skeptical that potential proponents are ready for this type of discussion, and so the likely result, if we go down this path, will be continued impasse. Do we really want to watch this movie again?” the U.S. ambassador asked.

No Bali, No DDA

At this stage, a “change in mind-set” is needed, Lamy told the full Membership. “Without rapid acceleration and real negotiations, it is highly probable that you will not see the deliverables you desire in Bali,” he added.

Punke echoed his analysis linking the fate of the entire DDA to the fate of Bali. “If Bali fails, it is hard to imagine how Doha can succeed. It defies logic to believe that, if we fail to deliver on the easier issues that the WTO is capable of delivering on the more difficult issues – issues at impasse now for more than a decade.” China’s ambassador to the WTO, YI Xiaozhun, agreed going as far as to claim that failure in Bali is not only the defeat of the Doha Round, but also the loss of the multilateral trading system.

“The glint of hope today is that we still have time – though only just barely – to adjust our course,” Punke reminded, urging senior officials from capitals to get involved in the process.

Lamy, for his part, vowed to accelerate his own consultations. He will convene Green Room meetings with key WTO ambassadors every two weeks starting May 1, “to look horizontally at progress in the three areas (TF, agriculture and LDC issues) and engage in negotiating substance.”

At the same time, political support would be sought at the Asia Pacific Economic Cooperation (APEC) trade ministers meeting in Surabaya (Indonesia) as well as the traditional mini-ministerial meeting in Paris on the sidelines of the Organization for Economic Cooperation and Development (OECD) annual forum, to inject badly needed momentum into the process.

Selection of the Next Director General

On April 12th, the selection committee comprised of the General Council’s chair, Pakistan’s Ambassador to the WTO, Shahid Bashir; the Dispute Settlement Body’s chair, Canadian ambassador Jonathan Fried and the Trade Policy Review Body’s chair, Sweden’s ambassador Joakim Reiter, unveiled the names of the four candidates who have been eliminated from the race for the WTO top job.

“The results were clear and unambiguous,” said Bashir before naming Alan John Kwadwo Kyerematen (Ghana), Anabel González (Costa Rica), Amina C. Mohamed (Kenya) and Ahmad Thougan Hindawi (Jordan) as the four candidates who were considered by Members as the least likely to attract consensus and who were therefore asked to withdraw from the race.

The second Round is set to begin on April 16th with the five remaining candidates i.e. Mari Elka Pangestu (Indonesia), Tim Groser (New Zealand), Herminio Blanco (Mexico), Taeho Bark (Republic of Korea) and Roberto Carvalho de Azevêdo (Brazil). This time, Members will be asked to select their two preferred candidates to go into the final Round after the second round’s results are unveiled on April 24th.

TPP – USTR Completes Consultation with Japan

On April 12th, Acting U.S. Trade Representative, Demetrios Marantis, announced that the USTR has completed its bilateral consultations with Japan regarding the Trans-Pacific Partnership (TPP). The focus of these consultations was on automotive, insurance sectors and Japan’s non-tariff barriers (NTB).

“The United States and Japan have successfully completed these consultations by concluding a robust package of actions and agreements with Japan in the automotive and insurance sectors, as well as other non-tariff measures,” a statement released by the USTR reads.

“As a result, we are pleased to welcome Japan’s participation in the TPP negotiations pending a consensus agreement among the current TPP members and the completion of our respective domestic processes. Japan’s entry into this important initiative for the Asia-Pacific region will help it to deliver significant economic benefits to the United States, Japan and the Asia-Pacific region.”

Japan’s formal inclusion into the TPP will still have to wait until the U.S. finishes its 90-day consultation process with Congress. U.S. insiders said about 58 members of Congress have opposed Japan’s entry into the TPP. Some of those political figures are directly linked to the U.S. auto industry (e.g. Michigan) which has taken a strong position on Japan not to be included in the talks. However, the same source said the U.S. Senate, as a whole, is willing to get Japan into the TPP as soon as some sort of agreement – even not very succinct – that would aim at easing U.S.’s export of automobile to Japan is reached.

Beside the U.S., Japan seems to have already secured the approval of every other TPP Member.

Upcoming Events

- WTO DG Selection; Round 2, April 24, 2013
- APEC MRT, April 20-21, 2013 Surabaya (Indonesia)
- Panel of Experts' Report: "Defining the Future of Trade", early April, 2013
- Green Room, every fortnight starting May 1, 2013,
- General Council, May 1-2, July 24-25, Oct. 8-9, Nov. 5-6, 2013
- TPP Round XVII, May 15-24, 2013, Lima (Peru)
- OECD Annual Forum, May 27-31, 2013, Paris (France)
- Informal TNC, May 31, 2013
- Regular Agriculture Committee, June 13-14, September 4, November 12, 2013
- Deadline for Bali Deliverables, August, 2013
- WTO Public Forum, October 1-3, 2013
- APEC Leaders Summit, October 1-8, 2013
- WTO 9th Ministerial Conference (MC9), December 3-6, 2013, Bali (Indonesia)

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

