

## **TPP Negotiators Aim to Close All Technical Work by the End of August**

TPP negotiators wrapped up the 18<sup>th</sup> Round in Kota Kinabalu on July 25<sup>th</sup> by welcoming and briefing Japan – the group’s 12<sup>th</sup> member – on the state of play in the negotiations. The round tackled 13 chapters in total – investment, non-conforming measures, competition, market access, rules of origin (RoO), technical barriers to trade (TBT), financial services, e-commerce, temporary entry, intellectual property rights (IPR), environment, government procurement (GP), and legal and institutional affairs – in which negotiators claimed to continue making progress on resolving the technical issues. In effect, the group reported reaching agreement on a wide range of technical matters in the legal texts of chapters such as market access, RoO, TBT, investment, financial services, and e-commerce.

In addition, the host of the 18<sup>th</sup> Round, Malaysian chief negotiator, J. Jayasiri declared that negotiators were also able “to narrow differences” in difficult areas of the talks paving the way for a “possible early closure” of certain topics.

On the more challenging subjects (e.g., IPR, environment and state owned enterprises (SOEs)), Mr Jayasiri said negotiators were exploring further options to advance work in the negotiating groups. This is the case of market access for industrial agricultural and textile and apparel products, where the group agreed to step up their work to meet the objective of concluding a high-standard, comprehensive agreement this year, as directed by TPP leaders, the Malaysian chief negotiator explained.

“We are now entering the stage where negotiators have to deal with the more difficult and sensitive issues,” added Jayasiri who remains hopeful that the plans for intersessional work will allow more issues to be “closed” in Round 19 scheduled for August 22<sup>nd</sup>-30<sup>th</sup> in Brunei Darussalam.

That being said, negotiators appeared to diverge on how to get there. “We all have different views” on how to move on the remaining issues, US negotiator, Barbara Weisel said, adding that negotiators will have “to work together to find appropriate compromises to come to a conclusion” – a goal that is likely to be complicated by the addition of Japan in the talks even though the latter pledged to integrate quickly and smoothly into the process.

The complication was evidenced by negotiators uneasiness when asked about Japan’s desire to shield five agricultural products (dairy, wheat, rice, sugar, and meat (pork and beef)) from the tariff elimination. Ms Weisel deflected the question to her Japanese counterpart who stressed that his country’s positions are well known and will be addressed in due time.

President Obama’s call for completing the talks by the time of the APEC Leaders meeting in Bali this October, has been the driving force behind the increased pace in the talks in Kota Kinabalu. To help deliver on this, it was reported that each negotiating group has developed a detailed plan for closing remaining issues and completing their work this fall.

It was reported that the new US Trade Representative, Michael Froman, plans to engage regularly with other TPP ministers in the coming weeks, ahead of the next round, to find solutions to the sensitive issues that remain, guide the work of negotiators, and keep the negotiations moving expeditiously toward a high-standard outcome the TPP Leaders agreed to seek.

## **Lamy - Bali Package Two Thirds Full**

WTO Director General Pascal Lamy chaired his last trade negotiations committee meeting of his eight year tenure at the helm of the WTO. The gathering served as what Lamy referred to as “the last petrol station on the Bali highway” i.e. an assessment of where Members stand on a set of issues to be agreed at the WTO 9<sup>th</sup> Ministerial Conference in Bali this December (MC9).

The DG provided a detailed readout on all the issues of the Bali package. Some progress was achieved on the three major agricultural topics – public stockholding for food security and domestic food aid, export competition and TRQ administration – but a lot of work still remain to close out these issues. In effect, there has been some convergence emerging around a “declaration/communiqué” on the public stockholding for food security and domestic food aid program to recognize in general terms the policies under the Uruguay round’s agreement on agriculture (AoA).

“[T]he discussions in this area have moved into serious consideration of the parameters of possible solutions. Moving towards convergence is doable, but remains to be done,” Mr Lamy said.

On export competition, Members continue to diverge on whether this should be among the Bali deliverables. The G-20 group of developing countries asks for a “symbolic” commitment to be undertaken in Bali – a sort of down payment on the elimination of export subsidies as agreed at the Ministerial Conference in Hong Kong in 2005. On the other hand, developed countries such as the EU and the US, said they remain prepared to eliminate their export subsidies but claim that the conditions under which they could modify the legal commitments in this area are not met.

“A partial implementation of the export competition pillar – or even the full implementation of the export competition pillar without accompanying delivery of other key elements of the Doha package – is therefore not seen by these Members as a viable option for the Bali meeting,” Lamy said. The issue, Lamy added, requires “in-depth reflection by Members on the various options available, so that the discussions can restart immediately after the summer break.”

“[T]his is a political issue which will require political input,” he added. The issue of TRQ administration meanwhile remains the only topic that seems to create consensus thus far as delegations consider this a useful topic “to explore for possible decision in Bali.”

Progress has also been reported on the issue of trade facilitation considered as the center piece of the Bali package. Members were able to narrow some of the gaps present in the text, looking to finalize their negotiations this fall by focusing on the more sensitive areas of the talks via a three leg program:

1. Further technical scrubbing of the text.
2. More involvement of capital based officials to take on the more political issues and speed up the process, and finally
3. Members to submit proposals on various on parts of the draft Agreement that have been left aside thus far and on which technical and legal work will need to be tackle early September.

Members will also take on the four LDC issues — duty free, quota free market access (DFQF); rules of origin; cotton; and implementation of the LDCs services waiver. The onus falls on the LDCs group to push their proposal forward on those issues. However, DFQF and Cotton are long shots as the US expressed major concerns on both issues, trade observers say.

Lamy said his overall assessment of the state of play in the negotiations is that “the road to Bali is much clearer than two months ago.”

“There has been a relatively good level of refuelling from all formats of consultations,” he told the full membership, adding that he was encouraged by the “the increased level of momentum in substantive engagement.”

“I also believe that you are in a better shape to resolve these issues in the time between now and Bali. I would say that the glass is two-thirds full.”

## Upcoming Events

- [ASEAN Trade Ministers Meeting](#), August 20-24, Brunei Darussalam
- [TPP Round 19](#), August 22–30, 2013, Brunei Darussalam
- [Regular Agriculture Committee](#), September 4, November 12, 2013
- [The G20 Leaders' Summit](#), September 5-6, 2013 St. Petersburg (Russia)
- [General Council](#), Oct. 8-9, Nov. 5-6, 2013
- [WTO Public Forum](#), October 1–3, 2013
- [APEC Leaders' Summit](#), October 1–8, 2013
- [WTO 9<sup>th</sup> Ministerial Conference \(MC9\)](#), December 3–6, 2013, Bali (Indonesia)