

Geneva Watch

An overview of the WTO negotiations on agriculture

It's Crunch Time!

"Today marks the beginning of our count-down to identify all landing zones in our three Bali deliverables," WTO Director General, Roberto Azevêdo, told the full Membership during an informal trade negotiations Committee (TNC) meeting on October 14.

Strengthened by various support he received throughout last week – ranging from APEC (Asia-Pacific Economic Cooperation) countries calling for negotiators to "redouble their efforts" to close the gap on the Bali package and help "put the negotiating function of the WTO back on track"; to India Commerce and Industry Minister, Anand Sharma's sudden willingness to show flexibility on the peace clause for food security and trade facilitation; to the World Bank's, the International Monetary Fund's (IMF) and four regional development banks' pledge this past weekend to provide a financial support in the area of trade facilitation to developing countries. Azevêdo declared that he will start intensive consultations on specific key issues with key countries to find appropriate landing zones for a successful Ministerial Conference in Bali this December.

"From today, every hour is a working hour, and every day a working day," he repeated. "In just a few weeks' time, we will have a clear idea of whether or not the Bali package can be done," Azevêdo said as he gets ready to tackle a parallel process to the ones run by the chairs of the negotiating groups involved in the Bali Package.

Delegates have shown an increased level of engagement not seen the past few years, yet the pace was considered still "far too slow" for success in Bali, Azevêdo said during last week's General Council meeting. There are still significant challenges remaining on a number of important issues where political decisions are required in order to reach consensus. This was the reason why he sent letters to trade ministers on September 30th for them to provide the necessary power for ambassadors to decide on political issues to move the talks forward.

In the area of agriculture, the negotiating group chairman, New Zealand Ambassador to the WTO, John Adank, provided a detailed readout of where Members stand on the Bali package. Ambassador Adank believes that a deal on TRQ administration is within reach. "In general, my sense remains that Members would like to see an outcome delivered in this area for Bali," Adank said. The problem here is whether Members accept that emerging countries – namely China – benefit from the special and differential treatment provision.

The focus of his consultations, meanwhile, has been put on food security and export subsidies. Regarding the former, countries continue to show support for the peace clause, but questions remain as to whether it will take the form of a political statement or a "temporary waiver" that would be somewhat legally binding. On this there is no convergence.

In addition, decisions remain to be taken on the duration of the provision i.e. how long it would last? Some countries want to keep the peace clause in place until a final agreement is reached on the Doha Round.

The coverage of the clause is also source of concerns – whether it would be made general to cover all products or only designed for specific products (staple foods). Safeguards are also an issue as Members are looking for specific actions to be agreed upon in order to prevent spillovers from affecting international markets.

Finally, Members will have to decide on the type of information they will have to report to make their respective food security programs transparent.

"Many Members have recognized that by discussing in some detail, transparency requirements, conditionality and safeguards, Members had already taken steps towards elaborating quite specific requirements on which the flexibility will be dependent," ambassador Adank said.

On the issue of export competition, divergences still persist. The EU, the U.S., Switzerland and Norway are against slashing the level of their export subsidies in half. Even if the use of export subsidies has been significantly reduced lately, the suggested 50% cut would greatly impact Norway and Switzerland.

Ambassador Adank said Members could agree on a possible ministerial message which condemns all forms of export subsidy and their effects on world trade. The message could renew the pledge to eliminate them, even if they have not been used much lately. The plan would then be to agree to work actively post-Bali towards eliminating the subsidies, and to improve information sharing on export subsidies. However, Argentina which has been one of the primary drivers behind the G-20 proposal, threatened to not join the consensus if nothing is done on export subsidies.

“The priority now is to capture in a more concrete way the convergence that I have described earlier, but also not shy away from highlighting the key areas of divergence that we also have to bridge,” ambassador Adank said.

Another General Council meeting is expected to take place on November 5-6. The aim is to have all documents/Bali decisions ready by then and sent to capitals for approval before heading to Bali for the MC9. However, WTO official said the date of the November General Council meeting remains flexible as it may have to be delayed to allow more negotiations to take place in Geneva.

TPP Leaders Reiterate Ambition to Conclude Negotiations by 2013

In a statement released on October 8 on the sidelines of the APEC summit, Leaders of the 12 Trans-Pacific Partnership (TPP) countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam) stressed that they remain committed to resolving all outstanding issues, with the aim to reach an agreement by the end of this year that would take into account the diversity of their levels of development.

“Ministers and negotiators have made significant progress in recent months on all the legal texts and annexes on access to our respective goods, services, investment, financial services, government procurement, and temporary entry markets,” the statement reads.

TPP negotiators have been meeting intensively throughout the summer and into September to produce a report on the status of the negotiations for their ministers. In addition, trade ministers have met on the eve of the 19th round in Brunei, and again on the margins of the APEC summit in early October to “address specific issues and provide guidance” to negotiators. The subsequent report, drafted to respond to Leaders’ concerns on October 8th, stressed that the group is “moving closer to finalizing” an agreement.

However, according to various trade observers monitoring the talks, TPP members are far from completing a deal on several chapters, including the most contentious ones: i.e. state-owned enterprises (SOEs), intellectual property rights (IPR), environment, and market access. In the SOEs chapter, talks have just started on the basis of a blended proposal tabled by the U.S. and Australia, but several Asian countries such as Malaysia and Singapore have expressed concerns. On IPR, several intersessionals have been scheduled to catch up with the rest of the chapters, as this chapter remains the most challenging area of the negotiations.

In the environment chapter, the differences are also vivid. The standards were revised downward to meet the concerns expressed by some countries. Sources close to the negotiations said most countries don’t want any binding commitments that would expose them to potential trade disputes.

On market access, negotiations on the tariff elimination have yet to begin. Countries have exchanged tariff offers, but it still remains unclear whether/how members will establish common TPP tariff schedule when countries like the U.S. continues to proceed with a bilateral approach enabling them to shield as many tariff lines as they can from a complete elimination.

The Trade Ministers Report to Leaders states that on market access for goods, the group has “agreed on a timeline for progress in order to accelerate the pace of their work and finalize the overall package on the timeframe Leaders envision.” This makes reference to the four step plan elaborated at the 18th Round in Kota Kinabalu, and which sets targets to achieve by the market access group with the aim of letting all TPP partners know how a given country intends to deal with its tariffs: i.e. complete elimination, gradual phase out period, or exemption from the tariff elimination.

“Much progress has been achieved, but agreement remains outstanding on treatment of the most sensitive products,” the Trade Ministers Report to Leaders stressed adding that “chief negotiators and team leaders are coordinating the work of each of the goods market access teams in order to move the process forward successfully.”

Furthermore, the report states that additional work remains on services, investment and government procurement. On rules of origin, the group has “agreed to develop trade-facilitating rules of origin that encourage cumulation across the region,” trade ministers said in their report. They also say that negotiators are also finalizing work on four cross-cutting issues: regulatory and other non-tariff barriers; competitiveness and business facilitation; small and medium-sized enterprises; capacity building, cooperation, and development

As the negotiation continue to intensify, trade ministers pledged to remain “actively engaged” in the process “to find creative, pragmatic, and flexible approaches to resolve outstanding issues.” The group is encouraged by the growing interest of other APEC countries, such as Korea and Thailand, which have demonstrated toward joining the TPP and “stand ready to engage with them to facilitate their participation following the completion of the initial agreement.”

Upcoming Events

- Intensive Consultations on Bali Package, October 14–31, 2013
- Deadline for Bali Package, October 31, 2013
- General Council, Nov. 5-6, 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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