

Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

TPP into the Fourth Quarter?

There are many expressions in American professional sports that are designed to describe crunch time. “The fourth quarter” is one of them. In basketball or football, this means there is little time left before the match concludes which in turn enhances the intensity of the game and inspires players to deliver big plays to lead their teams to victory. It is this analogy that U.S. Trade Representative, Michael Froman, used to describe the phase the Trans-Pacific Partnership negotiations (TPP) have entered since the beginning of this year.

“With the contours of a final TPP agreement coming into focus and strong expressions of bipartisanship support for increasing ‘Made-in-America’ exports, it’s looking like some of that excitement will be in the area of trade policy,” the USTR said in a speech delivered to the U.S. National Association of State Departments of Agriculture last week.

“An important part of our fourth-quarter push involves working with Congress to secure Trade Promotion Authority [TPA] – to renew that, update it, make it relevant for the 21st century,” he added.

TPA has become a very important issue for the talks to conclude. The USTR, who in the past has claimed that a strong TPP deal would ultimately lead U.S. lawmakers to grant President Obama with TPA, is now promoting the exact opposite and this because many TPP countries – including Japan and Canada – have highlighted the importance of the authority being granted to President Obama to ensure that a potential TPP deal is not re-opened by U.S. Congress.

Japan, Canada, Malaysia and Vietnam have come under fire lately in U.S. political circles. Various high profile politicians and stakeholders are now accusing them of slowing progress in the negotiations.

“If you’re an American poultry producer, you’re facing

import quotas in Canada, tariffs up to 12% in Japan and 40% in Vietnam. If you’re an American tree nut producer, you’re facing tariffs of up to 10% in Japan, 20% in Malaysia, and 20% in Vietnam,” Froman cited as examples of barriers that hurt American exports.

“Meanwhile, competitors like Australia, New Zealand, Chile, and others are able to sell their own agricultural products in key markets without facing the same barriers,” he added making reference to last year’s Japan-Australia FTA, which resulted in a cut to Japanese beef tariffs.

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Right now, American ranchers face a 38.5% tariff on beef exports to Japan, Froman explained “but ranchers from Australia will face a tariff that is only half of that (...) imagine how much more we’ll sell when we can level that playing field.”

Meanwhile, following the February 2-3 U.S.–Japan parallel negotiations on agriculture and automobiles in Washington D.C., Japan’s negotiator, Ambassador, Hiroshi Oe appeared more cautious when talking about the time remaining before the two countries can conclude their bilateral discussion, stressing that the U.S.–Japan talks may need more than one technical meeting to resolve their remaining issues.

There is recognition from both sides that the bilateral market access negotiations should be closed prior to the next TPP ministerial meeting, which would ultimately need Froman and Japan’s trade Minister, Akira Amari, to hold their own ministerial meeting to finalize sensitive items in their parallel negotiations.

“Since last September, when Minister Amari met with Ambassador Froman, we’ve made steady progress in every meeting. You know, easy things are resolved faster, and difficult things finally remain. The time frame is tight, so we don’t want to have a failed ministerial meeting,” the Japanese negotiator was quoted as saying.

It may be that the next Froman-Amari meeting would pave the way for the broader TPP ministerial gathering to take place, which at this point has been rumored for mid-March. However, as pointed out by Ambassador Oe, the timeframe is tight and there is recognition that another failed TPP ministerial meeting won’t help the talks as both parties still have a lot of homework to do, with not so much time left.

KEY UPCOMING EVENTS

- TPP Ministerial meeting, Early March (date and location TBC)
- APEC Ministers Responsible for Trade Meeting, May 23-24, Boracay (Philippines)
- OECD Forum (WTO mini-ministerial), June 2-3, Paris (France)
- Post-Bali Work Program Deadline, July 31
- WTO Public Forum, September, 30-October 2
- G20 Summit, November 15-16, Antalya (Turkey)
- APEC Leaders’ Summit, TBD, Manila (Philippines)
- WTO’s 10th Ministerial Conference, December 15–18, Nairobi (Kenya)

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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