

Editorial: USTR Nominee has no “Deal Fever”

US President Obama’s choice for US Trade Representative (USTR) has finally appeared before the Senate Finance Committee for his confirmation. Some say the delay in his hearing is indicative of President Obama’s decision not to consider trade a high priority for his administration this year. Two weeks before next month’s critical G-20 Summit, it appears that, based on Kirk’s hearing, the US will not be rushing into an “early harvest” deal on agriculture and non-agricultural market access (NAMA), which would pave the way to a full Doha Round agreement at the end of the year and theoretically bolster the world’s economy.

Kirk’s Hearing

The US Senate Finance Committee finally held the much delayed US Trade Representative nominee Ron Kirk’s hearing on March 9. Kirk displayed a tough stance on various US trade files, claiming that he would not sign “trade deals just for the sake of doing deals,” and emphasizing that he does “not come to this job with deal fever.” He said that the office of USTR will first focus on reviewing all the pending free trade agreements – Panama, South Korea and Columbia – with the US-Panama FTA being the most ready for a congressional vote. He described the US-Korea FTA as “simply not acceptable” and refused to commit to a timeline for ratifying the US-Columbia FTA. On the WTO front, Kirk said he wants to advance the Doha negotiations “in the right way.” “I know that you want the referees at the WTO to call a foul when the rules are broken. And I agree,” the USTR nominee told the Senate Finance Committee.

Kirk is of the opinion that the Doha round needs an “adjustment” and plans to work with the US Congress to elaborate a strategy that will solve the “problem”. In essence, the US wants emerging developing countries like Brazil, India and China to commit to meaningful market access. In its annual report circulated last week, the USTR stated that it is committed to working with trading partners to ensure a strong market-opening agreement in agriculture, NAMA and services – adding that “it will be necessary to correct the imbalance in the current negotiations in which the value of what the United States would be expected to give is well-known and easily calculable, whereas the broad flexibilities available to others leaves unclear the value of new opportunities for our workers, farmers, ranchers and businesses.”

On March 9, Brazilian WTO ambassador Roberto Azevedo responded to this statement by declaring that the package on the table was good enough to resume the negotiations. “In light of the ongoing economic crisis, the gains that we could obtain from the package on the table are not to be thrown away,” Azevedo claimed. But Kirk, who is not of the same opinion, brushed aside the idea of rushing to secure a Doha round “early harvest” which could include securing modalities on agriculture and NAMA; his intention is rather to advance the overall negotiations “as expeditiously as possible.”

The USTR nominee did not ask for an immediate renewal of the Presidential Trade Promotion Authority (TPA) saying that “the president will do so at an appropriate time with proper congressional input.” On March 12, the Senate Finance Committee approved Kirk’s nomination; it now needs to be validated by the entire Senate during the week of March 16. If confirmed in time, Kirk will meet with EU Trade Commissioner Catherine Ashton who will visit Washington that same week to push for the restart of the Doha round.

Regular Committee on Agriculture (COA)

The regular COA meeting took place on March 12-13. It featured discussions on the EU's and the US's recent domestic support notifications as well as on how WTO members are implementing their present commitments in agriculture. As the committee began its first examination in a decade on how the "notification and review" process can be improved, an unprecedented number of questions were asked about countries failing to keep their notifications on their range of commitments updated.

Notifications & Review

A long list of questions posed to the US featured concerns over the new Farm Bill as well as over direct & counter-cyclical payments.

Counter-Cyclical Payments: Australia, Brazil and Japan questioned whether the US is justified in continuing to describe these payments as support not given to specific crops (non-product-specific), citing a WTO dispute ruling which had determined that part of the payment constituted support for cotton. The US countered that the payments are based on historical production records and do not require recipients to produce specific crops, or any crops at all, meaning the payments are not specific to any product.

Direct Payments: Australia, Brazil and Japan queried whether the US support paid directly to farmers can be justified as "decoupled income support" - Green Box-approved payments that are unrelated to current or future prices and production. The US repeated statements it made in November 2007, which explain that since the payments are based on historically "fixed and unchanging" base acreages and yields, they can be categorized as Green Box.

The New Farm Bill's "Average Crop Revenue Election Program (ACRE)": Argentina, Australia and Canada requested that US explain this program and outlined whether the support would be placed in the Amber Box category. The US provided some explanations but said that since actual support under the new program has not been notified yet, it could not yet comment on how this would be categorized at the WTO.

Questions directed to the EU focused on its value of production data, the Blue Box category and export subsidies.

Export Subsidies: New Zealand, supported by Australia, Argentina, Canada, Brazil and Pakistan, said it was disappointed to see the EU re-introduce export subsidies for dairy products and asked the EU to clarify how long this "temporary" measure would last. The EU responded by saying that no period has been determined, and that the subsidies are within the EU's WTO commitments. New Zealand argued that in the current financial crisis key players should not yield to protectionist pressures and called on the EU and US to act responsibly for the global economy and so that developing countries do not have to face distorted prices.

Referring to an EU notification on export subsidies, Australia, Canada, and the US continued to question the EU about its methods of calculating its commitments after its expansion to 27 members. (Because of various disagreements with other WTO members, the recalculations of the EU's commitments through a series of expansions have not yet been verified.)

Data: Argentina continued to question the EU about the data on the value of agricultural production in some of its new member states and Blue Box support per product. Some of its questions are related to having adequate information for the current negotiations and future commitments, Argentina said. The EU said that the question of data is complex but that it would supply what it could; it added that under the present agreement there is no obligation to supply data on Blue Box support per product. Argentina, Canada, Brazil, Australia and New Zealand disagreed, arguing that Art.18.6 of the Agriculture Agreement allows members to raise and seek information on any issue under the present reform program.

The Abolition of Blue Box "Set Aside": "Set aside" is a Blue Box condition requiring farmers not to produce supported crops on part of their land, so that the support is less prone to over-production than if there were no constraints. Argentina asked for explanations on how the new programs would be classified. The EU said that this was part of its move towards least-distorting Green Box "decoupled" (unrelated to present and future prices and volumes) income payments. Argentina commented that allowing crops to be planted on land that was previously set aside would have an effect on production.

Overdue Notifications

A number of questions were asked about overdue notifications, which some delegations pointed out is relevant to proposals in the current negotiations, as well as to strengthen members' monitoring and surveillance of how commitments are implemented. Delegates said the previous assessment of notifications was in 1998/99.

Argentina, Australia and Canada questioned the EU, Egypt, Iceland, India, Indonesia, Korea, Malaysia, Mexico, Turkey and the US about their overdue information on a range of subjects.

Most replied that they were trying to supply the information quickly. Comments were largely sympathetic about the difficulties, ranging from a shortage of knowledgeable staff among developing countries to the difficulty of compiling data in federal or decentralized political systems in both developed and developing countries.

An informal discussion produced a number of ideas, which will be developed further over the coming months. These include various methods of problem identification such as questionnaires and workshops, and means of ensuring know-how is preserved and shared between various bureaucracies. This is partly in response to a request from the General Council chair to all committees for suggestions on how to reduce notification delays.

Implementation Issues

The committee has been tasked to examine three Doha Development Agenda items under the heading of "implementation," which deal with disciplines on export credit and other financing, improving the effectiveness on work under the net-food importing countries decision, and tariff quota administration.

Upcoming Events

- General Council, May 27-28, July 28-29, Oct. 13-14, Dec. 17-18, 2009
- G-20's Second Meeting, April 2, 2009 (London, England)
- Official Appointment of the WTO's DG, May 31, 2009
- India General Elections, May 2009 (at the latest)
- EU Elections, June 7, 2009
- OECD Ministerial Meeting, June 24-25, 2009 (Paris, France)
- G-8 Summit, July 8-10, 2009 (La Maddalena, Italy)
- APEC Meeting of Ministers Responsible for Trade, July 21-22, 2009 (Singapore)
- WTO Public Forum, Sept 28-30, 2009
- Ministers Responsible for Trade, July 21-22, 2009 (Singapore)

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Canadian Egg Marketing Agency, Canadian Turkey Marketing Agency 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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