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An overview of the WTO negotiations on agriculture

CETA State of Play

The Commission held a Trade Policy Committee (TPC) meeting on May 23rd to debrief its member-states on the state of play in the various trade negotiations that the EU is currently under taking. One of the most advanced Free Trade Agreements (FTA) is the Comprehensive Economic and Trade Agreement (CETA) on which the EU and Canada reached a political agreement last October. Both sides said only a handful of issues remain in order to close the deal and bring it before their respective parliaments for ratification. However, 8 months after the political agreement, the talks have yet to be finalized.

At the TPC, the Commission stated that “steady progress is being made on the last outstanding issues, but this is taking more time than one would normally expect for such negotiations.” Among the issues still at the negotiating table are financial services, which the commission said the contours of the package are emerging pending additional concessions Canada needs to make to deliver on this. The two sides also disagree on feeder services for which the Commission said a compromise proposal is on the table, but Canada has not yet agreed on it. The issue touches on feeder services between Montreal and Halifax. Feeder is the process of delivering goods to a port with the purpose of re-shipping it to another destination via a different method of transport.

Canada has requested some carve outs on intellectual property rights (IPR) related issues. This touches on investment protection which the EU said Canada’s request on Investor State Dispute Settlement (ISDS), “risks diluting its commitments on IPR.” Germany told the Commission that it needs to ensure consistency between what is agreed with Canada and what is likely to be negotiated with the U.S. in TTIP (Transatlantic Trade and Investment Partnership).

The EU has been holding consultations on the promotion of a new comprehensive financial regulation dealing with ISDS issue and whether this should be included in all EU FTAs and specially TTIP. The results of the consultations could have an impact on CETA, some member-states believe, and therefore are adamant to wait for the outcome of the ISDS consultations prior to a potential CETA deal.

Among officials who voiced concerns on ISDS, Germany said the issue would likely create problem in its country if a CETA deal was submitted before the ISDS consultations on TTIP are concluded. Hungary agreed, urging the Commission to notify Canada that the topic is still far from a done deal. The Commission meanwhile said a compromise on ISDS seems to be close “but final confirmation is pending.” It reminded member-states that the TTIP consultations on ISDS had been launched based on the CETA provisions and are likely to be compatible. That being said, it urged member-states not to let CETA become a hostage of the ongoing ISDS consultations.

Among other issues creating concerns were rules of origin (RoO) for which the picture, both Poland and France said, is still unclear. However, EU Chief Negotiator, Mauro Petriccione, said the issue is down to “a couple of technical details” pertaining to “the origin derogation for cars and textiles.”

Spain, for its part, requested detailed information on how the beef and pork tariff rate quotas (TRQ) conceded to Canada would be administered. The issue is considered settled according to various observers as Canada has agreed to move away from managing the TRQ on a first-come first-serve basis, leaving the door open to a licenses mechanism. On this, the Commission confirmed that the administration of beef and pork will be done on “a classical approach based on licenses” and that the “quota under-fill mechanism” will be similar to what was agreed to at the WTO.

The World Trade Organization (WTO) TRQ administration proposal agreed in Bali in December 2013 aims essentially at improving the utilization of TRQ mechanisms. The under-fill mechanism part of the agreement intends to ensure that the TRQ meet a minimum fill rate of 65%.

Where the fill rates have been below 65% for two consecutive years, or where no notifications have been received for two consecutive years, the mechanism provides for a consultation process to be enacted with the possibility for the process to eventually result in a change of the administrative method, including moving toward a first-come, first-served basis.

The Commission hoped to finalise CETA in a matter of days. Some hoped that this could have occurred on the margins of the G-7 meeting on June 4th where Canada's Prime Minister Stephen Harper was in attendance, giving the chance to EU and Canada's leader to sort out their remaining differences. However, at the end of the G7 meeting, informed sources said a solution on the above listed issues has not yet been found. The Commission meanwhile continues to stress that it wants to finalize the deal in the coming days. However, countries such as Poland and Croatia call for "substance to prevail over speed." Most EU member states requested to have sufficient time to scrutinize and evaluate the consolidated text before it is ratified.

"[W]hile we are now of course focused on few remaining open and difficult issues, we should not lose sight of the bigger picture. We have come a long way in this negotiation. And behind us we have accumulated an excellent package of many valuable concessions making this deal one of the most ambitious FTAs we have concluded so far," the Commission reminded member states.

Sources say the CETA agreement could be presented to Member states at the next Foreign Affairs Council meeting which is unlikely to take place before the Italian presidency (July 1st). But, given the short period of time ahead before the summer break, observers believe a complete CETA deal is more likely to be presented to EU member-states this coming fall (September 19th or October 20th).

TPP Chiefs to Meet in Canada

The next meeting of the Trans-Pacific Partnership (TPP) negotiations is expected to take place in Vancouver from July 3–12, observers said. Some negotiating groups including market access will start their meeting as of the 3rd but the chief negotiators are only expected to join during the latter part of the week. The focus, the source said, will be placed on text-related issues, leaving aside the more difficult and political sensitive issues for another meeting.

Meanwhile, on June 9th, Acting Deputy U.S. Trade Representative, Wendy Cutler, and the Japanese ambassador in Washington, Takeo Mori, continued their bilateral discussions, this time focusing on autos. At the end of the meeting, the two sides claimed to have progressed on certain issues pertaining to dispute settlement.

"We are making progress everywhere," Mori told reporters after the meeting quickly adding that the two sides have not yet been able to reach a complete agreement. The talks on autos are expected to continue in Japan at the end of June or early July, one source said. The U.S. and Japan are also due to recommence their bilateral talks on agriculture prior to the July meeting of chief negotiators in Vancouver.

Upcoming Events

- TPP Chief Negotiator Meeting (TPP), July 3–12, Vancouver (Canada) (TBC)
- G-20 Trade Ministers Meeting, July 19, Sydney (Australia)
- WTO General Council, July 24-25, October 7-8, December 10–12
- WTO Public Forum, October 1–3
- WTO Regular Agriculture Committee, November 13
- G-20 Leaders Summit, November 15-16, Brisbane (Australia)

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



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