



2015 Seen as Unique Window of Opportunity for TPA, to Conclude TPP

Chief negotiators and key subject experts from the twelve Trans Pacific Partnership (TPP) nations (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam) met for talks in Washington from December 7–12, 2014 ahead of 2015, which has been described as “the best window of opportunity” to conclude the talks.

Although the Washington gathering did feature work on some of the negotiations’ toughest chapters –including state-owned enterprises (SOE), environment and textiles – the chief negotiators have nevertheless focused their attention on closing the more advanced, and somewhat less controversial, areas of the talks such as e-commerce, rules and technical barriers to trade in order to leave the toughest nuts for next year.

The latter category includes market access, which the U.S. is negotiating solely on a bilateral basis. The U.S.-Japan parallel talks – seen as a pre-requisite for the TPP to conclude – continue to progress on agriculture market access, one official said. However, the two powerhouses are now at loggerheads over the automobile sector where the U.S. maintains a 2.5% tariff on passenger cars and a 25% tariffs on light trucks.

Significant discussion on these were not anticipated in Washington, given Japan’s parliamentary elections held on December 14, also described by many as a referendum on Prime Minister Shinzo Abe’s economic reform, the so-called “Abenomics”, which includes Japans participation in and potential signing of the TPP.

Sunday’s results, however, showed that Abe and his party, the Liberal Democratic Party (LDP), secured a two-thirds majority in the Parliament’s Lower House. This not only gives the Japanese Prime Minister four additional years at the helm of his country, but more importantly, it confirms the trust the Japanese population places in his drive to continue reforming the economy which has lately fallen into

a recession. With Sunday’s result, observers now believe that Abe will pursue his internal economic reforms with a stronger mandate, which may allow him additional flexibility in order to achieve an agreement with the U.S. on agriculture and automobiles.

If that’s the case, the pressure will mount on Canada to make similar concessions on market access. The word in Washington last week was that Canada, the TPP’s third largest economy, “has not stepped up” as much as it should have according to U.S. Agriculture Secretary, Tom Vilsack. The country has not “even entered into negotiations” Vilsack said describing the Canadian attitude as “ill-advised” and “unfortunate.”

TPA and TPP

Opinions in Washington varied on when exactly the TPP negotiations might conclude. The overwhelming feeling seems to be that there will be a big push to complete the talks in 2015. Some are more optimistic (first quarter of 2015) than others (end of year), but all agree that if the TPP is not completed in 2015, there will be a hiatus until at least 2017.

During discussions, one source reminisced that the North America Free Trade Agreement (NAFTA) was signed during the last year in office of then U.S. President George H. W. Bush (1989–1993) who speeded up the finalization of the treaty prior to the end of his term in 1992. Bush eventually ran out of time and the required ratification and signing into law were ultimately passed to incoming president Bill Clinton. Similarly, and more recently, the U.S.-Korea FTA known as KORUS was completed with a lame duck President (George W. Bush –2001–2009) who had a Trade Promotion Authority (TPA). KORUS was signed on May 27, 2008 but then a Democratic-led Congress, and then incoming president, Barack Obama, reopened and then signed a renegotiated version in early December 2010.

Nonetheless, there is an overwhelming feeling that the political climate in the U.S. is right to strike a deal on TPA and TPP. While there might be a question of sequencing – some arguing that TPA is doable in the first half of 2015 – it is commonly admitted that trade and TPA are among the few issues where Republicans and Democrats can reach a bipartisan agreement. Republicans are now in the driving seat politically as they took control of both houses of the U.S. Congress with their November midterm election

results, giving them the majority in the Senate. This is the first time since 2006 that the pro-trade Republican side has been able to dominate and is part of the reason that insiders are expecting faster movement on TPA and thus the TPP in 2015.

The next TPP CN meeting has been scheduled for the end of January 2015.

KEY UPCOMING EVENTS

- TPP Chief Negotiators Meeting, January 26 – February 1 (Location TBD)
- WTO's 10th Ministerial Conference, December 15–18, Nairobi (Kenya)

**Happy Holidays and all the best for the end of 2014!
This is the last issue of the year and *Geneva Watch* will resume in early 2015.**

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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