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Trade Reports International Group

Turkey and TTIP

The Administration is determined to continue making progress on the TransAtlantic Trade and Investment Partnership agreement with the European Union before the end of the year, US Trade Representative Michael Froman said yesterday (WTD, 10/31/16).

Speaking at the American Turkish Council's annual conference on US-Turkey relations, Mr. Froman said the fact that Brussels was able to overcome obstacles and sign its free trade agreement with Canada over the weekend is a "very important and positive step."

The Administration's goal for TTIP is to "try to deliver near-term results for our people as soon as possible," the USTR said.

Washington is well aware of Turkey's interest in joining TTIP. The Turkish government has made clear it believes it could be negatively impacted by the agreement because it has a customs union agreement with the EU. TTIP is "complicated enough" with just the US and EU at the negotiating table, Mr. Froman said. But once TTIP is concluded, Turkey and other countries are expected to join.

For that reason, Washington set up a high-level committee to keep Turkey updated and briefed on the status of the TTIP negotiations, Mr. Froman stated.

Turkey and the EU

Turkey hopes to restart talks with Brussels in an effort to update the customs union in preparation for joining TTIP, Deputy Prime Minister Mehmet Simsek told the gathering. Ankara would like to add services, agriculture and public procurement to the customs union agreement in order to put the country in a better position for TTIP membership.

The Deputy Prime Minister acknowledged that July's coup attempt has slowed those efforts as well as delivering a shock to the economy. But the government is determined to turn the situation into an opportunity to promote economic reform. It also wants to boost trade and investment.

Although protectionism has become "quite fashionable," Turkey does not believe it is the right way to deal with globalization, Mr. Simsek continued.

Mr. Froman noted that bilateral trade has been running at \$15 billion to \$20 billion for the last several years – but could be higher. There are bilateral issues that need to be addressed – intellectual property rights, ensuring there is regulatory coherence and the use of sound science in setting agricultural standards.

An Intensive TISA Round

Geneva – Twenty-three World Trade Organization negotiators pursuing a plurilateral deal on trade in services will begin their 21st negotiating session tomorrow by focusing on revised market access offers, regulatory disciplines and institutional issues – including dispute settlement, WTD has learned (WTD, 10/24/16).

Issues concerning regulatory annexes of financial services, telecommunications, electronic commerce, localization, state-owned enterprises, transportation – including maritime, road and air – delivery services and movement of short-term services providers also will figure prominently during the negotiating sessions lasting until November 11.

But movement of short-term services providers in "Mode 4" and domestic regulation are nearly absent from the agenda.

On Wednesday, TISA participants will be debriefed on what happened at the level of senior officials in Washington last month and the inter-session preparation of heads of delegations on market

access.

Negotiators and officials will discuss on Thursday the revised market access offers at a plenary level. Air transportation, localization issues and financial services will be discussed in small groups.

On Thursday negotiators will focus on maritime services in an open-ended meeting, followed by joint plenary sessions on localization issues and financial services .

Later in the afternoon, TISA envoys will continue sessions on localization and financial services in small groups.

On Saturday talks will revert to institutional issues in the plenary, while continuing with discussions on localization, financial services and dispute settlement in small groups.

TISA negotiators on Sunday will continue discussions on localization, financial services, dispute settlement provisions and electronic commerce in small groups.

Continuing into the following week, negotiators will discuss on November 7 issues on state-owned enterprises, e-commerce and dispute settlement. They will continue talks on e-commerce, telecommunications, dispute settlement and state-owned enterprises on November 8.

On November 9, negotiators will resume discussions on road transport, delivery services, telecommunications and dispute settlement.

Participants on November 10 will continue discussions on telecommunications and dispute settlement provisions which will continue into November 11 – the final day of the round.

Attempts by the United States and Canada and their allies to push new issues and localization provisions are facing stiff resistance from the European Union and other countries that want ambitious outcomes in maritime and “Mode 4”, among other sectors. The United States also wants horizontal national treatment commitments for new services.

The United States presented its revised offer on October 21 with little mention of short-term services providers in “Mode 4.”

Pursuing Services Rules

Geneva – The World Trade Organization General Council chair Harald Neple and his “Friend” overseeing the dedicated discussion on electronic commerce, Alfredo Suescum, have stepped up their consultations with select countries on how to move forward in the face of continued opposition to moving on rules and disciplines, WTD has learned (WTD, 10/24/16).

At the last dedicated session on October 18, Ambassador Suescum cancelled a scheduled meeting on e-commerce for November 2 in the face of protests raised by the members from the African Group, India, Venezuela, Bolivia and Cuba.

In the meantime, the General Council chair and Ambassador Suescum held meetings with envoys to elicit views on how to address those concerns.

At the last dedicated meeting, Morocco – which coordinates the Africa Group – said its members want to prioritize work on the outstanding Doha issues, such as agricultural trade distorting domestic supports, a Special Safeguard Mechanism for developing countries, public stockholding for food security, “cotton,” least-developed countries priorities, TRIPS and development and special and differential treatment before dealing with e-commerce.

At the October 21 and 22 informal ministerial summit in Oslo, several trade ministers from developing countries – including South Africa and India – expressed strong reservations to engaging on multilateral rule-making on e-commerce.

In Oslo South Africa’s trade minister Rob Davies said his country is not prepared to negotiate multilateral rules for e-commerce. India said new issues – including e-commerce – cannot run ahead of outstanding Doha issues.

In all likelihood, the GC chair and Ambassador Suescum will present a report on their confessionals on e-commerce at next month’s General Council meeting, said an industrialized country trade envoy.

Meanwhile, chair for the Working Party on Domestic Regulation Katarzyna Stecz held an informal meeting to discuss a proposal by Australia on “administration of measures” in services domestic regulation.

Australia's proposal includes several elements such as a "single window clearance," application for time-frames, electronic applications, processing of applications and fees concerning the administration of licensing requirements, qualification requirements and procedures and technical standards.

Correction – In yesterday's report WTD mistakenly said that WTO rules negotiating chair Wayne McCook conducted discussions with members on dumping methodologies. The technical discussions, in fact, were led by EU official Hannes Welge.

Around the Globe

- Prime Minister John Key says he thinks there's a 50-50 chance that the United States will ratify the Trans-Pacific Partnership free trade agreement if Hillary Clinton wins the presidency, the New Zealand News reported (WTD, 10/31/16). But if her opponent Donald Trump wins, then there's no chance.

"I think if Donald Trump wins, it's got no chance," he told reporters on Monday. "But if Hillary Clinton wins, I think there's a possibility, a window, I think it's a bit 50-50 myself." President Barack Obama, a TPP supporter, hopes the agreement can be ratified by the US Congress during the so-called lame duck period between the presidential election on November 8 and the inauguration of the new president on January 20.

Both candidates have said they oppose the TPP, but Mr Trump is much more strongly opposed to it than Mrs Clinton. "My sense of it is that in Hillary Clinton's case she has a more nuanced position than Donald Trump," Mr Key said. "I think she's saying she thought the TPP was gold standard, and now she thinks it's not quite as good a deal - that would argue that she would want to come back to the table."

- One of Canada's largest unions wasted no time Monday voicing opposition to the Trans-Pacific Partnership (TPP), just one day after the country signed a landmark free trade deal with the EU, Agence France-Presse news service reported. Unifor, which represents more than 300,000 workers in several sectors across the country and is generally supportive of free trade, urged lawmakers to vote against ratifying the TPP deal between 12 Asia-Pacific countries.

"Unifor is a strong believer in trade, but trade must be fair and it must serve the needs of working people and our communities first," said Unifor president Jerry Dias. "The TPP, like too many other trade deals, encourages a race to the bottom," he said, alluding to the Comprehensive Economic Trade Agreement (CETA) signed Sunday with the EU as another example. The landmark CETA was finally signed after Belgian regional parliaments lifted their opposition to the pact seven years in the making.

Wallonia with its population of 3.6 million had held up the deal in the final weeks until it won concessions for regional farming interests and guarantees that international investors would not be able to force governments to change laws. "Wallonia drew renewed attention to what is wrong with modern trade deals, and to the kinds of trade deals people want," Dias said. TPP could result in Canadian job losses and "extraordinary powers given to corporations," he said, adding that the trade deal's patent provisions would drive up prescription drug prices.

Campaign 2016

- Apart from the bogus "birther" claim that President Obama was born in Kenya, Africa has barely been mentioned by either Hillary Clinton or Donald Trump during the campaign, The Nation reported (WTD, 10/27/16). That silence extends to the African Growth and Opportunity Act, which allows most products from 38 eligible sub-Saharan countries to export goods to the US duty-free.

Sixteen years since its launch, Agoa has not driven industrial development in Africa as had been anticipated. But the programme has served as a catalyst for increased textile production and associated job growth in Kenya and other countries. Agoa is viewed positively even in countries where its benefits have not been felt.

The Congress recently approved a 10-year extension of Agoa with strong support from members of the major parties. Trade deals criticised as harmful to US economic interests have, however, emerged as a key issue in the race for the White House. Trump has been forceful in condemning such agreements, and the resonance of his arguments has led his Democratic rival to take a similar stance.

The candidates' expressed opposition to trade schemes favourable to exporters in the developing world raises the question of whether the next White House occupant might want to undo or weaken Agoa. Should Trump overcome odds against winning the November 8 election, he could include Agoa as part of a general offensive against US trade agreements.

Clinton may adopt a cautious approach towards free-trade deals. "For most of her adult life, she has supported such agreements. Agoa legislation will not be reversed but will run its 10-year course," said the leader of an association that includes nearly all US firms doing business in Africa.

- The Canadian government will have to work hard to ensure firms can benefit from a landmark free trade deal that Canada has reached with the European Union, Trade Minister Chrystia Freeland said on Monday Reuters news service reported from Ottawa (WTD, 10/31/16). After the EU settled a series of internal disputes, Prime Minister Justin Trudeau signed the Comprehensive Economic and Trade Agreement (CETA) in Brussels on Sunday.

Although Freeland introduced legislation in Parliament on Monday to ratify the pact, Canada will have to wait for a vote in the European Parliament before most tariffs are lifted. Canada and the EU have said they expect that vote to take place early next year. Supporters say CETA will increase Canadian-EU trade by 20 percent. But that will happen only if Canadian exporters - who critics complain are often too timid - pick up the pace. "The government is now very, very focused on working with our exporters to be sure they understand the opportunities that this new market holds," Freeland told reporters.

The head of a group representing chief executives said Freeland's ministry would have to make "very aggressive efforts" to help small and medium-sized firms, which would otherwise find it difficult to take full advantage of CETA.

Full ratification requires votes in the parliaments of all 28 member nations, a process that could take years. Another challenge for Ottawa is the demand for compensation from agricultural producers who fear increased European imports. Freeland said ministers would decide soon how much to provide. Once the European Parliament ratifies CETA, 98 percent of the agreement will come into effect.

- China hopes the European Union can fulfill its obligations under Article 15 of the Protocol on China's accession to the World Trade Organization (WTO) in due time, a senior diplomat said on Monday, Xinhua news agency reported (WTD, 6/17/16). "These are the EU's international obligations and promises," said Assistant Foreign Minister Liu Haixing at a press briefing on the upcoming visit by Premier Li Keqiang to Kyrgyzstan, Latvia and Russia.

During his stay in Latvia, Li will attend the Fifth Summit of China and Central and Eastern European Countries (16+1) in Riga. Stressing that China has fulfilled its promises since it entered the WTO in 2001, Liu said the EU has obligations to keep its promises, too. "We hope the EU can neatly and cleanly fulfill its WTO obligations without any additional conditions by Dec 11. We will wait and see," Liu told reporters. WTO obligations require the EU to end its "surrogate country system" by Dec 11, 2016, under which costs of production in a third country are used to calculate the value of products from non-market economies.

When asked whether China will "press" central and eastern European countries on the issue, Liu said China "will not press the 16 countries but negotiate with them. As there are 11 EU members among the 16 central and eastern European countries, these countries will certainly state their stances within the EU," said Liu. "We hope they will make the right decision and prompt the EU to fulfill the obligations in due time," he added.

As for granting China market economy status, Liu said China holds that Article 15 of China's WTO accession is unrelated to the issue of China's market economy status. "The status of market economy is a political decision. There is no international standard for this," Liu added.

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