



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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## Trump – Xi Meet on Sidelines of G-20 Leaders' Summit

**All eyes were on the G-20 Leaders' Summit in Buenos Aires (Argentina) this past weekend as trade observers were hoping for U.S. – China bilateral talks to successfully sort out their differences on trade and maybe agree to bury the hatchet at some point.**

A complete agreement to stop the current trade war in Buenos Aires is considered a long shot – given the United States Trade Representative's (USTR) most recent objective seeking to equalize the tariffs applied on imported Chinese automobiles, which is about 1.5 time lower than China's applied duty on U.S. autos. However, optimistic World Trade Organization (WTO) Members believe that a meeting between U.S. President Donald Trump and Chinese President Xi Jinping could at least be the start of a process leading up to a broad agreement on the current trade war which could also spur the discussion on the WTO reform.

American and Chinese representatives have been working for weeks to prepare the bilateral meeting in Buenos Aires. The aim was to convince the U.S. to abandon its plan to increase duties from 10 to 25% on \$200B worth of Chinese goods this January in exchange for additional concessions from Beijing. So far, the U.S. has imposed tariffs on \$250B worth of Chinese products and President Trump recently declared that he was mulling additional taxes on the remaining \$267B of imported Chinese products.

The Trump – Xi meeting took place the evening of December 1<sup>st</sup> and lasted about two hours according to reports. It ended with what trade observers described as a good start toward resolving the current trade war. Indeed, China committed to import a “very substantial amount” of U.S. goods including agricultural, energy, industrial, and other products. Beijing pledged to immediately start

buying U.S. agricultural goods, according to a White House statement. In exchange, the U.S. agreed to suspend its planned tariff increase set for January.

The two trade powers also agreed to immediately embark on negotiating “structural changes” related to China's intellectual property practices as well as its forced technology transfers policy. The negotiations, which are set to last three months, will also include issues pertaining to agriculture, services, NTBs (non-tariff barriers) and cyber theft.

At the end of the 3-month negotiating period if no deal is reached on the above listed issues, the U.S. will revert back to its original plan to increase tariffs from 10 to 25% on Chinese goods.

### WTO Reform

The other surprising outcome of the G-20 Summit came from the consensus reached on the communiqué, despite the divergences among key countries on the multilateral trading system. The 40-page long statement which was adopted prior to the Trump – Xi meeting, recognizes the importance of the WTO, but calls for improvements.

“International trade and investment are important engines of growth, productivity, innovation, job creation, and development. We recognize the contribution that the multilateral trading system has made to that end. The system is currently falling short of its objectives and there is room for improvement,” paragraph 27 of the declaration reads.

“We therefore support the necessary reform of the WTO to improve its functioning,” it continues.

Virtually all WTO Members now agree that the system needs to be upgraded to tackle new issues and make the multilateral trading system more efficient. A small group of Members, including Canada and the EU, has taken the lead to present ideas on how this could be done. The group is set to continue brainstorming this next year with another meeting scheduled on the sidelines of the World Economic Forum in Davos (Switzerland).

“This has been a very productive G-20 summit.” WTO Director General, Roberto Azevêdo said of the meeting which featured “firm support for trade and the WTO” from

various leaders who called for “improvements and necessary reforms to the functioning of the WTO to ensure that it can continue playing this essential role.”

Azevedo said he heard “a range of ideas” on how to strengthen the organisation which plans to take to Members in Geneva in order to move the organisation forward.

G-20 leaders, for their part, pledged to review progress on this issue at their next summit scheduled next June in Japan.

**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

