
BALI SESSION OF THE PARLIAMENTARY CONFERENCE ON THE WTO

Bali (Indonesia), 2 and 5 December 2013

Organized jointly by the Inter-Parliamentary Union and the European Parliament
in connection with the 9th WTO Ministerial Conference (MC9)

Item 3

PC-WTO/2013/3(a)-R.2
14 October 2013

REFLECTIONS ON THE POST-BALI AGENDA OF MULTILATERAL TRADE NEGOTIATIONS

Discussion paper presented by Shri. P.C. Chacko (India)

1. The Doha Round of trade negotiations in the World Trade Organization (WTO) has been going on since 2001. Even after investing more than a decade replete with numerous meetings held at the official and ministerial levels, we are yet to see a clear outcome - even partial - of the Round.
2. The Doha Round of negotiations was joined by the developing countries with the assurance from the developed countries that development would be placed at the heart of the Doha Work Programme as indicated in paragraph 2 of the Ministerial Declaration. It had been proposed that the inequities of the trading system that have prevailed since the GATT period should be removed from the Doha Development Agenda. Agriculture, which is of prime importance to the developing and poor countries, was kept out of the purview of GATT and no meaningful liberalization took place during the Uruguay Round implementation of the Agreement on Agriculture.
3. Agriculture is at the heart of the Doha Round. The WTO Agreement on Agriculture allows the developing countries to take into account their developmental needs. The interest of developing countries and least developed countries (LDCs) lies in a meaningful outcome in this crucial sector. The quantum of agricultural subsidies provided by developed countries such as the United States is huge in comparison even with the bigger developing countries. These subsidies have been a cause for concern for the developing countries and the LDCs alike. A case in point is cotton subsidies provided by the USA despite strong protests from the developing countries, especially the C-4 countries, where cotton is a source of livelihood for a large number of poor.
4. Developing countries signed a number of agreements, including the Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Agreement on Trade in Services during the Uruguay Round of negotiations, although these were the areas where the developed countries have a significant interest. The only consolation given to developing countries in the Uruguay Round Agreements was the special and differential treatment and the inbuilt agenda in the Agreement on Agriculture, which mandates further liberalization in the sector.

5. The developed countries have, in the run-up to the Bali Ministerial Conference, resisted movement on proposals of interest to developing countries, including duty-free, quota-free market access for products from LDCs. They have, in fact, declared the issues of interest to them ready for harvest, stating that these agreements are a win-win situation for all. Any country that points to the lack of balance in the outcome being proposed is being branded as "obstructionist".

6. If no outcome is achieved even after more than a decade of negotiations, the Doha Development Agenda may be conveniently forgotten by the developed countries. The Bali Ministerial Conference to be held in December 2013 is being seen as a milestone in the history of the Doha Round, with high expectations by the members on an early outcome on some of the issues in the Doha Development Round. The issues where possible outcome is being anticipated and where work is being advanced at the WTO are: trade facilitation, agricultural issues and some developmental issues pertaining to the LDCs.

7. Trade facilitation is being advanced as a sure deliverable at the Bali Ministerial Conference. The developed countries are of the view that this proposal should be delivered irrespective of whether there is any outcome in the other two areas of agricultural issues and developmental issues relating to LDCs. The developing countries are concerned about their capacity constraints, forced pace of reform and sacrifice of policy space in agreeing to trade facilitation commitments. India and other developing/developed countries have been asking for a right balance to be struck in the proposed agreement on trade facilitation.

8. Although trade facilitation is very important for developing countries and India has been undertaking unilateral liberalization in the area, binding commitments would require huge investment in infrastructure, as well as changes in procedures and legislation by the developing countries. There is, however, no commensurate compensation. The binding commitments taken would make the poorer countries liable to the WTO dispute settlement process and possible punitive measures. The commitments to be taken overwhelmingly outweigh the gains from trade facilitation to developing countries. It is for this reason that India has been insisting on a fair and just outcome, with adequate special and differential treatment on the issue.

9. There is also a campaign by the developed countries to ensure that trade facilitation is seen as the only deliverable at the Bali Ministerial Conference, apart from little consolation on the agriculture and development fronts. The fact of the matter is that once trade facilitation is harvested, there may be no interest from the developed countries in pursuing the Doha Development Agenda. The delicate balance of the Agenda would thus be disturbed if trade facilitation is harvested in Bali, without any satisfactory outcome on the agricultural issues, especially on the G-33 proposal on food security and development issues.

10. On the agricultural issues, especially on the issue of the G-33 proposal on food security, discussions are underway in Geneva.* The importance of food security has been underscored by India in various forums. India is looking at a solution to the problem of consideration of agricultural support for public procurement as trade distorting on the basis of historical prices. There is some reluctance on the part of certain developed countries to

* G-33, also called "Friends of Special Products" in agriculture, is a coalition of developing countries pressing for flexibility for developing countries to undertake limited market opening in agriculture. It submitted a proposal in November 2012 supporting the need for stockholding to improve food security.

discuss the issue in a way that provides a long-term solution to the problem. Some of the developed countries have raised doubts about the purpose of the G-33 proposal whereas others have pointed out that there is insufficient time to discuss the issue. The fact of the matter is that the issues have been discussed thoroughly in numerous meetings at the WTO, both at the technical and senior official levels. There is, however, some reluctance to accept that the developing countries have a legitimate need to ensure food security for their poor population. Needless to say, no Bali package is possible without addressing the issue of food security in a meaningful way.

11. Issues of importance to the LDCs need to be addressed meaningfully and expeditiously. The LDC issues include: duty-free, quota-free market access; rules of origin for duty-free, quota-free market access; LDC waiver in services; and issues relating to cotton (domestic and export subsidies for cotton and tariffs).

12. The USA has been vehemently opposing any concessions in duty-free, quota-free market access, stating that it was not in favour of all LDCs. It has been giving huge subsidies to its cotton farmers and has steadfastly resisted any attempt to address the cotton issue at the WTO. Being a developing country, India has recognized the problems faced by the LDCs and has always supported them on the issues in their interest.

13. At the Bali Ministerial Conference, only a part of Doha Development Agenda will be discussed for an early outcome. There is a need for members to work on a post-Bali agenda of the WTO, to ensure that the Doha Development Agenda is completed.

14. India is deeply concerned about the slow progress on the Doha Round. Yet we believe that, in accordance with the political guidance given at the 8th Ministerial Conference held in Geneva, the way out is to remain firmly committed to working actively in a transparent and inclusive manner towards a successful multilateral conclusion of the Doha Development Agenda in accordance with its mandate. There has been continuous failure in terms of delivery on the development mandate. The developing countries have already placed much more on the table in this Round in terms of movement from their Uruguay Round commitments as compared with the developed countries, who have shown little movement from their Uruguay Round commitments in areas and sectors of export interest to developing countries.

15. When discussing any post-Bali roadmap, we need to take into account the modus operandi adopted by some of the members to avoid the commitment towards development taken during the Doha Ministerial. The emphasis on concluding plurilateral agreements on services and other areas is one such ploy to exclude the larger membership from the benefits of these agreements. Plurilateral agreements in areas of interest to only some members undermine the very principle of the inclusive nature of multilateral trade negotiations embodied by the WTO. The marginalization and exclusion of a large number of developing countries undermines the precept of development orientation of the Doha Development Agenda and jeopardizes the possibilities of successful negotiations in the future. There is also a question relating to the legality of extending the MFN treatment to only the signatories of such plurilateral agreements. India opposes a plurilateral approach to negotiations on the ground that these are non-inclusive and non-transparent for the larger membership of the WTO.

16. Therefore, breaking the single undertaking or going in for a plurilateral approach is not the solution; rather, it will certainly endanger the conclusion of the Round by disturbing the delicate balance arrived at between Agriculture, Non-Agriculture Market Access (NAMA) and Services after years of intense negotiations. India is open to exploring different approaches that are constructive to resolving the Doha Round impasse. However, the touchstone of any proposed new approach has to be that it should contribute to the successful multilateral conclusion of the Doha Development Agenda in an inclusive and transparent manner, in accordance with its mandate.

17. India is of the view that there is a need to carry forward negotiations based on the results of the work accomplished so far at the WTO. The modalities in various areas have been stabilized after years of negotiations, and casting them aside does not reflect well on the functioning of the multilateral trading system, nor does it augur well for the future of the negotiating forum that is the WTO. There is a need to reinvigorate discussions by trying to reach agreement on the stabilized texts. The developing countries are looking forward to harvest the rest of the issues on the Doha Development Agenda in a balanced way so that their aspirations and the mandate of the Doha Round are fulfilled.

18. Any post-Bali agenda needs to be deliberated at the WTO. The Doha Development Agenda, which has development at its heart, needs to be addressed adequately before any new issues are brought for discussion in the WTO. The WTO is a member-driven organization and any decision on the future course of action, including the Doha Development Agenda, needs to be arrived at transparently and in an inclusive manner.

19. The priority at this point is to successfully finalize a balanced package for an early outcome of the Doha Development Agenda during the Bali Ministerial Conference to be held in December 2013. Much depends on the result of this Ministerial Conference, which will be instrumental in guiding the future of the negotiations at the WTO.