

Bali's Two Icebergs

Today (November 12, 2013) was the day where WTO Director General Roberto Azevêdo was supposed to make his assessment as to whether the Bali package would be doable or not. However, after meeting with key delegations in the green room on Monday and later with his team – composed of chairs of the WTO General Council and the negotiating groups along with his four deputy-directors General – Mr. Azevêdo told the full Membership at an informal trade negotiations committee this morning that he was not in a position to provide a clear-cut suggestion on the Bali package, mainly because Members are too close to agree on a set of issues that could be ratified at the 9th Ministerial Conference in Bali early December.

“It was my sincere hope that by today I would be in a position to tell you that, although we have some difficulties ahead, we are in pretty good shape. Some more blood would have to be shed, but the fighter would not die in this arena. I was hoping I could say that he – or she – would live to fight another day. But I do not think I can tell you that. I think the risk of failure is still present – particularly in some of the areas that I have outlined,” he told the full Membership, adding that he was not in a position to suggest that Members quit because of irreconcilable differences on the issues at stake “because, despite those big icebergs that we have ahead of us, I think that this ship may well yet make the crossing.”

The icebergs in question are issues pertaining to TRQ administration and export competitions. On TRQ administration, China and the U.S. continue to disagree as to whether the provision should be applied to emerging economies, whereas on export competition, developed countries – including the EU, the U.S., Norway and Switzerland – are unwilling to commit on cutting their subsidies by 50% as suggested by the G-20 proposal. Sources close to the negotiations reported that some Latin-American countries including Argentina, Ecuador, Bolivia and Venezuela have taken a hard line going, as far as to claim that they would not take home any Bali package deal that doesn't feature a developed countries commitment on export competition.

However, beside these two blocks of ice on the way to Bali, there were reasons to rejoice as Members have been rewarded for the hard work displayed over the past few weeks. In effect, as one official put it, negotiators went from almost nothing in certain tough areas of the trade facilitation (TF) discussion to strike a deal in one of the most critical issues of the proposal i.e. customs cooperation – which deals with the type of information that may be requested from a country's customs authority concerning a suspect declaration.

Some progress was also recorded on section I of the TF text dealing with the technical aspects of trade facilitation, but some “very hard nuts remained to crack”, Azevêdo said. However “Meetings with smaller groups suggest we have solutions on the horizon in most areas,” the Brazilian diplomat added.

On section II, dealing with the linkage between section I and the financial assistance developing countries would receive from donors after committing to binding provisions, Azevêdo said Members converged on concepts, but are struggling to convert those concepts into text. One WTO official described the section as 97% agreed.

Other areas where progress was made include the peace clause for food security where essentially two issues remain under discussion i.e. the duration of the clause – whether this would last 2 years or until a complete deal is struck on the Doha Development Agenda – and secondly, the type of safeguards to be put in place to avoid spillovers resulting from countries' food security program being dumped on the international market. On these two issues, Azevêdo said the proponents i.e. India and the U.S. are engaged “with a genuine desire to find a solution.”

With respect to the third pillar of the Bali package, there was “a degree of flexibility” shown by Members on the cotton proposal tabled late in the process by the C-4 countries (Benin, Chad, Burkina Faso and Mali). It was the same story for duty-free quota-free access for least-developed countries (LDCs) exports on which a way forward is emerging.

“We’re not there yet – but we’re almost there,” Mr. Azevêdo claimed.

Overall, one could say the Bali picture looks far brighter than it was few weeks ago. Delegates seem genuinely engaged and have requested to keep on going. “[W]e are too close to success to accept failure,” the Director General said. As for the post-Bali work program, Azevêdo said Members needed to leave time before Bali to consider what happens after Bali.

“That conversation can happen as soon as we conclude the negotiations on the package — but not before. We can only assess what shape a post-Bali framework should take once we know which scenario we will be living in.”

Members will keep on working a few more days with the view of cracking the remaining nuts before November 21st, at which point they will have to send all Bali-related documents to capitals for approval.

“You all feel, and I agree with you, that this is in reach,” Mr. Azevêdo concluded.

Upcoming Events

- Intensive Consultations on Bali Package, November 12–21, 2013
- General Council, November 22, 2013 (tentative)
- TPP Chief Negotiators & Key Experts, November 19–24, 2013, Salt Lake City (U.S.)
- WTO 9th Ministerial Conference (MC9), December 3–6, 2013, Bali (Indonesia)
- TPP Ministerial Meeting, December 7–10, 2013 (Singapore)

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