

## Seeing Light at the End of the Tunnel?

The WTO full Membership gathered on October 25<sup>th</sup> to report on progress made on the Bali package after yet another week of intensive consultations. “We have made significant progress in all three areas [Bali Package],” Director General, Roberto Azevêdo said. “It is a transformation.”

Members have indeed agreed on two draft decisions concerning developing countries – services waiver and rules of origin – that are now considered ready for Ministers. On trade facilitation (TF), the chair ambassador Sperisen-Yurt said section I of the text dealing with the technical aspects of the TF negotiations has been progressing well and is now “more bracket free than bracketed.” However, work still remains on the section II (special and differential treatment, technical assistance, and capacity building) as Members continue to differ on whether developed countries would first commit to the financial and technical assistance to help developing Members implement the agreement if the latter group refuses to make their commitment binding.

With respect to agriculture, there is convergence on the notion that the food security peace clause should be applied to staple crops only and not be made general, the chair, New Zealand ambassador John Adank, reported. However, discussions on transparency safeguard against potential spill overs on the international market as well as what would be included in the post-Bali work programme are still ongoing. The same remark can be made for export competition – where Members are still working on the appropriate language for a political declaration in Bali – and TRQ administration, which still features a battle between China and the U.S. over the special and differential treatment granted to developing countries. Argentina expressed concerns over the lack of progress in this area of the Bali package.

With about 10 working days remaining to prepare for the 9<sup>th</sup> Ministerial Conference (MC9), there seems to be a common feeling that Members can reach a deal in time for Bali, Azevêdo stressed. The WTO director general has been consulting on specific issues that required “urgent attention” including elements of the G-33 proposal on food security, export competition, and cotton.

### **C-4 Tabled Proposal for Bali**

The four sub-Saharan cotton producing countries (Benin, Burkina Faso, Chad and Mali), also known as the C-4, circulated a new proposal on October 25<sup>th</sup> seeking fresh commitments on duty-free quota-free (DFQF) access as well as subsidies for cotton. This was expected, but the window for delivering their proposal had started to close and observers were starting to doubt it would be made in time.

The proposal, presented by Burkina Faso on behalf of the C-4, exhorts developed countries to provide a DFQF for cotton as early as January 1<sup>st</sup> of 2015 and urges developing countries to do the same by increasing their cotton imports originating from least developed countries (LDC).

The DFQF issue has been very contentious as the U.S. has refused to provide 100% DFQF access to LDC given African textile exporters’ fear of competition from Bangladesh. The proposal meanwhile targets only cotton products access. The LDC were expected to table another general proposal on DFQF, but due to differences amongst its own membership, a draft has yet to be circulated.

On the subsidy side, the C-4 proposal seeks an immediate elimination of any remaining export subsidies for cotton in rich countries and aims to tackle intensively domestic support next year with the goal to reduce distorting subsidies for cotton by the end of 2014. The C-4 have been arguing that developed countries’ subsidies have been damaging their respective industries and have called for compensation to cover economic losses caused by rich countries’ cotton support. The 2008 draft modalities calls for a cut in trade distorting support for cotton by more than the reductions on other agricultural products, which have yet to be agreed upon.

The proposal also includes strengthening development assistance for cotton including linking it with the broader Aid for Trade. And it envisages regular monitoring and other information on cotton. Countries have yet to react to it, although some developing members thought the proposal was well calibrated for Bali.

## Almost There?

“We have made significant advances in areas where, for months, negotiations were intractable,” Azevêdo said, adding that in some areas Members were “very close to a final deal.” However, there are still some very hard negotiations ahead, he said.

“In the coming days we will also be starting informal conversations with Members, both individually and collectively, on how we should frame the ministerial outcomes [the on-going work of the WTO, the Bali deliverables, DDA (Doha Development Agenda) issues, non-DDA issues that are not yet regular components of our work] for Bali.”

“The finish line is clear and it is in sight. I believe we can get there,” Azevêdo declared.

## Upcoming Events

- Intensive Consultations on Bali Package, October 14–31, 2013
- Deadline for Bali Package, October 31, 2013
- General Council, Nov. 5-6, 2013 (tentative)
- WTO 9<sup>th</sup> Ministerial Conference (MC9), December 3–6, 2013, Bali (Indonesia)
- TPP Ministerial Meeting, December 7–9, 2013, (Singapore) TBC

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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