

## **Crisis over Trade Facilitation Protocol**

The July 24-25<sup>th</sup> General Council Meeting was suspended due to continued differences between Members on the issue of Trade Facilitation (TF). Many delegates stressed that failure to agree on the TF Protocol – which would formally integrate the TF into the Marrakesh Agreement and make it de facto part of the WTO's existing legal framework – would have an impact on the rest of the Doha Development Agenda (DDA) as progress in other areas of the Doha Round is going to be affected.

The crisis originates from India's refusal to agree to the protocol as it is said to be "seriously concerned about the lack of progress on some of the Bali outcomes" whereby issues of interest to the developing world are "conspicuously absent." India complained about the lack of discussion on public stockholding for food security, despite the G-33's "repeated requests" to have this issue addressed, it said.

"As a consequence, even seven months after Bali, we do not have the required confidence and trust that there will be constructive engagement on issues that impact the livelihood of a very significant part of the global population," India said.

The Indians want the issue to be addressed in parallel with the TF discussion. Therefore it urged Members to delay the agreement of the TF protocol until a permanent solution on the issue of food security is found and to set a new deadline for both issues to be adopted by December 31, 2014.

"India is of the view that the Trade Facilitation Agreement must be implemented only as part of a single-undertaking including the permanent solution on food security," its officials told the full Membership. "To jeopardize the food security of millions at the altar of a mere anomaly in the rules is unacceptable," India added.

The Indians position has stunned the vast majority of the WTO membership. Although some countries such as Bolivia, Venezuela and Cuba have made comments supporting India's idea to postpone the protocol without endorsing its suggested deadline (i.e. the December 31<sup>st</sup> deadline) and others (Zimbabwe and South Africa) have called for the TF to be implemented as part of a single-undertaking, the rest of the WTO membership questioned India's (and its supporters) motives.

That is the case of a group of 25 developed and developing countries including Australia, Canada, Chile, Colombia, Costa Rica, Korea, Malaysia, Mexico, New Zealand, Norway, Pakistan, Paraguay, Peru, Switzerland and Vietnam, who warned against reopening the Bali package as it would unravel the decisions agreed at the WTO's 9<sup>th</sup> Ministerial Conference (MC-9) and would "seriously undermine the ability of the WTO to deliver for the future."

The U.S. Ambassador, Michael Punke, questioned India's rationale for setting a new deadline for both TF and food security. Punke reminded that the Bali decisions stipulate that "Members agree to establish a work programme to be undertaken in the Committee on Agriculture to pursue this [food security] issue with the aim of making recommendations for a permanent solution" by no later than MC-11 (i.e. December 2017), with an interim check-in by the MC-10 (December 2015).

The U.S. official was also disgruntled after hearing India complaining about the lack of progress in the food security issue, saying that his country was the first to table a written proposal on the issue back in March and again in mid-July, whereas the other "proponents did not come forward with their first proposal on this topic until 9 days ago," he said in direct reference to the G-33 proposal on food security tabled on July 17<sup>th</sup>.

"Today, we are extremely discouraged that a small handful of Members in this organization are ready to walk away from their commitments at Bali, to kill the Bali agreement, to kill the power of that good faith and goodwill we all shared, to flip the lights in this building back to dark," Punke said.

“It is no use to sugarcoat the consequences of such action or to pretend that there would be business as usual in the aftermath. Many Members, including developing countries, have noted that if the Bali package fails, there can be no post-Bali. It’s with regret that we agree with them,” the U.S. ambassador added.

The chair of the General Council, Canada’s ambassador to the WTO, Jonathan Fried, suspended the meeting urging Members to consult with the WTO Director General, Roberto Azevêdo, and talk to each other to find a solution on this latest crisis. Ambassador Fried added that if by the 31<sup>st</sup> of July he has not heard from Members on this issue, the item would be automatically closed and the General Council would automatically adjourn.

In line with the decision adopted at the MC-9, the WTO’s General Council is to meet no later than July 31, 2014 to adopt the Protocol of Amendment for TF and to open the Protocol for acceptance until July 31, 2015, effectively giving Members a full year to consider the issue before ratifying the agreement. The protocol would then only enter into force once it has been accepted by two-thirds of the WTO’s Membership as per Article X:3 of the Marrakesh Agreement.

## Upcoming Events

- WTO General Council, July 31, October 7-8, December 10-12
- U.S.-Japan Parallel Negotiations, August 4-5, Washington, D.C. (U.S.)
- TPP Chief Negotiator Meeting, TBD
- WTO Public Forum, October 1-3
- APEC Leaders Summit, November 10-11, Beijing (China)
- WTO Regular Agriculture Committee, November 13-14
- G-20 Leaders Summit, November 15-16, Brisbane (Australia)

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