



U.S.-India Reach Agreement on Trade Facilitation, Paving the Way for the Rest of the Bali Package and Post-Bali Work Program

Following intense bilateral negotiations between U.S and Indian negotiators in Geneva, the two main protagonists in the trade facilitation (TFA) discussion announced on November 13th that they have reached an agreement on a set of measures intended to unlock the TFA gridlock.

Both countries' leaders – President Barack Obama and Prime Minister Narendra Modi – have directed their trade officials to resolve the issue in Geneva when Prime Minister Modi visited Washington on September 30th. However, this had not immediately materialized into a breakthrough at the WTO as Members struggled to find an appropriate way forward to break the impasse.

However, early in November, WTO Members started expressing optimism about a potential resolution after India said at the October 31st heads of delegations meeting that it was exploring alternative approaches towards implementing the TFA, urging Members to avoid temporarily seeking alternative approaches. At the time, India said it was prepared to take a step forward towards resolution of the crisis in a manner which meets the aspirations of the Membership.

One Member explained that the optimistic atmosphere came after Prime Minister Narendra Modi, who had previously ignored the issue, convened a meeting with his trade officials on trade facilitation and food security. Modi, the official added, must have started feeling the pressure with the fast-approaching, high profile leaders' summits such as the November 10-11 Asia Pacific Economic Cooperation in Beijing and November 15-16 G-20 in Brisbane. India was indeed expecting to be blamed for the blockage in the multilateral negotiations.

This prompted India to engage more with the U.S. to try to find a way to resolve the TFA leading to the November 13th announcement which now opens the door to resuming other WTO activities, including the implementation of the Bali package and the post-Bali work program.

No Real Change

In the nutshell, this breakthrough has more to do with food security than trade facilitation as India has previously linked the implementation of TFA to a permanent solution on food security (to be found by the end of 2014). The November 13th agreement will now move on to implement the TFA “without conditions” according to the U.S. Trade Representative's office. However, the two countries agreed to refrain from challenging developing countries' food security programs under the WTO dispute settlement until a permanent solution is found. This is similar to what had been agreed in Bali last December, though at the time, Members had targeted the 11th Ministerial Conference (2017) for a permanent solution.

The U.S.-India agreement provides a further clarification, stating that the food security's peace clause will remain in place “until a permanent solution regarding this issue has been agreed and adopted.” In addition, Members will intensify “program of work and negotiations to arrive at such a permanent solution,” throughout next year, said U.S. Trade Representative, Michael Froman.

“We eliminated any ambiguity in Bali about the duration of the so-called “Peace Clause”, provided that food stockpiling programs meet the agreed upon conditions in Bali,” Froman said during a telephone briefing on November 13th. “On the basis of this breakthrough with India, we now look forward to working with all WTO Members and with Director-General Roberto Azevêdo to reach a consensus that enables full implementation of all elements of the landmark Bali Package, including the Trade Facilitation Agreement,” the USTR stressed.

Indian Commerce and Industry Minister, Nirmala Sitharaman, said she was confident that WTO Members “will take the matter forward in the WTO in a constructive spirit.” She urged the full Membership to bring the agreement to the “General Council on behalf of the

Ministerial Conference and pave the way to spurring the WTO to more such successes.”

WTO Director General, Roberto Azevêdo, said he believes the breakthrough “represents a significant step in efforts to get the Bali package and the multilateral trading system back on track,” urging Members to “redouble their efforts in order to minimize the delays provoked by the impasse on the conclusion of the post-Bali work program.”

The WTO full Membership is expected to gather in a formal General Council meeting on November 26 to discuss the above matters.

Change the WTO’s Decision Making System?

While in Brisbane, Azevêdo said he thanked Indian Prime Minister Narendra Modi and U.S. President Barack Obama for their leadership in reaching an understanding on trade facilitation and public stockholding for food security purposes while urging G-20 leaders to “act with a sense of urgency” and provide “strong support for the swift and full implementation of all elements of the Bali package.”

The Director General also welcomed China and the U.S. agreement on the expansion of the Information Technology

Agreement (ITA), the first tariff-reducing WTO agreement in 17 years, which covers products that were not included in the initial ITA deal implemented in 1997.

“If we can formalize both breakthroughs in Geneva in the next few weeks, then 2014 will have been a very good year indeed for the WTO and for multilateralism. It would provide a glimpse of what the WTO can do to support jobs, growth and development in the global economy.”

Meanwhile, in their statement released after the summit in Brisbane, G-20 leaders calls for a “robust and effective WTO that responds to current and future challenges.” The group said they agreed to discuss “ways to make the system work better” when they gather again in 2015. Although the statement stopped short of detailing what changes leaders are seeking to improve the WTO system, some trade observers wonder whether this was a step towards tackling the organization’s sacrosanct decision-making system currently based on consensus. The latter has come under fire when a small group of countries including India, Bolivia and Venezuela, decided to block consensus on implementing the TFA last July.

KEY UPCOMING EVENTS

- Implementation of Bali Package Consultations, November 19
- WTO General Council, November 26, December 10–11
- Potential TPP CNs meeting, December (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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