

## SEMINAR REPORT

### **The WTO Bali Ministerial and the Doha Development Agenda: Assessing the Gains and Losses**

17th December 2013 (Tuesday)  
India International Centre, New Delhi

Organised by  
*ActionAid India-South-South Knowledge Hub, Focus on the Global South, Research and Information System for Developing Countries (RIS) and Third World Network*

A meeting organised on 17<sup>th</sup> December in New Delhi, on the recently concluded Ninth WTO Ministerial Conference in Bali, Indonesia (3-7 December 2013), saw an analysis of the key issues and outcomes of the meeting and charting out elements of a possible agenda for broader civil society groups across the country. The event was jointly hosted by the South-South Knowledge Hub at ActionAid India, Focus on the Global South, Research and Information System for Developing Countries (RIS) and Third World Network. About 50 people participated in the meeting. The represented groups included Right to Food Campaign, Anthra, Bharatiya Kisan Union, NTUI (New Trade Union Initiative) and others.

**The following is a broad summary of the points that emerged at the meeting**

**Prof. Muchkund Dubey, former Foreign Secretary and President of the Council for Social Development and Dr. Biswajit Dhar, Research and Information System for Developing Countries (RIS) were the key speakers at the first session. They highlighted the fact that though the Doha Development Round was launched 12 years ago, the interests and needs of the developing countries have been consistently ignored.**

#### **I. ISSUES IN THE RUN-UP TO THE BALI MINISTERIAL**

- *The mandate of the Doha Development Round (DDR) stemmed from the fact that it was supposedly a development round. However, the past 12 years have shown that the development agenda is nowhere close to fulfilment. This, in some sense, has been a constant at the WTO, where promises and commitments are made; yet implementation is lacking. For instance, at the WTO's 2005 Ministerial in Hong Kong, developed countries had agreed to eliminate export subsidies by 2013 but progress has not been forthcoming. On the issue of tariff quota, implementation continues to be an issue as well.*

The important issue of agriculture (crucial for developing members) was ignored. Prior to the Bali Summit, **three specific issues** were proposed for negotiation. These were **(i)** food security **(ii)** a package for Least Developed Countries (LDCs) and **(iii)** Trade Facilitation.

- *Cherry-picking of issues such as trade facilitation: The Trade Facilitation Agreement (TFA), in which developed countries have aggressive interests, was fast-tracked in the run-up to*

Bali. The prioritization of select issues, such as TFA, upset the larger dynamics of the Doha Development Round. A key premise of the DDR was: nothing is agreed until everything is agreed. The important issue of agriculture (crucial for developing members) was ignored.

- *The G33 proposal (on public stockholding for food security and agricultural subsidies):* The provision of public stockholding for food security requires that WTO members procure from farmers at 1986-88 prices as the benchmark competitive price (no longer a realistic price). The WTO Agreement on Agriculture (AoA) subsidy regime puts the price difference, between the current procurement price and the 1986-88 year benchmark reference price, as subsidy. The value of subsidy, which governments provide, has to be below 10 per cent of the value of total agricultural production. In this backdrop, implementation of India's Food Security Act may lead to crossing the subsidy limit provided under the WTO AoA.

India, leading the G33 proposal, demanded a safeguard from this rule so that no WTO member can approach the WTO Dispute Settlement Body against India for breaching WTO AoA.

The WTO AoA represents a historical inequity providing different rules for developed countries. Agricultural subsidies in developed countries are yet to decline. The US agriculture subsidy was 61 billion USD in 1995 and increased to 130 Billion USD in 2010. The EU agriculture subsidy was 90 billion Euro in 1995, reduced to 75 billion in 2002, rose to 90 billion in 2006, and it stood at 79 billion in 2009. In case of OECD (Organisation for Economic Cooperation and Development) countries, the agricultural subsidy figure stood at 350 billion USD in 1996 and increased to 406 billion USD in 2011.

The AoA definition of green box subsidy enables developed countries to maintain their agricultural subsidy at high levels. The G33 proposal demanded that price support for small resource poor farmers for public food stockholding programmes be shifted to Green Box subsidies; that are allowed without limits. However, developed countries —mainly the US— refused to discuss this issue.

*The G20 proposal on export competition:* The G20 proposal called for developed countries to reduce export subsidies by 50 per cent and developing countries to reduce by 25 per cent. According to the Hong Kong Ministerial 2008 Text, all export subsidies were to be eliminated by 2013.

## **II. ANALYSIS OF OUTCOMES FROM THE BALI MINISTERIAL**

This session involved presentations by Ranja Sengupta, Third World Network ; Nitya Nanda, TERI and Afsar Jafri, Focus on the Global South. The emphasis was on compromised food security, binding commitments on trade facilitation and the negligible gains of the LDCs.

### **Compromise on food security with onerous conditions**

- As mentioned above, the G-33 proposal on food security was to allow that price support, for small resource poor farmers for public food stockholding programmes, be shifted to the Green Box subsidies that are allowed without limits. But developed countries —mainly the US— refused to discuss this issue. In October 2013, a supplementary proposal was made with three aspects: **1)** change of archaic 1986-88 reference price **2)** calculation of subsidy by taking in to account inflation and **3)** a Peace Clause to last until a permanent solution, to extend to both the Agreement on Agriculture (AoA) and Agreement on Subsidies and Countervailing Measures (ASCM).
- However, discussions on the first and second aspects were rejected, while Bali discussions focused mostly on the third aspect i.e. a Peace Clause to last until a permanent solution. India initially rejected the offer of a time-bound Peace Clause that covers only the AoA for four years, does not include the ASCM, and that expires by 11th Ministerial.
- According to the Bali package, India accepted an interim Peace Clause arrangement until a permanent solution is found (<https://mc9.wto.org/draft-bali-ministerial-declaration>). Some of the key features are elaborated on in the attached presentations.
- A permanent solution is to be taken up in the work programme in the context of the post-Bali agenda. But while mentioning a permanent solution, the Bali text makes no mention of any specifics mentioned in the G-33 proposal i.e. Green Box subsidies, reference price or inflation, thus leaving the discussion on the ‘permanent solution’ wide open. The interim mechanism is ambiguous and almost unusable as there are several conditions. Further, the use of the Peace Clause is limited only to ‘existing programmes’ which will make it impossible for countries to use this for important future programmes.
- In the run up to a permanent solution on AoA, India may have to make more concessions in addition to the trade facilitation agreement they have conceded in Bali, and give in on the Singapore issues and NAMA.

### **India has accepted binding commitments on trade facilitation agreement (TFA):**

- The developed countries have pushed through in Bali what was essentially a Singapore Issue (those issues seen as sensitive for developing countries), namely an agreement on Trade Facilitation. This is essentially about practices, procedures and rules related to trading of goods. How developing countries will use the TFA for their own development, and whether there is net gain after a cost benefit analysis, is a key question. TF by itself is not a high priority for India and most developing or least developed countries. In addition, India is already developing its trade infrastructure as needed and need not undertake binding commitments, especially since it is mainly for the promotion of imports rather than exports.
- Arguments supporting TFA tend to promote patterns of infrastructure development which ignore the needs of developing countries. An important point in TF is that it involves

significant expenditure and may need the diversion of financial resources from much more important areas such as health, education, poverty eradication which are crucial for developing and least developed countries. In the Bali TFA text, many issues do not have clarity. In particular, technical and financial assistance for implementing TFA to be given to developing countries and LDCs, are not clearly defined. Financial assistance, has been relegated to just a footnote. Past experiences show that such ‘assistance’ has often come in the form of paid technical assistance and loans.

- By July 2014, countries need to notify 3 categories on preferable mode of implementation process on Section 1 issues. Category A includes issues that will be implemented right away, Category B denotes issues that require time to implement and Category C refer to issues that cannot be implemented by a member.
- The TFA will need ratification by countries in order to go through. If the TFA is ratified as it is, the developed countries will get permanent commitments under TF in exchange for granting only an interim solution on food security and very weak “best endeavour” commitments on LDC issues.

### **Developed countries walked away with binding commitments on trade facilitation, while providing very little for developing countries and LDCs.**

- There is a requirement to articulate the implications of the ministerial decision for the LDCs and whether there is any substantial gain for LDCs at all, given that the agreements are merely ‘best endeavour’ agreements.
- The bluff that LDCs will get better market access should be called.

On the issues of cotton, reducing export subsidies on agricultural products —as agreed at Hong Kong ministerial— and duty free quota free market access, the developed countries have not made any substantial commitments. Rather texts state that ‘they regret that they have yet to deliver on these issues. Export subsidies have not been reduced and the Bali ministerial only provided weak language to recognize the issue.

- Many aspects of the TFA will need more spending by the LDC governments. But on the other hand, there are unlikely to be benefits for LDCs. For example, the TFA mainly talks about automation and use of high technology, and is thus unlikely to create more jobs.

### **Impression of India’s isolation**

- To a certain extent, India was held responsible for breaking the solidarity of developing countries and to some extent, defending its own interest while not upholding that of other developing countries (by agreeing to the restriction of “existing programmes” on the Peace Clause). This claim needs to be examined.

- India missed an opportunity to correct historically unjust global trade rules on agriculture and was trapped into narrow and minimal demands of “an interim solution until a permanent solution”.

### **III. RESPONSES TO THE BALI PACKAGE AND TASK AHEAD**

#### **The final session saw speakers giving a host of suggestions for progressive action to be taken in the near future**

Responses to the Bali package came from a range of individuals and organizations. The key points were:

- The unsatisfactory efforts of civil society to mobilise media and the larger public.
- Need for simplified material in local languages to educate large numbers of people across the country, which also helps demystify technical issues.
- Indian agriculture cannot be a subject matter for trade in the absence of a comprehensive agricultural policy.
- The increasing loss of policy space at WTO.
- While WTO negotiations should be followed more closely and inputs offered for better outcomes; there is also a need to start thinking about alternative trade agendas. There have been attempts to formulate such agendas, such as alternative Bolivarian financial institutions. Sincere efforts are needed to build such alternatives.
- Need to mobilise agricultural organizations, trade unions, workers’ organizations and peasants. Build solidarity with people and movements.
- Civil society needs to do a cost benefit analysis of agreeing to a deal at Bali vis-à-vis the traditional stand of refusing to give in at the WTO.
- Questions were raised about India’s reduced credibility in the G33.

**For any comments please contact:**

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