



WTO General Council Approves TFA, Food Security; Members to Start Brainstorming on Post-Bali Work Program

It was expected and on November 28th, it finally happened: WTO Members delivered for the second time on the Bali Package. The accord this time originates from the U.S. and India’s understanding on both a trade facilitation agreement (TFA) and the public stockholding for food security purposes. Those divergences have paralyzed the work on the rest of the Doha Development Agenda (DDA) since July.

WTO Director General, Roberto Azevêdo, had circulated three draft decisions last week for Members’ consideration. The drafts, which were anticipated to be endorsed by the full Membership at a special General Council meeting scheduled on November 26th, were slightly modified that day to include Argentina’s request that the post-Bali work program also prioritize issues such as export competition that did not have a legally binding outcome at the time of the 9th Ministerial Conference (MC9) in Bali last December.

The new wording of the draft decisions were approved on November 28, and essentially clarified that the peace clause linked to the public stockholding for food security purposes will remain in place until a permanent solution is found on the issue. Members, in the meantime, will discuss food security in priority starting next this week and throughout 2015, in parallel with the work on the remainder of the DDA agriculture talks. These will both occur under the chairmanship of Ambassador Adank, New Zealand Representative to the WTO, with the objective of striking a permanent solution on food security by the end of next year – two years in advance of the previous target set in Bali.

However, various trade observers expressed doubts that Members will reach that goal before the 11th Ministerial Conference in 2017. This is because they see a final solution on food security linked to how Members intend to reform how their trade distorting domestic support (AMS) is calculated. The calculation of the AMS involves what some Members consider as an outdated external reference price (ERP – average 1986-88 FOB or CIF prices) which they

claim doesn’t capture the increase in food prices since the late 80s and thus “grossly exaggerates” the subsidy provided by their countries.

Nonetheless, the decision reached last Friday also stipulates that in case there is no agreement on a permanent solution on food security by December 31, 2015, then the peace clause will remain in effect until a permanent solution is adopted.

The WTO’s General Council also formally adopted the Protocol for the TFA, giving it a legal effect by inserting it into the Marrakesh Agreement. Once implemented, this agreement is expected to reform global customs practices by reducing the costs at the border by 5-10% of world trade according to some estimates. Some economists have estimated the benefit of TFA to reach one trillion U.S. dollars, creating about 21 million jobs, with about 18 million of those in developing countries.

The Protocol must now be ratified by two thirds of the WTO’s Membership before it comes into force, which according to one WTO official, would need about 108 ratifications coming from Members’ capitals. Contrary to the decision taken last December in Bali, this time Members were not given a deadline to achieve this threshold.

Finally, Members agree to resume work on the remainder of the DDA by brainstorming on the post-Bali work program. The General Council has fixed July 2015 for the Membership to reach an agreement on this. Work will now resume in each of the WTO negotiating groups, and specifically in what constitute the “tripod” – agriculture, industrial products market access and services. One of the challenges will be to clearly identify which topics from draft modalities texts (Rev 4) will be given priority.

“By agreeing these three decisions we have put ourselves back in the game. We have put our negotiations back on track. And we have given ourselves the chance to prepare the post-Bali work program. But also, crucially, during this process we have seen a renewed commitment to the

multilateral system,” Azevêdo said at a press conference following the General Council meeting.

A more effective way to work

“It has been a tough period for our negotiating work, but we have got the right result today. Nevertheless, I think we would all agree that we need to find an easier way of doing things. While we have seen renewed commitment to the WTO, the truth is that we must avoid repeatedly putting ourselves in this position,” Azevêdo told the full Membership adding that they cannot “wait another two decades to deliver further multilateral outcomes.”

The statement echoes what was released by G-20 leaders following their summit in Brisbane in mid-November. At the time, the leaders called for a “robust and effective WTO that responds to current and future challenges” and said they agreed to discuss “ways to make the system work better” when they gather again in 2015. Although the statement stopped short from detailing what changes leaders are seeking to improve the WTO system, some trade observers wonder whether this would step into tackling the

organization’s sacrosanct decision-making system currently based on consensus, which has come under fire ever since India decided to block the consensus on implementing the TFA last July.

On November 28th, the WTO Director General discarded this, claiming that the WTO’s consensus rule was not at stake. “We have to think about how we can operate in a more efficient way. The size and diversity of the Organization is not an impediment to that. The consensus rule — that people talk about so much and which will never disappear — is not an impediment either,” Azevêdo stressed.

For the time being, Members seemed to be rejuvenated by this latest agreement. They aim to use this year’s last General Council (December 10th) meeting to “have a clear sense of what lies ahead — and a plan for taking our work forward in the New Year.”

“We have delivered today on a promise we made in Bali. Now let’s make it count.” Azevêdo said.

KEY UPCOMING EVENTS

- [Agriculture Negotiations COASS](#), December 4
- [WTO General Council](#), December 10-11
- [TPP Chief Negotiators Meeting](#), December 7–12, Washington D.C. (U.S.)

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