

**Background note from DG AGRI
WTO/DDA**

18/11/2014

Bali

- The 9th WTO Ministerial Conference held in Bali, Indonesia in December 2013 (MC9) reached an agreement on three broad sets of issues (trade facilitation, agriculture, development) that are also reflected in the Bali Ministerial Declarations/Decisions. The Bali agriculture pillar comprises 5 issues:
- Food Security – agreement was reached on an interim "peace clause" that protects developing countries with existing food-security schemes from challenges under the WTO Agreement on Agriculture until a permanent solution will be found. A commitment was also made to negotiate a permanent solution which was initially for adoption by MC11 (2017). The application of the 'peace clause' is combined with transparency requirements and safeguard provision (the stocks procured under the programme cannot distort trade; they cannot adversely affect the food security of other Members; limited solely to food security programmes; the WTO Agreement on Subsidies and Countervailing Measures remains applicable).
- General services – the Ministerial decision recognises the importance of General Services programmes for rural development, food security and poverty alleviation, and extends the non-exhaustive list of general services programmes set out in Annex 2, paragraph 2 of the Agreement on Agriculture by adding General Services programmes related to land reform and rural livelihood security. Such programmes should be considered as non-trade distorting Green Box measures.
- Export competition – the Ministerial declaration reaffirms the Hong Kong commitment on parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect. It provides for enhanced transparency and priority work post-Bali. It also urges "utmost restraint" in the use of export competition measures in the meantime.
- Tariff Rate Quota (TRQ) administration – the Ministerial decision obliges all WTO members to notify fill rates and introduces an under fill mechanism and re-allocation system if fill rates are below 65% over three consecutive years.
- Cotton – on trade side (the other side being development policy), the decision reiterates past commitments to tackle cotton "ambitiously, expeditiously and specifically". In order to enhance transparency and monitoring, Members undertake to hold dedicated discussions in

the context of the Committee on Agriculture Special Session to examine the 3 pillars of the cotton negotiations (i.e. market access, domestic support and export competition).

Post-Bali work until July 2014

MC9 was of high importance on several counts. First, MC9 was able to infuse a new life into the stalled Doha Round of negotiations of the WTO and in a way that revitalised the WTO. Second, the MC9 package included a roadmap for the future negotiations – a Post-Bali work program on the remaining DDA issues which was initially to be finalised by December 2014.

Efforts to proceed with the Post-Bali work program were made in the first half of 2014. The EU tried to stimulate debate by floating the idea of a simplified approach.

Discussions covered various agricultural elements, including export competition (in June 2014), Cotton trade aspects (in June and November).

These discussions concern the update of relevant statistics and review of the most recent policy developments in the respective areas but have so far not moved DDA agricultural negotiations forward.

July 2014 stalemate on Trade Facilitation.

The political agreement on Trade Facilitation and the decision on Public Stockholding for food security purposes were both core parts of Bali, but never formally linked (quite to the contrary in fact, Bali was the time of conclusion of the trade facilitation negotiations and launch of the negotiations on food security). India however decided to link those two issues. In July, when the Trade Facilitation legal act was supposed to be adopted, India blocked the decision, stating that it should be postponed until a permanent solution is found on food security. This resulted in a stalemate on the Bali package and triggered a severe crisis in the WTO during several months.

Confronted with the persistent opposition from India to adopt the Trade Facilitation protocol, WTO members considered various possible solutions, including a reflection on possible plurilateral agreements.

The deal concluded between the US and India mid-November finally enabled to put an end to the stalemate. The solution agreed cleared the way to the formal adoption of the Bali decisions.

Unless any objection is raised at the last minute, the Bali decisions are now expected to be formally adopted by the whole membership by early December 2014.

Talks are now expected to resume on the post-Bali work programme on the remaining DDA issues (both on agricultural and non-agricultural aspects) which should be a priority objective for 2015 in view of the 10th Ministerial Conference of December 2015.

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