

WTO Members Warned Against Bali Failure

New U.S. Trade Representative, Michael Froman, came to Geneva after a quick stop in Brussels to deliver a warning to WTO Members: “if Bali shows that the WTO is not a viable forum for negotiations, bilateral and plurilaterals will likely be the only avenue for trade negotiations,” he told delegates in a keynote speech at the organization’s annual public forum on October 1st.

The U.S., he said, will continue to support the multilateral trading system, “but there is one, yawning gap in the WTO’s record: in its nearly twenty-year history, the WTO has never once produced a new, fully multilateral trade agreement.”

The organization is at the crossroads. Ever since the Doha Development Agenda (DDA) was launched in 2001, Members have been unable to reach a deal. “For 12 years, we have too often had to say: it’s stuck,” said the USTR. This has affected the credibility of the institution prompting the U.S. to call on Members to innovate and come up with “fresh, credible approaches to trade liberalization that held the prospect of achieving pragmatic results and creating momentum for further progress.”

Froman suggested that Members borrow a concept from the Silicon Valley which recommends to “fail fast” by experimenting on various negotiating strategies and learning from the mistakes along the way in order to quickly adapt and move forward. He said delegates sort of applied this strategy after the MC8, which led them to consider focusing only on issues that stand the best chances of delivering results, as is the case with current negotiations on trade facilitation (TF), services plurilateral (TISA) and the information technology agreement (ITA).

The Bali package can restore the lost trust in the WTO as a credible go-to place for international trade negotiations provided an agreement is reached in December. The central piece of that package – trade facilitation – is clearly a win-win for both developed and developing Members who will be able to cut their respective costs by 10 and 14 percent by implementing provisions such as harmonizing customs procedures, the USTR stressed. However, this will happen only if TF is not used as a “bargaining chip” or a “pivot for tactical maneuvering,” Froman said in what can be interpreted as a direct criticism toward India’s strategy which links trade facilitation to the G-33 proposal on public stockholding for food security.

“To succeed by Bali – and frankly, to retain the credibility of the WTO as a forum for global trade liberalization – we must close this gap,” said Froman.

If Bali fails, however, Members will lose the flexibilities currently on the table, which will most impact poor countries, as developed countries like the U.S. will focus on bilateral and plurilateral negotiations currently taking place; such as the Trans-Pacific Partnership (TPP) and the U.S.-EU Transatlantic Trade and Investment partnership (T-TIP). “Fair or unfair, that’s the reality,” Froman said.

“[N]o one should blame the proliferation of bilateral and plurilateral trade negotiations for the state of the WTO today. Bilateral and plurilateral negotiations in or out of the WTO are not the context of our negotiating failure here — if anything, they are a consequence instead,” the USTR stated.

But Members can shut critics down and demonstrate that the WTO can still solve “practical problems” by crafting a “meaningful Bali package,” restoring at the same time, the organization’s credibility to deliver and opening the door to new approaches to deal with other issues of the DDA.

“The success or failures of negotiations in this room over the next four weeks will write the future of this institution. Every Member of this institution has its hand on the pen. It is within our reach to open a new and dynamic chapter, together, in the work of the WTO,” Froman concluded.

Implications of U.S. Government Shutdown

The U.S. Government shut-down, which started on October 1st, has already begun to have negative implications on a number of trade negotiations. Of course, the most direct impact was on the Transatlantic Trade and Investment Partnership (TTIP) as the second round of this U.S.-EU free trade negotiation, scheduled for the week of October 7–11, has been cancelled due to the U.S. Administration's inability to send officials from the USTR and U.S. Government agencies to Brussels.

U.S. Trade Representative Michael Froman called his European counterpart, Trade Commissioner Karel De Gucht, to inform him about the cancellation and promised to provide further information as soon as possible on when the second round can be scheduled.

The sequestration has also forced U.S. President Barack Obama to cancel his trip to Bali to attend the Asia-Pacific Economic Cooperation (APEC) summit, leaving his Secretary of States, John Kerry, to represent him at both the APEC and a planned TPP meeting organized on the sidelines of the event.

TPP chief negotiators have been meeting intensively the past three months to provide leaders with the most advanced state-of-play in the transpacific negotiations. Informed sources say the result of this work will come out as statement that will direct chief negotiators to complete work on the less contentious issues, while brainstorming a work plan for completing negotiations on the toughest topics with the view to close the agreement by the end of this year. As President Obama is expected to return to the region at a later date, that trip could well be the next deadline for TPP negotiations.

Azevêdo Asks APEC Ministers to Provide Extra Oomph to Achieve Consensus on Bali Package

The WTO ranks among the negotiations that have not been affected by the U.S. shutdown since works in Geneva continues to heavily involve WTO ambassadors. That being said, Director General Roberto Azevêdo, left Geneva on October 2nd to meet with trade ministers and leaders in Bali. The Brazilian diplomat sent a letter to Ministers on September 30th urging them to provide the necessary power to their respective ambassador and senior officials to demonstrate flexibility with the aim to reach a deal on the Bali package.

Speaking to APEC Trade Ministers on October 4th, Azevêdo stressed that the Bali package was within reach thanks to intensive engagement by Members on the package's three pillars – trade facilitation, agriculture and development issues – but challenges remain as time is running out to close the gap in time for the MC9. There is a need for “close political engagement in the process starting now” said Azevêdo. “Time is not on our side. We need to act fast,” he warned.

“We have less than two months to reach consensus on the Bali package. The engagement that Members are showing in Geneva is encouraging. However, I am calling for your help as well – this will be vital to get us over the line in December and set the WTO and the whole multilateral trading system in a much-needed positive direction,” Azevêdo told APEC Ministers.

Room B Consultations Continue

Meanwhile in Geneva, the chair of the agriculture negotiating group, New Zealand's Ambassador to the WTO, John Adank, continued his consultations with ambassadors on issues pertaining to food security and the Post-Bali work program.

The aim was to enlarge the convergence on the elements of a due restraint/peace clause interim solution which include transparency/reporting and safeguards. The Room B discussion held on October 1st touched on the coverage of developing countries' food security programmes. The goal is to get a sense of the range of products that are likely to be covered under the peace clause and whether these would be limited to products purchased from “resource-poor or low-income producers” or whether it would also include a number of staple crops.

On October 3rd, the focus was put on the duration of the peace clause and when a review should be performed (e.g. mid-term or at some other point). Ambassadors also brainstormed the contours of a longer term solution for the food security issue which will included in the post-Bali work plan to be tackled after the MC9.

Upcoming Events

- TPP Chief Negotiators Meeting, October 1–8, Bali (Indonesia)
- APEC Leaders' Summit, October 1–8, 2013, Bali
- General Council, Oct. 8-9, Nov. 5-6, 2013
- Agriculture open-ended, October 14, 2013
- Informal TNC, October 14, 2013
- Deadline for Bali Package, October 31, 2013
- WTO 9th Ministerial Conference (MC9), December 3–6, 2013, Bali

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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