

# **World Trade Organisation Bigwigs Blocking Bid for a Balanced Deal \***

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Just when it had appeared that the World Trade Organization (WTO) was getting rid of a label put by its former Director General that the organization is incapable of taking decisions, this old failing has come back to haunt it once again. The decisions taken at the conclusion of the Ninth Ministerial Conference in Bali to put in place a work programme for the organization came unstuck as the WTO was unable to make progress in a manner that would have satisfied a majority of the member countries. After the "[Bali Package](#)" was delivered, the WTO Director General Roberto Azevedo had declared that "people all around the world will benefit from the package", which, according to him, included "the businesses community; the unemployed and the underemployed; the poor; those who rely on food security schemes; developing country farmers; developing country cotton growers; and the least-developed economies as a whole"

Azevedo's assessment had a strong basis: the "Bali Package" was not only about trade facilitation, which, according to its strong votary, the International Chamber of Commerce would add \$ 1 trillion to global trade. The "Bali Package" also made promises to the cotton producers, including four of the poorest countries, and the least developed countries (LDCs), the two groups that were unable to secure any benefits from trade liberalisation. While the cotton producers lost their export market as the United States dumped subsidised cotton in the global markets, the LDCs found to their dismay that the web of high tariffs and other non-tariff barriers were preventing them from securing additional market access.

Then there was the [issue that the G-33](#) (a group of 46 developing countries, including India) had raised regarding the problem they were up against while meeting the food security needs of their populations through public stockholding because of a provision included in the Agreement on Agriculture (AoA). This provision stated that when the developing country governments were procuring foodstuffs to meet the food security needs, the difference between the price at which the foodstuffs were acquired and their average international prices during 1986-88 (called the "External Reference Prices" in the AoA) was to be included in their subsidies' bill.

Architects of the AoA, who had negotiated the key elements of the agreement in the late-1980s, used the logic that the acquisition prices should be compared with a "competitive price", the closest approximation of which was the international price. It's a no-brainer that after more than quarter of a century these External Reference Prices (ERP) cannot be taken as the "competitive prices" and that the 1986-88 base period needs to be revised. This revision becomes imperative in light of the fact that the AoA does not allow developing countries to subsidise their agriculture in excess of 10% of the value of agricultural production. And, if they are found to be in violation of this commitment, they can be dragged to the Dispute Settlement Body of the WTO. This, in other words, implies that if India is to implement the Food Security Act without the AoA stipulations coming in the way, there must be a change in the ERP for the calculating agricultural subsidy. This was one of the key issues included in the so-called "permanent solution" on public stockholding for food security purposes which the G-33 countries has been seeking in the post-Bali deliberations.

Contrary to the spirit of the "Bali Package", the deliberations over the past few months have focused solely on the trade facilitation issue, ignoring the other elements almost entirely. It was clear that the demanders of trade facilitation agreement (TFA) wanted to get this agreement through without allowing the other potential beneficiaries of the "Bali Package" that the Director General had identified to get any benefits. This feature of the post-Bali deliberations is not a new development: the history of the GATT/WTO is littered with innumerable instances where the dominant interests have secured disproportionate gains from the trade negotiations, often at the expense of the lesser players in the global trading system. It is hardly surprising therefore that India's attempt to secure a more balanced outcome by ensuring that all the key decisions of the Bali-package are negotiated on parallel tracks is bandied as an "obstruction" by the dominant trading interests for they have been unable to formalise only the TFA, which was their sole objective.

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