

## **The WTO Conference in Bali: potential agriculture-related topics for discussion**

The Center for Strategic Analysis for Agriculture (CAESPA) of the Inter-American Institute for Cooperation on Agriculture (IICA) has prepared this note<sup>1</sup> to present some of the topics related to agriculture that may be addressed at the Ninth Ministerial Conference of the World Trade Organization (WTO), to be held in Bali, Indonesia, on December 3-6 of this year.

The Ministerial Conference, which is the main decision-making body of the WTO, meets every two years for the purpose of moving forward in the trade negotiations being conducted under the terms of different WTO agreements. The new Director General of the WTO, Robert Azevêdo, believes that the economic results of this meeting will be very good for both agriculture and trade in general. Furthermore, the Chair of the WTO Negotiating Committee on Agriculture, Ambassador John Adank of New Zealand, recently stated that there are already hints of some of the topics that may be discussed at the upcoming Ministerial Conference.

In general terms, the negotiation groups are already working on topics such as agriculture, measures to help poor countries gain greater access to markets, the Agreement on Information Technology, government procurement, the Aid-for-Trade Program, the Agreement on Trade-Related Aspects of Intellectual Property Rights, and trade facilitation. With respect to the latter, the goal is to standardize customs procedures and improve transparency with a view to reducing costs and increasing efficiency. However, there are still many specific aspects pending resolution before an agreement can be reached.

As of the date this bulletin, the Director General of the WTO had stated that rapid progress was being made in the preparation of the topics for negotiation, and that there was greater willingness among the member countries to establish “landing zones” rather than simply marking their territories.

---

<sup>1</sup> Prepared by Adriana Campos Azofeifa, Specialist in Policies and Trade Negotiations and Coordinator of the WTO Reference Centre at IICA, and Nadia Monge Hernández, technical assistant of the WTO Reference Centre at IICA. October 2013. San Jose, Costa Rica.

As regards agriculture specifically, the three topics currently under discussion are:

- *Tariff-rate quota administration:* This proposal, put forward by the countries of the G-20<sup>2</sup> of the WTO, is aimed at improving the administration of tariff-rate quotas (tariff quotas on imports).<sup>3</sup> The proposal has two components: to improve the quality and amount of information that is shared and to determine how best to reinforce the disciplines, especially those related to the special treatment developing countries should receive. The first component is less controversial, but there are still several issues in connection with the second on which reaching agreement has proven to be difficult.

Even though there is some degree of agreement on this topic, some countries allege that the way tariff-rate quotas are administered (including the distribution of quotas for importers and exporters and other administrative practices) is too cumbersome and limits the ability of exporters to access markets.

- *Export subsidies:* The time frame set for the developing countries to eliminate all subsidies for agricultural exports expires this year. However, enough progress has not been made toward achieving this goal and the deadline will not be met. Therefore, the G-20 of the WTO has submitted for discussion a proposal calling for a number of initial steps to eliminate agricultural subsidies and to discipline credit for exports, with a view to reducing the possibility of credit being subsidized.

Some members have stated that they will reach an agreement on subsidies only when agreements have been reached on the many other topics being discussed in the agricultural negotiations. However, it appears that the members will make some concessions regarding the market distortion that export subsidies create and will pledge to work on this after the Bali Conference.

Little agreement has been reached on this topic because it has been the subject of much discussion among the delegates present in Geneva, Switzerland, especially given the difference between the position of Argentina, which favors the elimination or reduction of subsidies, and that of the United States and the European Union.

---

<sup>2</sup> Coalition of developing countries pressuring for ambitious reforms in the agricultural sectors of developed countries, with greater flexibility for developing countries (this is not the G-20 of ministers of finance and governors of central banks and is not related to the summit meetings the latter have held recently). The IICA member countries that belong to the G-20 are Argentina, Bolivia, Brazil, Chile, Ecuador, Guatemala, Mexico, Paraguay, Peru, Uruguay and Venezuela. The complete list of countries is available at [http://www.wto.org/english/tratop\\_e/dda\\_e/negotiating\\_groups\\_e.htm#grp017](http://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm#grp017).

<sup>3</sup> Restriction, limit or ceiling (in value or amount) that a country sets for goods that are purchased abroad. If the volume or price exceeds the limit, the importation is stopped. The WTO prohibits the use of this mechanism.

•*Food Security*: The G-33<sup>4</sup> has submitted a number of proposals aimed at allowing agricultural subsidies in the less-developed countries (LDCs), at enabling governments to hold agricultural products in reserve and make purchases at subsidized prices, and at ensuring that the WTO not view either measure as distorting trade. The goal is not to change the rules of the Agreement on Agriculture, but rather that those measures be applied in the short term.

This aspect could be resolved in the Bali agreement via a temporary waiver allowing countries to exceed their food reserve limits, a non-binding declaration from the Chair of the Conference or some other option falling somewhere between the other two. This type of flexibility is usually referred to as a “peace clause” or “due moderation” because the member countries, under the circumstances, would not institute legal challenges against the developing countries.

Agreement has not been reached on the matter because the measure depends on other conditions such as the time frame for its application, the products to be covered and the safeguards that would prevent the release of the reserves from affecting international markets.

One important aspect to point out is that the delegates who participate in the meetings in Geneva within the framework of the agricultural negotiations are still talking to each other. The discussions, therefore, have not concluded and will continue until the Conference.

Lastly, the topics to be discussed in Bali are expected to play an important role in restarting the Doha round of negotiations, which have been stalled since 2008. Even though rapid progress is being made in the negotiations, the commitment and political will of all the members of the

WTO will be needed to build consensus and restart the negotiations. For further information, please contact Adriana Campos Azofeifa, Specialist in Policies and Trade Negotiations and Coordinator of the WTO Reference Centre at IICA, at [adriana.campos@iica.int](mailto:adriana.campos@iica.int), or by phone (506) 2216-0170; or Nadia Monge Hernández, technical assistant of the WTO Reference Centre at IICA, at [nadia.monge@iica.int](mailto:nadia.monge@iica.int), or by phone (506) 2216-0358

---

<sup>4</sup> Coalition of developing countries pressing for flexibility for developing countries to undertake limited market opening in agriculture. The G-33, also referred to as the “Friends of Special Products” in agriculture, also seeks greater flexibility in the implementation, by its members, of the agreements of the agricultural negotiations. The IICA member countries that belong to this group are Antigua and Barbuda, Barbados, Belize, Bolivia, Dominica, El Salvador, Granada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, , Dominican Republic, St. Kitts and Nevis, St. Vincent and the Grenadines, St. Lucia, Trinidad and Tobago and Venezuela. The complete list of countries is available at [http://www.wto.org/english/tratop\\_e/dda\\_e/negotiating\\_groups\\_e.htm#grp017](http://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm#grp017).