Historic Bali Deal to Spring WTO, Global Economy Ahead

Ministers formally signed off on their first multilateral trade deal in nearly two decades on Saturday morning in Bali, after several suspenseful days – and nights – of meetings that had often seemed too close to call.

"Ladies and gentlemen, I am delighted to say, for the first time in our history, the WTO has truly delivered," Director-General Roberto Azevêdo said during the ministerial conference’s closing ceremony on Saturday morning. "It may have seemed impossible, but now it’s done. We all did deliver here and now. Thank you."

The announcement drew a standing ovation from the audience, many of whom had waited through the night for news. Gavelling the ministerial conference to a close, Indonesian Trade Minister Gita Wirjawan, who chaired the meeting, called Bali a place "where deals get done."

The final agreement begins with a three-page ministerial declaration, acknowledging the accession of Yemen and adopting decisions on the ten texts regarding the three pillars of the Bali package: trade facilitation, some agricultural issues, and select development-focused provisions.

The Bali package, analysts say, has the potential to provide a substantial boost to world trade, with some estimates indicating that it could increase global GDP by US$1 trillion.

It also features a series of decisions forwarded by the General Council in areas such as e-commerce and TRIPS non-violation and situation complaints, as well as other standing items at WTO ministerials.

Rollercoaster ending

The mood at Saturday morning’s ceremony was that of exhausted elation. Just the day before, the common refrain among visibly weary officials had been that "we just don’t know," with many having been fearful that members might not be able to resolve their differences on food stocks or trade facilitation.

After hours of waiting and conflicting reports throughout the day on Friday, news began to emerge that members were approaching a deal, as the Director-General continued his consultations with specific delegations in order to find text around which they could all build consensus.

The draft package was released for ministers to review at around 8 PM Friday evening, and included language to resolve the stand-off between the US and India on food stocks – bringing to a close a high-profile fight that had for days put the whole Bali deal in question.

Under the solution proposed by Azevêdo – developed after multiple meetings with both US Trade Representative Mike Froman and Indian Commerce Minister Anand Sharma – the text now commits members to negotiating a permanent solution, with the peace clause serving as an interim arrangement in the meantime.

The revised text also maintains the deadline for concluding work on this by the original four-year target – the WTO’s eleventh ministerial conference in 2017 – and says that both existing and future negotiating submissions should be taken into account when doing so. Furthermore, only stockholding schemes that exist on the date of the decision would be covered by the new arrangement, the agreement says.

Thirdly, the text commits countries using the new flexibility to ensure that their food stockholding scheme does not "adversely affect the food security of other Members." As in previous versions of the draft, it would still also commit them to not distorting trade.

On trade facilitation, of the various issues that had previously been bracketed in the draft version of Section I, some such as consularisation – have been dropped entirely.

References to pipelines and fixed infrastructure - a topic that had caused friction between the EU and Russia - have also been removed. Other areas, such as the use of customs brokers, appear to have reached compromise solutions by grandfathering rights of those with schemes in place.

While the trade facilitation, food stockholding, and tariff rate quota administration texts saw changes over the last few days, the other draft texts negotiated in Geneva remain
essentially unchanged.

**Fight to the finish**

The conference dragged into the early morning hours on Saturday, as ministers began informal meetings after midnight to discuss the texts presented by Azevêdo and identify any remaining concerns. Pakistan had been one of those to briefly question language in the food stocks text, particularly on possibilities of eventual dumping of excess grains in third country markets. They reportedly dropped their objections when more robust text on safeguards was agreed.

However, the main drama of the evening revolved around Cuba, who took a vocal stand with the support of Bolivia, Venezuela, and Nicaragua – also part of the Bolivarian Alliance of the Americas, or ALBA – regarding the removal of bracketed language in the transit provision of the trade facilitation draft text.

The language backed by Havana would have prohibited members from applying discriminatory measures “to goods in transit, or to vessels or other means of transport from other members” – text from a Cuban proposal that was aimed against the US embargo imposed in 1960.

In the clean version of the text, that section had been revised to say that members “shall not seek, take or maintain any voluntary restraints or any other similar measures on traffic in transit.” However, this would be "without prejudice to existing and future national regulations, bilateral and multilateral arrangements related to regulating transport consistent with WTO rules."

The controversy over the embargo subject continued throughout the night, and was only resolved in the early hours of Saturday morning. The compromise reached – which sources say is primarily political – includes a line in the ministerial declaration regarding the trade facilitation draft text. It says that, “in this regard, we reaffirm that the non-discrimination principle of Article V of GATT 1994 remains valid.”

**Doha revival?**

The conference in Bali now behind them, members are now set to revisit the rest of the Doha trade talks, agreeing on Saturday to prepare a “clearly defined” work programme in the next 12 months on how to address the remaining parts of the Round.

High on the list, ministers agreed, would be those issues in the Bali package that were ultimately dropped after members could not reach "legally binding outcomes." Work on issues not fully addressed at the conference will be addressed in the relevant WTO committees, the declaration says.

The overall Doha Round was formally declared at an impasse two years ago. Repeated breakdowns have plagued the talks throughout their 12-year run, with most areas seeing few substantive developments since the 2008 "mini-ministerial" conference collapsed in Geneva.

The hardest areas of the talks have centred around agricultural and non-agricultural market access, and the centrality of reforming agricultural domestic support policies. Services, the third part of the so-called "market access trinity," has also seen virtually no movement in years, to the point where a subset of WTO members is now negotiating a plurilateral deal on liberalising trade in services.

Notably, the ministerial declaration contains specific language regarding a post-Bali agenda: work on issues in the Doha Round that have not been fully addressed at this week's conference "will resume in the relevant Committees or Negotiating Groups of the WTO."

It further states that the "work programme will be developed in a way that is consistent with the guidance provided at MC8, including the need to look at ways that may allow members to overcome the most critical and fundamental stumbling blocks" – language that for most observers refers to methods as such the possibility of pursuing plurilateral approaches.

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