

Defeat in Bali

The Bali ministerial of the WTO ignores the original development agenda of the Doha Round, but India proclaims as victory an unfair deal meted out to it. BY AMITI SEN

The meeting of Trade Ministers from 159 member countries of the World Trade Organisation (WTO) in December in Bali, Indonesia, managed to revive global interest in the deadlocked Doha Round. But a closer look at what was achieved there shows that not only have members digressed from the original course of the Doha Round, but the development agenda, which was its cornerstone, too has disappeared into thin air.

The subsidy question

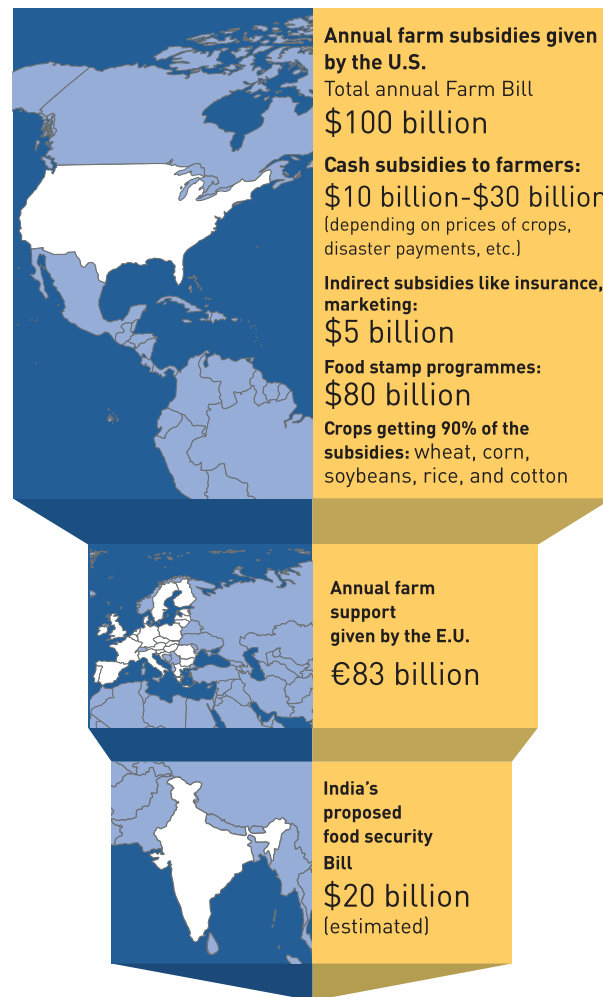
A simple request made by India and other developing members of the G33 alliance to delete subsidies given on account of public stockholding programmes from the category of actionable subsidies met with mammoth resistance from developed countries.

Given that this request, if granted, would have allowed developing countries to give price support to poor farmers and also helped implement their food security programmes without facing retaliatory action, developed countries should not have had any problem in going along with it. But the United States, the European Union and many others raised a hue and cry claiming that the provision would distort global prices, without paying heed to India's assurance that crops obtained through the programme would not be released in the international market.

Double standards

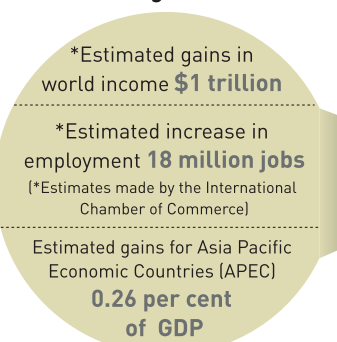
When one takes into account the \$100-billion-worth of farm subsidies given annually by the U.S. and an equal amount given by the E.U. countries, India's food security programme, valued at \$20 billion, is a pittance. But the argument did not seem to make any sense to the developed

India's food security programme is much smaller than U.S. or E.U. farm subsidy bills.

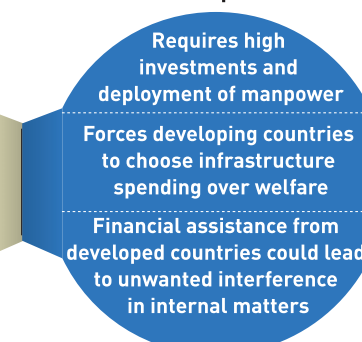


The Trade Facilitation pact in Bali proposes to smoothen the flow of goods across borders but places financial and administrative burdens on developing countries.

The Bright Side



The Flip Side



Post Bali agenda

Developed countries would be keen to introduce new issues in the multilateral agenda

Areas India needs to guard against

- Investments
- Environment
- Information Technology
- Services

world. The unfairness of the existing regime that calculates subsidies on the basis of market prices prevailing in 1986 was also ignored.

All that India and the G-33 managed to get in Bali was an interim assurance that legal action would not be taken if food subsidies exceeded the prescribed levels of 10 per cent of the total farm production value and that the matter would be reviewed again after four years.

The interim relief, however, comes ridden with a number of obligations, including furnishing reams of data on the country's agriculture production, food consumption and various subsidies. The relief would also be null and void if developed countries deemed that the subsidies were distorting global prices.

Poor countries lose

In return for the cosmetic gain in the area of food security, India had to give its consent to a pact on trade facilitation, which would largely favour developed countries, whose infrastructure is much better than that of poorer countries. The pact places an obligation on all members, especially developing countries, to upgrade infrastructure at ports and put in place

Peace Clause promising interim relief against legal action in case of breach of subsidy limits covers only crops under existing government programmes

Agriculture commodities covered under Peace Clause



Commodities that may not get relief under Peace Clause



structures to facilitate the movement of goods across borders.

While India was already upgrading infrastructure on its own, the pact may result in developed countries dictating how it goes about the task and the pace with which it moves as delays could result in penalties.

Now that India has lost its most powerful bargaining chip, it has to be doubly cautious when members come together again to discuss other issues under the Doha Round. It has to especially steer away from areas such as investments and the environment where it can be arm-twisted into agreeing to concessions that it has been avoiding so far.

But more importantly, India's political class has to realise that proclaiming as victory an unfair deal meted out to the country does not augur well for its future in the multilateral forum.

Areas where India has held firm so far at the WTO

- 1** Has kept investments, competition policy, and government procurement out of the multilateral negotiations.
Anand Sharma, India's Commerce Minister
- 2** Forced the U.S. to submit to the TRIPS & Public Health agreement that allows poor countries to buy generic copies of patented medicines from third countries.
- 3** Has not agreed to anti-concentration clause proposed by the U.S. and the E.U. in the ongoing negotiations that will expose all categories of goods to sharp tariff cuts.
- 4** Has said no to a second round of tariff cuts for IT goods that would lead to elimination of duties on electronic goods and mobile sets.

Source: OECD; U.S. Farm Bill, 2013; International Chamber of Commerce