

News Details

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New WTO mini trade agreement adopted in Bali



In the second half of December there were media reports like: “WTO concludes historic trade agreement”. The devil is in the detail, though: the agreement contains just ten individual agreements on issues that are too limited. They include the simplification of customs formalities in trade and better market access for the poorest developing countries to emerging and industrialised countries.

The issues that are actually controversial, such as an even more aggressive opening of markets for industrial and agricultural goods or services, were not even on the agenda. These wishes of industry and business can no longer be so easily satisfied in the WTO, because in the course of negotiations in recent years the developing countries have pooled their interests and demanded protective measures for themselves and non-industrialised economic activities. And even in this mini agreement developing countries were able to have parts of their demands for food security and promoting small farmers accepted.

“That was something the G33 group of developing countries, with mainly smallholder farming, co-ordinated by India and Indonesia introduced in the negotiations some time ago”, says Tobias Reichert from Germanwatch, who observed the negotiations in Bali. “This proposal acquired a new urgency when the Indian government decided to boost the sale of state-subsidised staple foods in a reaction to civil-society groups like the *Right to Food Campaign* recently.” Schemes like this are regarded in the WTO as trade-distorting subsidy when foodstuffs are purchased at state-regulated prices. The agreement is now that through a “peace clause” no WTO member is allowed to bring a claim against the current aid programmes in India until a lasting solution has been agreed by amending the agricultural agreement. “This is not yet a solution, at best it is a beginning”, says Reichert.

Critics like Biraj Patnaik of the Indian *Right to Food Campaign* or the German Bread for the World relief organisation likewise demand an amendment, whereby the food programme in India should not be restricted to cereals, and other countries should also be allowed to implement state measures for food security.

The last multilateral agreement came into effect in 1995, along with the founding of the WTO. No agreement has been reached since then. However, trade policy is being given a boost in bilateral agreements outside the WTO. The EU alone has concluded 45 agreements to date and is in negotiations with 87 countries. The content of the agreements exceeds by far what was discussed in the WTO with regard to opening markets.

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<<< back