Abstract

The current round of international trade negotiations are expected to culminate in the ninth Ministerial Conference (MC9) taking place in Bali from 3-5 December 2013. These negotiations are the continuation of those launched in Doha, Qatar, in 2001. Since then, seven Ministerial Conferences have taken place, but a deal has proven elusive. There are many reasons put forward to explain this, with the principal ones being the emergence of major developing countries and their wish to rebalance the trading system; the concept of ‘the single undertaking’ (meaning nothing is agreed until everything is agreed); and to the intrinsic difficulties of finding agreement among 159 member countries, each of which has its preferences for the scope and content of any agreement. The MC9 is generally seen as the last chance in the foreseeable future to reach a global deal. Failure in this respect would represent a serious setback for the WTO.
Table of contents

1 Introduction 4

2 Chapter on development 5

3 Negotiations on agriculture 7
   3.1 Food security 7
   3.2 Export competition 10
   3.3 Tariff-rate quota (TRQ) administration 10

4 Chapter on trade facilitation 11
   4.1 WTO draft Trade Facilitation Agreement 12
   4.2 EU position 13
   4.3 Next steps 14

5 After Bali? 14
1 Introduction

The current round of international trade negotiations will reach a critical juncture with the Ninth in the Ninth Ministerial Conference (MC9) taking place in Bali from 3-5 December 2013. These negotiations are the continuation of those launched in Doha, Qatar, in 2001. Since then, a seven Ministerial Conferences have taken place, but a deal has proven elusive. There are many reasons put forward to explain this, with the principal being, first, 1) the emergence of major developing countries and their wish to rebalance the trading system; 2) the concept of the ‘single undertaking’ (meaning that nothing is agreed until everything is agreed); and 3) and the intrinsic difficulties of finding agreement between 159 member countries, each of which has its preferences for the scope and content of any agreement. The previous round, the Uruguay Round, took just under eight years to conclude, but involved a much smaller and more homogenous membership.

The MC9 is seen as the last chance in the foreseeable future to reach a global deal. Failure in this respect would represent a serious setback for the WTO.

So what could a possible deal at MC9 look like? There are three pillars of work on which negotiations are taking place:

1. a number of development-related proposals intended to take account of the special needs of developing and least-developed countries (LDCs);
2. a package of agricultural proposals which are particularly important for developing countries;
3. a number of development-related proposals that seek to account for the special needs of developing and least-developed countries (LDCs).

The proposals are very much interlinked, and a number of countries are making their concessions in one area contingent on receiving something in another area. India, for example, is pushing for proposals on food security and linking this to its acceptance of commitments in the trade facilitation agreement. There remain nonetheless significant differences to overcome, and it is not certain that these will be surmounted before the MC9. This would mean that – contrary to the hopes of WTO Director General Roberto Azevedo – the Ministerial would become a negotiating meeting. The WTO’s ambition was to that as much as possible would be agreed in advance in order to avoid last-minute negotiations. However, this no longer seems feasible, particularly given that the General Council meeting of the WTO scheduled to take place on 21 November was postponed in order to give negotiators more time.

This paper provides a brief summary of the different pillars and the issues surrounding them. The paper provides a snapshot of the current ‘state of play’ (as of late November 2013). However, as the negotiations enter the final mile, last minute developments will be an inevitable part of the process.
2 Chapter on development

The development chapter of the ninth Ministerial Conference (MC9) is composed of five pillars.

Development issues have played a central role in WTO talks.

The Doha Development Agenda (DDA) is, as its name implies, designed to devote greater attention to development issues in order to address some of the concerns of developing countries and involve them more in multilateral trade negotiations. This intention is notably reflected in Paragraph 44 of the Doha Declaration, titled ‘Special and Differential Treatment’. Progress in this area of the package has been good, with some aspects agreed in principle, while controversies still surround some other issues.

The following are the five key items in the Bali package:

**The monitoring mechanism.** The purpose of this would be to monitor how the special and differential treatment provisions are applied in WTO agreements, with a view to making them more effective and to suggesting improvements. An agreement has been more or less reached on the details of such a mechanism, including the need to have meetings at least twice a year, if necessary, within the WTO’s Committee on Trade and Development. Moreover, the mechanism will be the central point of verification for development related issues. When it identifies problems, it will be able to make recommendations to other parts of the WTO. The monitoring mechanism itself will be reviewed after three years.

**Preferential rules of origin for imports from LDCs.** These are rules which determine where a product was made. When it is established that products come from LDCs, the products would then qualify for preferential treatment. Under the draft text that has been provisionally agreed, a set of guidelines have been drawn up to facilitate the process of granting trade preferences to LDCs. Given that rules of origin can be very complex – and that origins themselves are complicated by global value chains, as former WTO Director General Pascal Lamy said in his renowned ‘Made in the World’ speech – the guidelines stress that the rules should be as simple and transparent as possible in order to be workable. This aspect of the package has already been agreed in the form of nonbinding guidelines, which would enable developed countries to create specific rules of origin for imports from LDCs.

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1 44. We reaffirm that provisions for special and differential treatment are an integral part of the WTO Agreements. We note the concerns expressed regarding their operation in addressing specific constraints faced by developing countries, particularly least-developed countries. In that connection, we also note that some members have proposed a Framework Agreement on Special and Differential Treatment (WT/GC/W/442). We therefore agree that all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. In this connection, we endorse the work programme on special and differential treatment set out in the Decision on Implementation-Related Issues and Concerns.

Operationalisation of the services waiver. In addition to facilitating more merchandise exports from LDCs, discussions have also focused on ensuring that LDCs can expand their share of the ever-increasing services sector. According to the WTO, the services sector is becoming ever more important in global trade terms. Yet LDCs are not sharing in the benefits, as they account for only 0.6% of services exports and 1.7% of imports. The services waiver, if endorsed in Bali, would grant LDCs preferential access in the services sector and would remain valid for 15 years following its adoption. It would be overseen by the WTO’s Council for Trade in Services and subject to periodic reviews.

Agreement on cotton subsidies. This is a proposal being mooted by a group of four cotton-producing countries (Benin, Burkina Faso, Chad and Mali) in order to ensure duty-free quota-free (DFQF) access by LDCs from 2015 onwards. The group is also seeking to eliminate cotton export subsidies, a position that has proved sensitive in the US, a major cotton producer. (Lamy called proposals on cotton a ‘litmus test’ for the WTO, as they highlighted the divide between developed and developing countries.) The EU plays a strong brokering role here, as it is the biggest donor for cotton producing countries.

Duty-free quota access for LDC exports. Progress on this has been somewhat slow, with few concrete proposals emerging. This is the result of differences of opinions between LDCs; some already receive trade preferences from developed countries and want to ensure that these are not jeopardised in any way (known as ‘preference erosion’). Under the EU’s ‘Everything But Arms’ initiative, the EU already grants duty-free quota-free access to LDCs, but there is still resistance on the part of the US on this issue. Moreover, LDCs are requesting that developed and advanced developing countries grant them DFQF access. It is unlikely that anything beyond some sort of political statement will be agreed on this issue at the MC9.

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3 Agricultural negotiations, Cotton - 4 proposal
3 Negotiations on agriculture

Negotiations on agriculture have focused on three proposals.

Negotiations on agriculture essentially focus on three proposals tabled by two different groups of developing countries:

- a G-33\(^4\) proposal to address food security issues,
- a G-20\(^5\) non-paper, which proposes an understanding on tariff rate quota (TRQ) administration provisions,
- another G-20 non-paper, proposing a revision of export competition rules.

In addition, some elements on cotton have been put forward as part of the LDC component of the package (see above under ‘development’).

3.1 Food security

Food security proposals aim to extend the scope of government subsidies that are not allowed under WTO rules.

Some developing countries have argued that developing countries should receive compensation to partially rebalance concessions that might be offered on a WTO deal on trade facilitation. In November 2012, a group of developing countries known as the G-33 tabled a proposal calling for additional flexibility on WTO rules governing trade on agricultural products. The G-33 proposals involve three distinct proposals, all concerning domestic support for farmers and being formulated as a component of the ‘green box’ review process initiated in Doha in 2001 (see explanation of the box system below).

One of the objectives of the Doha Round was to reform the trade in agricultural products. The Doha Round launched in 2001 committed WTO members to reduce dramatically their trade distorting domestic support, ensuring fair market access to imports and proceed with a reduction of export subsidies with the ultimate goal of phasing all of them out. In 2004, WTO members also agreed to revise criteria for ‘green box’ subsidies with a view to ensuring that they had ‘no, or at most minimal trade distorting effects or effects on production’. At the 2005 Ministerial held in Hong Kong, it was also decided that the review of ‘green box’ subsidies should also had included developing countries’ programmes. Typically positions on green box reform have been rather differentiated with the members of the G-20 and Cairns group looking for stricter rules on criteria while the EU and Japan

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\(^4\) Also called ‘Friends of Special Products’ in agriculture. It is a coalition of developing countries pressing for flexibility for developing countries to undertake limited market opening in agriculture. WTO members (46): Antigua and Barbuda, Barbados, Belize, Benin, Bolivia, Botswana, Côte d’Ivoire, China, Congo, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Korea, Republic of, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, Zimbabwe.

\(^5\) Coalition of developing countries pressing for ambitious reforms of agriculture in developed countries with some flexibility for developing countries (not to be confused with the G-20 group of finance ministers and central bank governors, and its recent summit meetings). WTO members (23): Argentina, Bolivia, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela, Zimbabwe.
proposed to expand their scope to new sectors.

The first amendment aims to guarantee that developing country programmes\(^8\) are included in the ‘green box’ category of ‘general services’\(^7\) that are generally considered as non-trade distorting (including areas such as research, pest and disease control and advisory services). The ‘service’ solution has been favoured over any formal amendment to the Agreement on Agriculture.

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**Box 1. Definition of subsidies in the WTO Agreement on Agriculture.**

In WTO terminology\(^6\), subsidies are identified by ‘boxes’, which are given the colours of traffic lights: ‘green’ (permitted), ‘amber’ (to be reduced), and ‘red’ (forbidden).

In agriculture, colour codes are slightly different. The Agriculture Agreement does not, in fact, foresee any red boxes, although domestic support exceeding the reduction commitment levels in the amber box is prohibited. A ‘blue box’ applies to subsidies that are tied to programmes limiting production.

All domestic support measures considered to distort production and trade (with some exceptions) fall into the amber box, which is defined in Article 6 of the Agriculture Agreement as all domestic supports except those in the blue and green boxes. These include measures to support prices, or subsidies directly related to production quantities.

These supports are subject to limits: ‘de minimis’ minimal supports are allowed (5% of agricultural production for developed countries, 10% for developing countries). WTO members that had larger subsidies than the de minimis levels at the beginning of the post-Uruguay Round reform period committed themselves to reducing these subsidies.

The reduction commitments are expressed in terms of a ‘total aggregate measurement of support’ (total AMS), which includes all supports for specified products, together with supports that are not for specific products, in one figure. In the current negotiations, various proposals address how much further these subsidies should be reduced, and whether limits should be set for specific products rather than continuing with the single overall ‘aggregate’ limits. In the Agriculture Agreement, AMS is defined in Article 1 and Annexes 3 and 4.

A second, and more controversial, part of the G-33 platform involves a proposal to allow developing countries to subsidise\(^9\) food purchases from low-income, resource-poor producers when building government stockpiles.

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\(^6\) In particular ‘Policies and services related to farmer settlement, land reform programmes, rural development, and rural livelihood security in developing countries’.

\(^7\) See on Paragraph 2 of Annex 2 to the Agreement on Agriculture

\(^8\) See at WTO, *Agriculture negotiations: Background fact Sheet* (2005)

\(^9\) i.e. purchased at government-set prices (‘administered prices’), higher than prevailing market prices, which would therefore provide price support for producers.
or providing domestic food aid.

This kind of support to food producers is currently capped. For most WTO members, this is a ‘de minimis’ threshold of up to 10% of the value of production (see explanation above). According to the G-33, the method used to calculate trade-distorting domestic support (amber box or AMS support) is likely to place several developing countries in danger of reaching or exceeding their permitted limits. According to the G-33, WTO members should be entitled to exceed the above-referred AMS threshold when the purchases are made with the goal of supporting low-income or resource-poor producers.

The third proposed change has a similar scope and aims to ensure that food purchases ‘procured generally from low-income, resource-poor producers’ are excluded from AMS calculations.

The G-33 proposal on food security has been criticised for its potentially distortive, systemic impact, which would radically change the current rules without a wider negotiation. Some WTO members have also stressed that the proposed reform is likely to produce potentially severe trade-distorting effects, and that the efficacy of measures proposed is far from demonstrated. Developed countries in particular have expressed concern that the G-33 proposal would allow countries to provide substantial trade-distorting farm support to their farmers, with inevitable spill-over effects in other countries that limit their support to farmers.

A certain number of meetings have been held in Geneva over the last months to discuss how to scale down the initial G33 proposal so that it can be integrated into an MC9 package. Some ways to limit the reach of the proposal have been suggested in the discussions and include (a) adding product specificity (i.e. limiting any new flexibility to certain staple products, such as wheat and rice), (b) targeting, (c) restricting or disciplining the disposal of stocks, (d) capping the exemption, and (e) associating a transparency and surveillance mechanism. All these proposals were ultimately discarded.

An agreement may yet be found with a ‘peace clause’, which would temporarily shelter those WTO members applying the new rules from being challenged under other WTO agreements. The G-33 has asked for a 10-year period of application for this peace clause, while developed countries (such as the US) appear ready to accept only a 2-3 year period.
3.2 Export competition

In May 2013, the G-20 group circulated a position paper calling for gradually stricter discipline on export credit with a view to reducing the impact of subsidised credits on farm exports. The paper was presented as a part of the implementation package of Hong Kong Ministerial decisions (2005) which foresaw the elimination of all exports subsidies on agricultural products by 2013\textsuperscript{10}.

The G-20 proposed that developed countries halve the ceilings for budgetary spending on farm export subsidies by the end of 2013. The group also called for reducing the maximum subsidised exports allowed to the average actual levels of 2003–05. This reduction, which is supposed to become effective by the end of 2013, applies to developed countries only. All WTO members are also requested to phase in a 540-day limit to the repayment period for export credit. (Eventually, this would be reduced to the 180-day limit that is considered consistent with ordinary commercial practices.)

The proposal was harshly criticised by frequent users of export subsidies. Several WTO members argued that the 2013 deadline was only agreed in Hong Kong as part of a complete Doha Round deal, and that export subsidy reductions would not be acceptable without a broader agreement on agriculture and – for some – other Doha Round subjects. Excluding developing countries was also considered unacceptable.

Recent discussions (held in September 2013) showed a generalised lack of consensus regarding the G-20 proposal, and a deal on this matter appears to be out of reach. According to the European Commission, the most likely outcome is some sort of political declaration that highlights the importance of export competition issues as an essential component of a broader DDA package.

3.3 Tariff-rate quota (TRQ) administration

Reforming tariff-rate quotas to secure a better filling of existing quotas is doable in Bali.

The G-20 proposed a new agreement on tariff-rate quota (TRQ) administration and called on the WTO to address the problems of persistent, under-filled TRQs (i.e. when the fill rates are below 65 % for three consecutive years) and find solutions to resolve them.

The WTO Agreement on Agriculture obliged WTO Members to convert its existing agricultural quantitative import controls into a system of tariff rate quotas (TRQs). The TRQs came into effect in 1995. Under these scheme, imports are subject to low ‘within access commitment’ rates of duty up to a predetermined limit (i.e. until the import access quantity has been reached), while imports over this limit are subject to significantly higher ‘over access commitment’ rates of duty. For most products, the privilege to import at the within access commitment rates of duty is allocated to firms through the issuance of import allocations (or ‘quota-shares’). Those with quota-shares

\textsuperscript{10} ICTSD, Draft Bali Decision on Ag Export Subsidy Cuts Tabled (30 May 2013)
will, upon application, receive specific import permits giving access to the within access commitment rates of duty as long as they meet the terms and conditions of permit issuance.

In a document circulated in December 2012\textsuperscript{11}, the WTO Secretariat noted that during the period of reference, only 61\% of TRQs were filled, with a notable decrease in 2010-2011. The report indicated that the score among WTO members is not homogenous. China, India, the EU, Norway, Korea and the US were consistently below average, while countries including Canada, Australia, Brazil and New Zealand consistently recorded fill rates higher than 65\%.

The G-20 proposal calls for more transparency and includes a mechanism to address the persistent under-fill of TRQs. The proposed mechanism is intended to gradually increase pressure on importing member states and oblige them to take measures to improve their TRQ performance. The new system should be based on a first-come, first-served mechanism or an automatic, unconditional licence-on-demand system. Developing country members can decide to switch to the new system or maintain the current method in place.

This proposal has not, however, met with universal acceptance. Some WTO members have criticised its current incarnation and disagreed on the special and differential treatment provision guaranteed to developing countries. For other members, this matter should not be considered in isolation, but rather linked to the other agricultural issues that have been proposed for an early deal in Bali. Despite these divergences, the G-20 paper on TRQ administration is generally seen as achievable for Bali, and all members have declared themselves open to discussion.

4 Chapter on trade facilitation

Trade facilitation aims to simplify and modernise trade procedures.

As traditional trade barriers have come down, and in some cases been eliminated, the multilateral trade agenda has come to include other obstacles to the cross-border flow of goods and services. These include cumbersome data and documentation requirements, as well as excessive administrative formalities and fees at borders – all of which impose a significant cost on trade, businesses, governments and consumers.

Trade facilitation (TF) refers to measures to simplify, modernise and harmonise import, export and transit rules and procedures, as well as – importantly – customs requirements to ease trade flows.

The Organisation for Economic Co-operation and Development (OECD) estimates that implementing all the TF measures foreseen in the draft WTO agreement would reduce total trade costs by 10\% in advanced economies and by 13-15.5\% in developing countries. Cutting global trade costs by just

\textsuperscript{11}WTO, Tariff quota administration methods and fill rates 2002-2011,(21 December 2012)
1% would increase worldwide income by over EUR 30 billion, 65% of which would accrue to developing countries\textsuperscript{12}.

The gains would outweigh the estimated costs per country of implementing the TF reforms, which range from EUR 2 to EUR 8 million according to the World Bank, and from EUR 2.5 to EUR 14.5 million according to the OECD\textsuperscript{13}.

A multilateral agreement to cut red tape in trade would not only make it easier, faster and cheaper to trade, but also help developing countries better participate in regional and global value chains, thereby reaping greater benefits from international trade.

### 4.1 WTO draft Trade Facilitation Agreement

Trade facilitation became part of the WTO package in 1996.

Trade Facilitation was first placed on the WTO agenda at the 1996 Singapore Ministerial Conference, which identified a case for multilateral action. After years of exploratory work, the topic was finally added to the list of Doha Round negotiating items in mid-2004. Since July 2004, the objective of negotiations has been to clarify and improve Articles V (Freedom of Transit), VIII (Fees and Formalities connected with Importation and Exportation) and X (Publication and Administration of Trade Regulations) of the 1994 General Agreement on Tariffs and Trade (GATT).

**Box 2**

There remains a wide gap between developed and developing countries’ border procedures. To export, the ‘good practice economies’ (the OECD high income countries setting a benchmark) require on average three separate documents and clear the goods in just days. On the other hand, the worst performing countries may need more than 10 documents and take up to 50 days for preparing further documents for port and terminal handling and for customs clearance.

The Trade Facilitation Negotiating Group (TFNG) has also looked into the needs and priorities of its developing and least-developed members, to address concerns about implementation capacity and the likely cost of the proposed measures.

Progress in the negotiations has been substantial enough to allow WTO members to draft the text of a Trade Facilitation Agreement (TFA)\textsuperscript{14}, divided into two sections:

\textsuperscript{12} OECD: Trade facilitation agreement would add billions to global economy, says OECD:

\textsuperscript{13} World Bank Gap Assessment Study:

OECD: The costs and challenges of trade facilitation measures.

\textsuperscript{14} The current (18th revised) draft consolidated negotiating text on TF was issued on 23 October:

[https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=%20@Symbol=%20\r
\ln/ft/w/165%20165&Language=ENGLISH&Context=FormerScriptedSearch&languageUIChang
ed=true#](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=%20@Symbol=%20\r
\ln/ft/w/165%20165&Language=ENGLISH&Context=FormerScriptedSearch&languageUIChang
ed=true#)
Section I lays out, in 15 articles, the specific operative TF commitments in areas such as transparency, import, export and transit formalities, and customs cooperation.

Section II covers implementation flexibilities – provisions on the special and differential treatment for developing countries and LDCs, as well as on technical assistance and capacity building. The draft text foresees three different categories (A,B,C) of commitments for the countries to schedule, with Category A issues being implemented upon the entry into force of the agreement.

4.2 EU position

Trade facilitation has an enormous potential for EU business.

For the EU – together with other major developed economies, such as the United States – Section I of the agreement should be composed of primarily binding obligations, with concrete time frames, in order to release its full economic potential.

An ambitious Section I would counterbalance the generous special and differential treatment outlined in Section II, though the most far-reaching implementation flexibilities and support should be reserved for ‘real’ developing countries, and the principal emerging economies should declare they will not use them.

An ambitious agreement would be a first step towards concluding the Doha Round. Moreover, the Commission sees TF as a development issue – something that is positive for developing countries and their economies – although the Commission also acknowledges that funding and assistance will be required to enable developing countries to comply with the new obligations.

Box 3

Wary of the workload and investments required for these commitments, developing countries (particularly LDCs) have called for clear assurances that they will be supported for implementing the new commitments and that they will maintain the right to determine whether and when they have reached the capacity to implement. Donor countries, on the other hand, have insisted on implementation time frames, even before assistance is given.

During its November plenary, the European Parliament is expected to vote on a resolution on the state of play of the Doha Development Agenda. The draft resolution by the Committee on International Trade notes the significant benefits of reaching a binding agreement on trade facilitation, and the positive impact it would have, particularly for small and medium-sized enterprises (SMEs). The draft calls for continuous capacity building and technical assistance for developing countries, and underscored that trade facilitation would be the main source of gains in the DDA for many developing countries.

While infrastructure does not fall under the heading of the trade facilitation
negotiations, it plays an important role. The Commission and EU Member States provide technical assistance and capacity building projects in 'Aid for Trade' assistance in the areas of, *inter alia*, transport, border management, import and export formalities, customs IT systems and cross-border cooperation.\(^{15}\)

### 4.3 Next steps

Trade facilitation is the most promising item in the MC9 agenda.

The General Council, the WTO's highest decision-making body after the Ministerial, was due to wrap up the process towards the third week of November (at least 10 days before the Ministerial) in order to have the relevant documents available in time for the MC9. However this date was postponed to give negotiators more time to overcome the parties' differences.

If the negotiations continue to progress, WTO members should be in a position to reach a political understanding on the basic text of the Trade Facilitation Agreement at the Ministerial. The finalisation of the agreement's text would only occur in 2014, once the schedules of implementation are ready.

The EU will need to adopt a position on the agreement in the WTO in order to contribute to any consensus that is reached. The European Parliament is obliged to be 'immediately and fully informed at all stages of the procedure' (Art. 218(10) TFEU as well as required to give its consent – probably sometime in 2014 – to a possible deal.

As trade facilitation is the most likely area of agreement, a deal on this issue would help maintain the credibility of the multilateral rules-based trading system, and of the WTO as a negotiating forum, at a time when bilateral and regional trade initiatives are mushrooming. An agreement could also help establish a meaningful post-MC9 agenda, which might jump-start the other issues of the stalled Doha Round. Apart from stimulating the WTO system, an agreement would also give a needed boost to the world economy.

### 5 After Bali?

A failure to deliver in Bali is likely to definitively bury the Doha Development Round.

There is little doubt that Bali is the last chance to advance the Doha Round. Another failure would be seen as the last nail in the coffin for multilateral trade negotiations. The future and credibility of the WTO, along with the relevance of multilateralism, are at stake.

The scope of the Bali ministerial is relatively limited. If a successful outcome is reached on the limited agenda, this is unlikely to be perceived as a decisive breakthrough in the protracted stalemate of the Doha Development Round. A growing number of countries seem relatively satisfied with the current shift towards an international trading system increasingly propelled by bilateral

\(^{15}\) See also DG Taxud page on TF.
(or plurilateral) agreements; these countries have shown little interest in negotiating and agreeing on new sets of binding rules on trade.

This attitude fails to recognise the important role played by the WTO since its creation. The organisation has set up and promoted a rules-based international trading system which has resulted in an impressive growth in international exchange and, more recently, in an effective shelter from the protectionist clouds prompted by the global financial and economic crisis started in 2008.

As noted by one researcher studying the topic, ‘for those countries which perceive the need for new rules, some seem ready to walk away from multilateral negotiations and to pursue their trade objectives solely through bilateral and regional trade initiatives. Others propose the negotiation of critical mass or plurilateral agreements within the WTO between groups of likeminded countries. Others argue that the Doha Agenda focuses too much on yesterday’s trade issues, and call for the relaunch of multilateral negotiations to address the new trade policy challenges which have emerged in the past ten years’16. Obviously each of these alternatives has its own drawbacks. And those who propose launching a new round of negotiations overlook the burdensome and difficult nature of the exercise – not to mention that slim chances of success.

It is perhaps time to reconceive the role and function of the WTO, although any attempt to reform the system is unlikely to be fruitful. Created from the ashes of GATT almost two decades ago, the WTO has proven to be incapable of resisting the radical changes that have affected the international trading system. The diarchy of the US and EU has paved the way to a more ‘democratic’, but less predictable, system, increasingly driven by emerging countries and. Given these conditions, a shift towards a world trading system dominated by regional and bilateral deals appears almost irreversible … and this irrespective of the final results of the Bali ministerial.

Whatever the outcome in Bali, this is not the end of the process. Further work will be needed. Given the impending deadline, the focus is – understandably – on concluding the package. But then, attention will have to turn rapidly to the future of the world trading system and the leftovers of the MC9. Where should we go from here? The increase in bilateral and regional trade agreements, the emergence of developing countries as major players in the field of world trade and the difficulty of finding consensus among 159 members are some of the many factors that argue for reconceiving the role and function of the WTO.

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16 Capreform (prof. Alan Matthews), Life after Bali for the WTO Doha Round (22 October 2013).