

**Statement of Shri Anand Sharma, Minister of Commerce and Industry
in the Lok Sabha and Rajya Sabha on the 9th Ministerial Conference
of WTO at Bali.**

(17 December 2013)

I attended the 9th WTO Ministerial Conference at Bali from 3 to 7 December 2013. The 2001 Conference at Doha had mandated a comprehensive development agenda for multilateral trade negotiations. Ever since the WTO was established in 1995, Member States were unable to arrive at a consensus on any multilateral agreement. The Bali meet was the first occasion where members were able to reach an agreement.

In the backdrop of the global economic downturn of 2008 and the inability of the membership to reach consensus on the full Doha Development Agenda, it was decided at the 8th Ministerial Conference in 2011 to focus on areas where convergence was possible. Accordingly, after deliberations amongst members in 2012, it was agreed that members would strive for an agreement on Trade Facilitation, a few areas in agriculture, development issues and issues of relevance for Least Developed Countries (LDCs). Considering the limited sectoral agenda set out for the Bali Conference, India decided to bring the issue of food security in agriculture firmly on the negotiating table.

The existing Agreement on Agriculture does not bar public stockholding programmes for food security. However, if food for such programmes is acquired at administered prices and not at market prices, then it is deemed as support to farmers. WTO rules negotiated in the Uruguay Round provided that all such support has to be kept within a limit of 10% of the value of production of the product in question. However, rules for

calculating the support are based on a reference price of 1986-88, without taking inflation into account. India, as part of a G-33 coalition of developing countries proposed an amendment of the WTO's Agreement on Agriculture to change these rules. The proposal is not new. Similar suggestions were tabled by other groups of developing countries. It was also a stabilized part of draft agricultural negotiating text of December 2008.

The G-33 proposal met with strong resistance. India, however, stood firm and through sustained efforts, managed to bring the US, EU, Australia, Canada and others to the negotiating table. The G-33 suggested several alternatives including inflation adjustment of administered prices. However, the developed countries effectively blocked any discussion on such proposals.

The counter proposal made to the G-33 was a two year due restraint mechanism to provide temporary protection from challenge through the WTO Dispute Settlement Process, with a number of conditions attached. This would have rendered the mechanism entirely ineffective and have implications for India's policies on procurement and public distribution including the implementation of National Food Security Act passed by Parliament.

India's consistent position in the WTO has been that matters pertaining to livelihood, food security and rural development are of vital importance. Special and differential treatment is a must for developing countries.

In accordance with the decision of the Cabinet, in my plenary statement, I made it clear that the issue of food security was non-negotiable for India as it directly relates to the livelihood concerns of millions of subsistence farmers and food security of the poor and vulnerable sections of the society. I underscored that an interim solution cannot be a temporary solution nor be terminated and must remain in place till such time that a

negotiated permanent solution is in place. I also stated that without a satisfactory decision on food security, we considered the Bali Package as lacking in horizontal balance and would, therefore not be able to lend our support to it.

Though a concerted bid was made to isolate India at Bali, our principled position resonated with the developing countries of Africa, Asia and Latin America including South Africa, Mauritius, Brazil, Egypt, Nigeria, Kenya, Zimbabwe, Namibia, Uganda, Argentina, Tanzania, Cuba, Bolivia, Ecuador, Venezuela, Nicaragua, Sierra Leone and Nepal. The African Caribbean Pacific (ACP) Group, the LDC group and the African Group of countries also lent support to India's view that a solution had to be found to the problem raised by India.

We were able to build a broader coalition of support forcing US and EU to cede ground. India declined a country specific carve out and insisted that protection must be available to all developing countries. After intense negotiations over 3 days, a few hours before the Conference was scheduled to end, a revised draft text was placed before the membership, which addressed our core concerns. It provides for an interim mechanism to be put in place and to negotiate for an agreement for a permanent solution for adoption by the 11th Ministerial Conference of the WTO. In the interim, until a permanent solution is found, Members will be protected against challenge in the WTO under the Agreement on Agriculture in respect of public stockholding programmes for food security purposes. It unambiguously stated that the interim solution shall continue until a permanent solution is found. By implication, India will have the flexibility of providing support to its farmers without the apprehension of breaching its WTO entitlements. It has also effectively led to a commitment from Members of the WTO to work on a permanent solution as part of a post-Bali work programme. Now we will be preparing for negotiations for

arriving at a permanent solution. Countries which do not run such public stockholding programs also retain the flexibility to introduce them if they so wish to. I would also like to make it clear that nothing in the aforesaid agreement impinges on our food security program for the poor and vulnerable sections of society, which is very much part of our sovereign space.

On Trade Facilitation, our proposals on Customs Cooperation and those relating to agricultural exporters found acceptance amongst the membership. The Trade Facilitation Agreement which was also endorsed by India is basically aimed at greater transparency and simplification of customs procedures, use of electronic payments and risk management techniques and finally faster clearances at ports, all of which would reduce transaction costs and bring about enhanced trade competitiveness. Many of these have already been implemented by India as part of our broader efforts for liberalization and simplification of procedures.

I would like to conclude by saying that the Bali Ministerial meeting was a landmark one in the history of WTO. It re-affirmed India's leadership role amongst the developing countries and also demonstrated our diplomatic ability to build consensus. We were able to arrive at a balanced outcome which secures our supreme national interest. India was key to arriving at a breakthrough and shaping the first agreement since the creation of the WTO 18 years ago. India's constructive approach in negotiations was acknowledged by all member states. We have managed to retain the centrality of the development dimension in the Doha Round.

A positive outcome at Bali has also strengthened the credibility of the WTO as an institution. We have been able to give a clear signal to the world that while India is prepared to engage, it will not accept an un-balanced agreement. It will under no circumstances compromise the fundamental

issues pertaining to food security, livelihood security and the welfare of its subsistence farmers and poor.