

# BRIDGES SPECIAL UPDATE

Reporting from the WTO's Eleventh Ministerial Conference

12 DECEMBER 2017

## WTO Members Eye Post-Buenos Aires Work As Ministerial Talks Hit Hurdles

As the WTO ministerial conference approached the end of its penultimate day of talks in Buenos Aires, Argentina, the prospects for clinching multilateral deals on substantive outcomes had mostly grown dim, officials said. The focus is now shifting primarily on how to structure work when members reconvene in the new year.

The negotiations on disciplining harmful fisheries subsidies are now heading towards a ministerial decision that would include a paragraph on continuing negotiations for a deal in 2019, the expected year for the WTO's next ministerial conference, as well as language on transparency recommitting members to implement their current notification requirements under the organisation's Agreement on Subsidies and Countervailing Measures (ASCM).

An informal heads of delegation to finalise wording on these subjects was underway late Tuesday evening, at the time of this writing. Multiple sources confirmed that the effort to include an article for an interim outcome disciplining illegal, unreported, and unregulated (IUU) fishing, which had already proven challenging as members debated different alternative approaches, had hit a roadblock following opposition from India and is no longer on the table as a substantive outcome for Buenos Aires.

Various officials pushing for an IUU outcome had made a concerted public push during the day to get those talks over the line, with Peter Thomson, who serves as the UN Secretary-General's Special Envoy for the Ocean, telling an audience at the Trade and Sustainable Development Symposium (TSDS) that "I'm here in Buenos Aires because I want to hold the WTO accountable to SDG14." (*Editor's note: the TSDS is organised by ICTSD, the publisher of Bridges*)

He was referring to the UN Sustainable Development Goal (SDG) on "life below water," which sets a target for eliminating IUU subsidies and banning those contributing to overcapacity and overfishing by 2020.

Meanwhile, open-ended meetings on e-commerce also continued in the facilitator-led format, looking at the next steps for an existing work programme on the subject, as well as on how to bridge a divide regarding the renewal of moratoriums on duties on electronic transmissions, as well as non-violation and situation complaints under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The issues had not been resolved at press time.

Meetings were also held in the facilitator format on development, investment facilitation, and micro, small, and medium-sized enterprises (MSMEs). While development talks remained blocked, the MSMEs and investment facilitation meetings saw proponents pledge to continue their work in these areas among interested partners.

In separate news, multiple sources confirmed that a coalition of members will release a statement on e-commerce on Wednesday morning, as a start towards exploring next steps and possible talks in this area. The number of countries reportedly backing this effort number at over 60, sources say.

On the drafting process for the ministerial declaration, WTO spokesperson Keith Rockwell told reporters that meetings have continued among the group tasked with this process, under ministerial conference chair Susana Malcorra. They are due to reconvene in the morning, though gaps also remain among members on its content.

### Agriculture talks shift focus to work programme

Early in the day, facilitator Amina Mohamed, the Kenyan trade minister, circulated draft ministerial decisions on agriculture. The texts covered public stockholding, domestic support, cotton, export prohibitions or restrictions, and elements for continuing work after the conference.

However, trade sources said that by mid-morning the US delegation had told a small-group meeting they would be unable to agree to an outcome on public food stockholding, one of the topics which was addressed in the drafts. India responded that it considered a permanent solution in this area to be essential if the conference was to agree an outcome. Sources said that the US stance had changed since initial talks took place yesterday.

The facilitator's draft public stockholding text was based largely on a proposal tabled three weeks ago by Norway and Singapore, which itself drew on an agreement at the WTO's 2013 Bali ministerial. Alternative approaches had previously been put forward by the G-33 developing country group, and by a set of countries including the EU, Brazil, and other farm exporters.

On domestic support, the drafts would have committed countries to continue negotiations, drawing on language proposed two weeks ago by Russia. The text would have seen countries explore approaches such as a new overall limit on trade distorting support, as well as cuts to countries' existing ceilings on highly trade-distorting amber box support – thereby charting a way between farm exporting nations in the Cairns Group, which prefer the former approach, and China and India, which have called for the latter.

On cotton, which is a key concern of West African countries in the C-4 group, members would have agreed to continue negotiations on domestic support, and mostly reiterated existing commitments on market access, export competition, and development aid. However, the C-4 countries reportedly rejected the draft that had been tabled.

According to the drafts that were circulated, WTO members would have had to provide 30 days' advance notice if imposing new export restrictions or prohibitions on foodstuffs, and would have agreed not to impose these measures on humanitarian food aid bought by the World Food Programme. Exemptions from the new requirements on advance notice would be granted to least developed countries, net food-importing developing countries, and developing countries that are not net food exporters of the product concerned. The text draws on a revised proposal tabled last month by Singapore.

The draft texts also spelled out other areas in which members would continue negotiating after the ministerial conference, in addition to domestic support and cotton. Members would have agreed to "reinvigorate" WTO talks on market access, and strive towards achieving enhanced market access outcomes through incremental steps. They would have also built on the 2015 Nairobi Ministerial Decision on Export Competition by pursuing talks on unresolved issues akin to export subsidies, such as export credits or agricultural exporting state trading enterprises, as well as continuing negotiations on export prohibitions and restrictions.

Despite little progress in talks on a new special safeguard mechanism which developing countries would be able to use to raise tariffs temporarily in the event of a sudden import surge or price depression, talks on this proposed new instrument would continue as well. Finally, members would have agreed to continue talks on how to implement the objectives and principles of the WTO's Agreement on Sanitary and Phytosanitary Measures, a topic highlighted by the US and 16 other countries in a separate statement today.

With consensus not seen as viable for any of the talks, farm trade discussions in Buenos Aires are now set to shift towards how to structure the WTO's upcoming work on agriculture.

### Gender declaration draws widespread backing

Around 120 countries endorsed today a declaration on women and trade, marking a notable first in the global trade club's history in taking a direct focus on empowering women in this field.

The handover of the declaration to Malcorra and WTO Director-General Roberto Azevêdo was attended by a large crowd of delegation leaders, as well as journalists, civil society and international organisation representations, and other trade watchers.

"This discussion is about one billion women that are disconnected from the global economy," said Arancha González, Executive Director of the International Trade Centre while reporting to journalists. She further explained that this declaration does not consist in creating special rules for women nor "segregating" women in the WTO, but rather serves as a way to share best practices to reflect the centrality of women economic empowerment in the trade space.

Canada, Iceland, and Sierra Leone helped drive this process, and high-level officials from these countries were among those lauding this achievement during the subsequent press conference, while calling for more advocacy.

While the declaration received the public backing of numerous developed and developing countries, it also saw several countries such as India, the United States, Saudi Arabia, South Africa, and Venezuela among those who have not yet endorsed it.

"Gender should not be confused as a WTO issue, we do not know how this can be brought in the WTO," said Suresh Prabhu, Indian Commerce and Industry Minister, earlier this week.

Other countries have highlighted conceptual differences, such as whether the organisation has a mandate in this subject, along with whether this should be framed around non-discrimination versus promotion of economic empowerment.

The final version of the declaration focuses on a series of areas, including information, best practice, and experience-sharing, raising the issue's profile, and building a deeper knowledge base through better data. Those endorsing it have pledged to report back on their work in this vein in two more years.

The document is partly the result of the coordinated efforts of the Trade Impact Group (TIG) operating under the auspices of the International Gender Champions Geneva, a network that brings key decision makers together to address gender barriers to trade.

### Overcapacity: "trilateral cooperation" planned by EU, US, Japan

The EU, Japan, and the US released on the conference sidelines a two-paragraph statement on industrial overcapacity, calling out "government-financed and supported capacity expansion, unfair competitive conditions caused by large market-distorting subsidies and state owned enterprises, forced technology transfer, and local content requirements and preferences" as having a damaging role for various "key sectors."

They did not refer to specific industrial sectors, nor to which countries were specifically the source of concern. Overcapacity, especially in steel, has dominated international headlines and public policy discussions across various forums in recent years, with the debate often centering on China's role as the top global producer of the metal, along with how to assuage growing trade tensions and address the issue collectively.

These trade ministers pledged to undertake "trilateral cooperation" both at the WTO and elsewhere aimed at getting rid of "these and other unfair market distorting and protectionist practices by third countries." They did not specify in detail what this cooperation would entail, nor how they would work in the WTO towards that end.

### EU-Mercosur talks to continue into 2018

Outside the ministerial, days of intense negotiations between the EU and the South American bloc Mercosur ultimately led officials to confirm that a political deal will not be ready in 2017, and that efforts will resume in the new year.

Sources say while meetings are due to continue in Buenos Aires, they are unlikely to lead to an accord, but may instead focus on how to structure the next stage in the negotiations.

ICTSD reporting.