

General Studies-2; Topic: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

WTO Buenos Aires Summit

1) Introduction

- The 11th ministerial conference of the World Trade Organization (WTO) ended without any substantial outcome as it lacked consensus
- It became the third ministerial conference after Seattle and Cancun where no declaration could be adopted.

2) Key Takeaways

- In the area of fisheries subsidies, there could not be an agreement on interim solution for banning illegal, unregulated, unreported (IUU) fishing.
- All members agreed to address fisheries subsidies by next summit (2019)
- Pushing back the efforts of developed countries on issues like e-commerce, investment facilitation and MSMEs
- 118 WTO members and observers agreed to support the 'Joint Declaration on Trade and Women's Economic Empowerment', which seeks to remove barriers and foster women's economic empowerment.

3) Issue of Farm Subsidies

- With the backing of more than 100 countries, India and China had jointly submitted a proposal to the WTO to eliminate the trade-distorting farm subsidies in several developed countries.
- The two countries see this as a prerequisite to address the imbalance in the Agreement on Agriculture.
- Developed Countries including US, EU and Canada are providing trade distorting subsidies to their farmers.
- On an average, an Indian farmer gets an annual subsidy of \$250 whereas EU and US farmers get \$60,000.
- These are at much higher levels than the food subsidies given by developing countries.
- Developed countries insist that developing countries should contain the subsidies within 10% of the value of production.
- In 2013 Bali Ministerial meeting developing countries were promised a permanent solution to the food subsidy by 2017 meeting.
- The G-33 coalition — which includes Indonesia, China and India — seeks a complete exemption from commitments to reduce subsidies
- At Buenos, US blocked permanent solution on public stockholding for developing countries.
- This led to a collapse of the agriculture negotiations.

4) India's Stance

- Developed countries wanted 21st century trade issues like e-commerce, investment facilitation, MSMEs and gender equality.
- India toughened its stand on these issues.
- It said 'e-commerce' subject was not part of the original Doha agenda.
- India insisted that Doha round issues must be cleared first before taking up new issues.

- Indian expressed disappointment as the WTO failed to deliver on its promise of a permanent solution
- India stood firm on its stand on the fundamental principles of the WTO, including multilateralism, rule-based decision-making, an independent dispute resolution, and special and differential treatment for all developing countries
- India managed to protect all its interests without being accused of being deal breakers. This is indeed a diplomatic victory
- India expressed its “deep disappointment” over the US’ refusal to agree on the public stockholding issue
- India has not only protected its interests but also fought for countries which are more vulnerable than India.
- India opposed the joint declaration on “Trade and Women’s Economic Empowerment”. India said WTO is not a forum to discuss gender.
- India is very much in favour of promoting gender issues, but discussions should be at the right forum at the right place.

5) Concerns / Challenges

- WTO has failed to resolve the basic issues in international trade.
- WTO’s Buenos Aires summit has failed to deliver a joint declaration of the member-states
- Failure to have a permanent solution on public stockholding can damage the credibility of the WTO as a Ministerial Decision in Nairobi has not been honoured
- There seems little danger at present of the WTO in an existential crisis.
- U.S. obstructionism has worsened the developed-developing countries divide.

6) Way Forward

- Both developed and developing countries need to reform food subsidies to improve international trade and to reduce rampant use of chemical inputs.
- Development and inclusiveness must remain at the heart of our work.
- India wants a permanent solution that would allow it to continue its food procurement programmes without any cap
- Any Ministerial Declaration must reaffirm the principles of the multilateralism, the completion of the Doha Development Agenda, and special and differential treatment to developing countries
- Agriculture reforms by eliminating the most trade-distorting farm subsidies used mainly by the rich developed countries
- In the area of fisheries subsidies, balanced outcome is required to support millions of poor farmers.