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WTO: 2013 NEWS ITEMS



5-7 December 2013

NINTH WTO MINISTERIAL CONFERENCE

Days 3, 4 and 5: Round-the-clock consultations produce ‘Bali Package’

The WTO’s Bali Ministerial Conference concluded a day later than scheduled on 7 December 2013 with agreement on a package of issues designed to streamline trade, allow developing countries more options for providing food security, boost least developed countries’ trade and help development more generally.

In addition to the Bali Package, ministers formally adopted [a number of more routine decisions](#) at the end of a five-day meeting [opened by Indonesia’s President Susilo Bambang Yudhoyono](#), which also [saw Yemen accepted as a new member](#).

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THIS NEWS STORY is designed to help the public understand developments in the WTO. While every effort has been made to ensure the contents are accurate, it does not prejudice member governments’ positions.

“We did it!” [said Indonesia’s Trade Minister Gita Wirjawan](#), who chaired the conference. “We achieved what many said could not be done. President Susilo Bambang Yudhoyono [told us on Tuesday](#) that the mystique of Bali would have a positive effect on our negotiations. This is the place where deals get done. I am delighted that Bali has not let us down.”

“For the first time in our history: the WTO has truly delivered,” [said WTO Director-General Roberto Azevêdo](#). “[I challenged you all](#), here in Bali, to show the political will we needed to take us across the finish line. You did that. And I thank you for it.”

The Bali Package is a selection of issues from the broader [Doha Round negotiations](#). Echoing calls from many delegations, Mr Azevêdo, said members’ attention should now turn the rest of the round, known semi-officially as the Doha Development Agenda.

“With the Bali package you have reaffirmed not just your commitment to the WTO — but also to the delivery of the Doha Development Agenda,” Mr Azevêdo said. “The decisions we have taken here are an important stepping stone towards the completion

of the Doha round.

“And it is very welcome that you have instructed us to prepare, within the next 12 months, a clearly defined work program to this end.”

The deal on the Bali Package was struck after intensive consultations almost round the clock from Wednesday 4 December until the early hours of Friday 6 December, followed by overnight meetings of heads of all delegations the following night.

Happiness and sadness

Ministers and other delegates greeted the agreement enthusiastically, with repeated clapping and cheering. But the conference was also tinged with sorrow at the news of the death of former President Nelson Mandela.

[Mr Azevêdo](#), Mr Gita, and numerous ministers and delegates paid tribute to Mr Mandela as an inspiration for all, including in the pursuit of the WTO's difficult goals. Mr Gita quoted him: “It always seems impossible, until it's done.”

‘Flexible time’

Mr Azevêdo had worked with ministers on a handful of sticking points individually and in small groups, before [revised drafts were circulated](#) for all members to consider. These were finally agreed by consensus on 7 December after meetings were scheduled and rescheduled.

“In the WTO, the concept of time is a flexible one,” WTO spokesman Keith Rockwell [said when asked by journalists](#) on 6 December about the meeting extending beyond its original schedule. “I think it will be a long day.”

During those final critical hours, almost all members said the package should be adopted in full, even if they were not completely happy with some parts of it.

They said the package was needed because of the benefits it would give directly, but also because it would reinvigorate the WTO and its trading system, and provide the momentum to conclude the Doha Round, which was launched in 2001 and has seen little progress since 2008 until work intensified on the Bali Package this

year.

However a small group of countries — Cuba, Bolivia, Nicaragua, Venezuela — recorded serious reservations about what they considered to be imbalances in the package in favour of richer countries, and the absence of provisions barring discrimination in the form of trade embargoes on goods in transit.

Their concern about embargoes delayed consensus on the package until a compromise was struck in the form of a sentence upholding the principle of non-discrimination in goods in transit was added to the final declaration.

The Bali Package has sometimes been described as the first major agreement among WTO members since it was formed in 1995 under agreements from the 1986-94 Uruguay Round negotiations. The most significant for global commerce is the [trade facilitation](#) part of the package, which is about cutting red tape and speeding up port clearances.

Much of the rest of the package focuses on various issues related to [development](#), including [food security](#) in developing countries and [cotton](#) and a number of other provisions for least developed countries.

The package also includes a political commitment to reduce export subsidies in [agriculture](#) and keep them at low levels, and to reduce obstacles to trade when agricultural products are imported through quotas.

Trade facilitation

The trade facilitation decision is a multilateral deal to simplify customs procedures by reducing costs and improving their speed and efficiency. It will be a legally binding agreement and is one of the biggest reforms of the WTO since its establishment in 1995 — other agreements struck since then are on financial services and telecommunications, and among a subset of WTO members, and agreement on free trade in information technology products.

The objectives are: to speed up customs procedures; make trade easier, faster and cheaper; provide clarity, efficiency and transparency; reduce bureaucracy and corruption, and use technological advances. It also has provisions on goods in transit, an issue particularly of interest to landlocked countries seeking to trade through

ports in neighbouring countries.

Part of the deal involves assistance for developing and least developed countries to update their infrastructure, train customs officials, or for any other cost associated with implementing the agreement.

The benefits to the world economy are calculated to be between \$ 400 billion and \$1 trillion by reducing costs of trade by between 10% and 15%, increasing trade flows and revenue collection, creating a stable business environment and attracting foreign investment.

The text adopted in Bali is not final, although the substance will not change. It will be checked and corrected to ensure the language is legally correct, aiming for the General Council to adopt it by 31 July 2014.

Agriculture and cotton

Agreement on the agriculture part of the Bali Package required sorting out two issues. Much of the focus was on [shielding public stockholding programmes for food security](#) in developing countries, so that they would not be challenged legally even if a country's agreed limits for trade-distorting domestic support were breached.

The proposed solution will be interim, and much of the discussion was about what would happen at the end of the interim period. The outcome of consultations was for the interim solution to exist until a permanent one is agreed, with a work programme set up aiming to produce a permanent solution in four years.

The other issue was about "[tariff quota administration](#)", how a specific type of import quota (a "tariff quota" where volumes inside the quota have a lower duty) is to be handled when the quota is persistently under-filled. Members have agreed on a combination of consultation and providing information when quotas are under-filled. The one remaining issue to be settled was which countries would reserve the right not to apply the system after six years: they will be Barbados, Dominican Republic, El Salvador, Guatemala and the US.

Meanwhile, three texts remained unchanged from the

versions negotiated in Geneva. One is on adding some development and land-use programmes to the [list of general services](#) that are candidates for being allowed without limit because they cause little trade distortion.

Another is a strong political statement to ensure [export subsidies and other measures with similar effect](#) are low. A third deals with improving market access for [cotton](#) products from least developed countries, and with development assistance for production in those countries.

Development issues

Four documents remained unchanged from their Geneva versions.

- Duty-free, quota-free access for [least developed countries](#) to export to richer countries' markets. Many countries have already implemented this, and the decision says countries that have not done so for at least 97% of products "shall seek to" improve the number of products covered.
- Simplified preferential rules of origin for [least developed countries](#), making it easier for these countries to identify products as their own goods, and qualify for preferential treatment in importing countries.
- A "services waiver", allowing [least developed countries](#) preferential access to richer countries' services markets.
- A "[monitoring mechanism](#)" consisting of meetings and other methods for monitoring special treatment given to developing countries.

Decisions on the WTO's regular work

The Ministerial Conference adopted five decisions on the WTO's regular work. They can be found [here](#). They are the following:

In intellectual property, members agreed not to bring "non-violation" cases to the WTO dispute settlement process — "[non-violation](#)" is shorthand for the technical question of whether there can be legal grounds for complaint about loss of an expected right under the

WTO's intellectual property agreement, even when the agreement has not been violated.

A similar extension was agreed in [electronic commerce](#), members agreed not to charge import duties on electronic transmissions. The Work Programme also encourages continued discussions on electronic commerce in relation to commercial issues, development and new technology.

Ministers decided to give special consideration to issues of [small economies](#). Ministers instructed the Committee on Trade and Development to consider proposals on small economies and make recommendations to the General Council.

Ministers reaffirmed their commitment to [Aid for Trade](#), an initiative that assists developing countries, and in particular least developed countries, trade. They welcomed progress on Aid for Trade since its launch in 2005 and mandated the Director-General to continue support of the programme.

Ministers directed their Geneva delegations to continue examining the link between trade and transfer of technology and make possible recommendations on steps that might be taken to increase flows of technology to developing countries. The mandate was given at the 2001 Doha declaration.

The concluding remarks

Chairman Gita Wirjawan, Indonesia's trade minister: 'We did it!'

Fellow Ministers, ladies and gentlemen — we did it!

We achieved what many said could not be done.

President Susilo Bambang Yudhoyono told us on Tuesday that the mystique of Bali would have a positive effect on our negotiations. This is the place where deals get done. I am delighted that Bali has not let us down.

Congratulations to you all. Congratulations on focusing not only on national interest, but also on the common good. Congratulations on persevering through long hours of negotiations to reach this historic deal. Congratulations on not only keeping the Doha Development Agenda alive, but giving us all new energy and new confidence to

conclude the Doha Round.

What we have done here in Bali is truly extraordinary. We have negotiated a package that will bring food security to billions of the world's poorest. We have delivered an Agreement on Trade Facilitation that will inject up to a trillion dollars into the world economy. And we have agreed a ground-breaking suite of initiatives to help Least Developed Countries benefit more from the multilateral trading system.

After many long hours of negotiation, we the ministers of the WTO, have agreed to provide flexibility for developing countries to implement vital food security programs. We have agreed there is a need to change the WTO's Agreement on Agriculture, which will take time. In the interim period, the decision we have taken here in Bali will allow developing countries to avoid disputes over their legitimate food security programs.

The trade facilitation agreement is the first ever multilateral agreement negotiated in the WTO. It will reduce the cost of trading, smooth the flow of goods across borders and provide more certainty for business. It will benefit all members, but particularly developing countries, which will have access to assistance to improve their systems and procedures. Most of the economic benefit from trade facilitation will flow to developing countries.

Least developed countries will also benefit from increased access to markets for goods and services in developed countries. Preferential rules of origin will make it easier for LDCs to export their goods. And other outcomes in the areas of cotton and monitoring of special and differential treatment will also bring significant benefits and lay the groundwork for further gains in these areas.

These are historic achievements. We have crossed the finish line in Bali, but the race is not yet over — now we must complete the Doha Round. We must take the energy and optimism we have gained here and apply it in Geneva.

There is still much to do. Some of the issues we have discussed here in Bali remain to be solved. In this regard, we have instructed our negotiators to prepare a clearly defined work program on the remaining Doha Development Agenda issues. This plan will build on the decisions taken in Bali, particularly on trade facilitation, agriculture, development and LDC issues.

Through our actions here in Bali, we have reaffirmed the WTO's role as the pre-eminent forum for multilateral trade negotiations. It is only through multilateral agreements that many of the poorest and most vulnerable countries can truly benefit from international trade. So what we do in the WTO is vital.

Allow me to offer again my sincere thanks to the Ministers who have assisted me so ably as Vice-Chairmen, the Chairman of the General Council, the WTO Secretariat, and each of the Ministers and delegations representing their Governments at this Ministerial Conference for their hard work over these past four days.

And thank you most of all to Roberto Azevedo, Director-General of the WTO. It is your vision and leadership that has made the Bali package possible. The energy you have brought to these negotiations has made all the difference. Please join me in thanking Roberto.

[applause]

Let me again quote a famous phrase by Nelson Mandela, which seems appropriate for what we have lived here: “it always seems impossible, until it’s done”.

We have achieved all we set out to achieve this week. The mystique of Bali has embraced our work, now let it embrace our souls. I hope you still have an opportunity to enjoy delights of this truly magical island. As the DG said at the opening ceremony, Bali is the morning of the world. Let me embellish it: Bali has given a new morning to the World Trade Organization.

I now declare the Ninth Session of the Ministerial Conference of the WTO closed. [GAVEL]

Director-General Roberto Azevêdo: ‘World back in WTO’

In recent weeks the WTO has come alive. We have seen this organization the way it should be. Negotiating. Dynamic. Working hard to get an agreement. Working through weekends (and through the weeks!). Working through the night.

Seeking common ground, finding innovative solutions, making compromises. We have not seen such effort and engagement for a long, long time. And in recent weeks we have lived up to our name. Instead a non-inclusive and non-transparent process, this time the entire membership came together to negotiate.

We have put the “World” back into the “World Trade Organization”.

I am very proud of that — particularly because this approach did not prevent us from making progress. In fact it served to strengthen the progress we made.

Our developed and least-developed members played their full role in these negotiations — helping to shape a package which strongly serves their interests.

And so, ladies and gentlemen, I am delighted to say that, for the first time in our history: the WTO has truly delivered.

I challenged you all, here in Bali, to show the political will we needed to take us across the finish line.

You did that. And I thank you for it.

With these measures on trade facilitation, agriculture and development, we have achieved something very significant.

People all around the world will benefit from the package you have delivered here today: the businesses community; the unemployed and the underemployed; the poor; those who rely on food security schemes; developing country farmers; developing country cotton growers; and the least-developed economies as a whole.

But beyond that: we have reinforced our ability to support growth and development; we have strengthened this organization; and we have bolstered the cause of multilateralism itself.

I would like to echo the words of Ambassador Omar Hilale of Morocco, who said yesterday, “this package is not an end — it is a beginning”.

As a consequence of our progress here we will now be able to move forward on the other areas of our work, which have been stalled for so long.

With the Bali package you have reaffirmed not just your commitment to the WTO — but also to the delivery of the Doha Development Agenda.

The decisions we have taken here are an important stepping stone towards the completion of the Doha round.

And it is very welcome that you have instructed us to prepare, within the next 12 months, a clearly defined work program to this end.

I want to take this opportunity to thank all of you for your hard work here in Bali.

And I would also like to welcome the accession of the Republic of Yemen, which you approved this week.

Yemen will be our 160th member — and our 35th LDC [least developed country] member. It is a further, positive step towards universality.

I would also like to pay tribute once again to President Yudhoyono, and to the Government and people of Indonesia for hosting this Ministerial Conference in such an exemplary fashion.

The WTO community owes you a debt of gratitude.

I would like to thank ministers and heads of state in capitals around the world for their help. They are as much a part of this as ourselves.

I would like to sincerely thank once more the ministers and

delegates here today.

I would like to thank the ambassadors in Geneva for their hard work over many weeks and months

I would like to express my renewed thanks to the chairs of the negotiating groups, and to the Secretariat, my team, and the Deputy Directors-General for their tremendous efforts.

Since this is an occasion to thank people who have made this possible, I would like to thank my wife Lele.

And finally I would like thank Minister Gita Wirjawan for his able chairmanship, and for his tireless support, political acumen, and dedication to the task throughout this process.

You have been critical to the success of this conference — and this package.

So, Minister, it gives me great pleasure to present you with this ceremonial gavel as a token of our thanks. I'm glad that we have given you a good reason to use it!

Ministers, Excellencies, Ladies and gentlemen,

I sought the role of Director-General of the WTO because I believe in the multilateral trading system — not for its own sake, but because of what it stands for:

- a system which gives life to the very ideal of multilateralism;
- and a system which, this week, I am proud to say, has been strengthened and safeguarded for many years to come.

In closing, I would like to recall some of Nelson Mandela's words which are, I think, particularly appropriate today. He once said:

“It always seems impossible, until it's done.”

Ladies and gentlemen, the Bali package may have frequently seemed impossible, but now it is done.

And we all really did deliver here and now.