



Trade Negotiations Committee
22 July 2013

MINUTES OF MEETING

HELD IN THE CENTRE WILLIAM RAPPARD ON 22 JULY 2013

Chairperson: Mr. Pascal Lamy (Director-General)

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1 STATEMENT BY THE CHAIRMAN

1.1. The Chairman said that at the Trade Negotiations Committee (TNC) meeting in June, many had looked to July as a marker in the process of preparing Bali. There had been a general sense that in July, Members should be able to evaluate whether they would realistically be on course to deliver significant outcomes in December in the three areas that had been the focus of work – trade facilitation; agriculture and S&D/LDC issues. What he had heard consistently from all Members was that Bali was about delivering results negotiated in Geneva, not about negotiating results.

1.2. Members were now at the point he had referred to previously as "the last petrol station on the Bali highway". The question was whether Members were on track to deliver on their Doha Development Agenda (DDA) objectives for Bali. To assist Members in formulating their assessment, he would begin by providing a factual state of play in the three potential Bali deliverables and then share his overall sense of the situation. He hoped that the discussion would assist Members' reflection during the summer recess as they intensified their efforts in the autumn, looking to the Ninth Ministerial Conference (MC9).

1.3. First, Special and Differential Treatment (S&D). In recent weeks, work in the Special Session of the Committee on Trade and Development (CTD SS) had focused on the 28 Cancún Agreement-specific proposals and the monitoring mechanism. The CTD SS Chair had consistently engaged with experts in the Committee and had elevated to the level of Ambassadors where necessary to unlock the issues on the table. This had proven valuable in resolving some issues and providing momentum to the work of the Committee.

1.4. Regarding the 28 Cancún Agreement-specific proposals, work was proceeding not only on the six proposals that had initially been identified as having been impacted, but also on the remaining 22. Members were continuing with "step one", an exploratory phase, to consider these proposals and better understand what they meant in a 2013 context. Members would then move to "step two", i.e. to take decision on whether to adopt these proposals. While this work was on-going, the Chairman believed it needed to be fast-tracked to get the necessary traction. He reminded Members of the understanding that the stocktake of these proposals was about updates, and not renegotiation. These proposals enjoyed an "in-principle" agreement.

1.5. Work on the monitoring mechanism had continued to advance steadily. There had been a good level of conceptual clarity, but work still remained to translate this into drafting language. The Chairman encouraged Members to maintain the signs of flexibility that had emerged, continue to be pragmatic at the technical level and devote the remaining time to delivering a good quality outcome. Finally, on the six Agreement-specific proposals, he said that the Committee believed these could be better addressed post-Bali.

1.6. Turning to the four Least-Developed Country (LDC) issues – duty-free, quota-free (DFQF) market access; rules of origin; cotton; and implementation of the LDCs services waiver, he said that Ambassador Smidt, the Facilitator for the LDC Bali deliverables, had begun his consultations in June. A first round of discussion had taken place on all four proposals forming part of the LDC Bali package. It was his understanding that more work was required to find common ground with regard to the proposal on the implementation of the Hong Kong DFQF Decision. In a few areas, the LDCs were continuing their own work to table operational proposals for Members' consideration, some of which, he believed, were to come during the summer break. The LDC Bali package was, therefore, in the making. However, the ball was in the court of the LDCs. He hoped that the LDCs would be fully prepared to take forward their proposals after the summer break, and that Members would be able to put forward a meaningful package for LDCs at Bali. On the subject of LDC issues, although this was not within the TNC framework, he welcomed the Decision adopted by the regular session of the Council for TRIPS on the extension of the transition period for LDCs under Article 66.1 of the TRIPS Agreement. The Decision showed that Members were able to surmount their differences and negotiate to close gaps.

1.7. On Agriculture, he said that consultations on the proposal concerning public stockholding for food security and domestic food aid had been based on the four questions initially outlined by the Agriculture Chair in April 2013. The debates had been very engaged and, at a basic level, some elements of potential convergence had begun to emerge. Overall there seemed to be some convergence emerging around declaration/communiqué language for Bali that would recognize, in general terms, that the policies and programmes mentioned in the first part of the G-33 proposal – with some suggested modifications – could be considered to fall within the scope of "General Services" of Paragraph 2, Annex 2 to the Agreement on Agriculture (AoA), but with the proviso that the Declaration made clear that the chapeau contained in Paragraph 1 of Annex 2 would fully apply to such policies and programmes.

1.8. The response to a political message to be delivered in Bali recognizing the role played by public stockholding in developing countries had also been positive at a general level. However, differences remained between those who had expressed their readiness to start working without delay on a text for a possible Bali Communiqué or Declaration and those who considered that the debate on this issue should take place once the "contours" of the possible outcome on the other elements of the G-33 proposal were clearer. Different opinions had also been expressed on a possible "due restraint" statement along the line of the 2001 Implementation Decision. The discussion in this area had also been in the minds of many Members linked to the discussion on the other elements of the proposal. Therefore, while no consensus had been reached on any specifics of the potential elements to be included in the Bali outcome text, the Chairman believed that as Members reflected further, broader convergence would be possible on this political messaging issue.

1.9. Regarding the question of a potential amendment or interpretation of existing WTO AoA disciplines, the situation remained the same. Members' opinions were still divided between those favouring a general systemic solution to the issue for Bali (through an amendment or interpretation of the existing rules); and those questioning whether such amendment or interpretation was either possible or desirable by Bali.

1.10. Finally, the question of a possible interim mechanism that might provide for some additional flexibility for specific Members had been the focus of quite a lot of discussion. This question had made probably the most progress since May. Different positions on the threshold conditions and the main characteristics of a potential mechanism had been expressed more clearly and some elements of convergence had started to emerge. For example, that the mechanism could: (i) cover public stockholding programmes of developing countries related to food security; (ii) be applicable to staple crops, given the food security focus; (iii) that its use could be subject to an on-going provision of information that would allow Members to monitor the situation; (iv) that Members could look at safeguards or guarantees aimed at avoiding potential spill-over effect on markets;

and (v) that the Committee on Agriculture would be the appropriate home for the mechanism in terms of notification and monitoring discussions.

1.11. There was also a general sense that any flexibility delivered under a mechanism should be time-limited and the mechanism itself should be an interim one. The word "interim" should mean that the mechanism should provide some additional breathing space for Members having trouble respecting their commitments in respect of public stockholding for food security programmes while working to find a more lasting solution. Among the threshold conditions to access the mechanism, it had also been generally suggested that the Member had to find itself in a situation of near-breach of its commitments.

1.12. Despite this good progress, some issues remained. These included notably the question of whether the flexibility delivered under such a mechanism should be (i) automatic; (ii) non-automatic; or (iii) a hybrid arrangement that would involve some degree of automaticity as well as case-by-case elements. A related question was the nature of the flexibility delivered under any self-executing or automatic mechanism. Some Members had also highlighted that any such mechanism would need to provide legal certainty to ensure that Members were not challenged under the Dispute Settlement Mechanism.

1.13. In order to help to take the debates forward, Norway had introduced a new idea in the Committee on Agriculture in Special Session (CoA SS) on 18 July permitting some flexibility in the level of administered prices. No delegation had rejected this idea and most had expressed interest in working further on it.

1.14. In summary, the discussions in this area had moved into serious consideration of the parameters of possible solutions. Moving towards convergence was doable, but it remained to be done.

1.15. On the G-20 proposal on export competition, the Agriculture Chair had held consultations in various formats to get a better sense of where Members stood. On one hand, the G-20 and a group of other Members clearly wanted a step forward in Bali on export competition, including in terms of legal commitments. This position was presented as in keeping with the 2013 deadline agreed in Hong Kong in 2005 for the elimination of all forms of export subsidies, which had been also incorporated in the draft modalities text, TN/AG/W/4/Rev.4 (Rev.4).

1.16. On the other hand, some of the Members with the largest export subsidies commitments had underlined that, while they remained committed to the elimination of export subsidies and were ready to reaffirm this commitment, the conditions under which they could modify the legal commitments in the field of export competition were, in their view, not met. This notwithstanding, their actual use of export subsidies had significantly decreased in recent years. For them, the text agreed at Hong Kong in 2005 and the Rev.4 text had been conditional upon the overall conclusion of the DDA, as was the implementation of the overall Rev.4 text. A partial implementation of the export competition pillar – or even the full implementation of the export competition pillar without accompanying delivery of other key elements of the Doha package – was, therefore, not seen by these Members as a viable option for the Bali meeting.

1.17. There was also another group of Members with export subsidy commitments who pointed out that the G-20 proposal would have real practical impacts for their use of export subsidies rather than just "cut water" out of their scheduled commitments. While not ruling out a discussion, these Members had pointed to the additional difficulty this would cause and had highlighted, along similar lines to the previous group of Members, that any move in the direction of the G-20 proposal would only be possible in the context of a wider package of reform both across and beyond the agriculture pillar of Doha.

1.18. The Chairman said that this topic urgently required in-depth reflection by Members on the various options available, so that the discussions could restart immediately after the summer break. In his view, this was a political issue which would require political input.

1.19. Regarding the G-20 proposal on Tariff Rate Quota (TRQ) Administration, Members continued to see this as a useful one to explore for possible decision in Bali. The Agriculture Chair intended to return to this proposal after the summer break.

1.20. Finally, on Trade Facilitation, the Chairman said that the meeting of the Negotiating Group on Trade Facilitation (NGTF) held the previous week had ended on a positive note. Further progress had been made in cleaning up the text of the draft agreement, including narrowing of the gaps on Section II of the draft text that dealt with implementation flexibilities for developing countries and LDCs. Plans had been made for finalizing the negotiations in the autumn, in time to present the results to Ministers in Bali. The Chair of the Negotiating Group had set out a three-track programme for the negotiations. First, further technical scrubbing of the text. Second, a more political, negotiating process engaging capitals to resolve differences that went beyond (or lay behind) technical issues. More involvement from capitals would be required in the negotiations in the autumn to inject the authority to negotiate compromises and work out solutions at a faster pace than Members had been managing so far. Third, technical and legal work on parts of the draft agreement that had been left to one side for the time being, such as pre-ambule language, cross-cutting issues and institutional arrangements. In order to get that work off to a quick start in the autumn, Members had been asked to submit proposals by the beginning of September on the matters covered by Articles 13 and 15 of the consolidated draft text.

1.21. After the summer break, Members would need to be fully focused on the sensitive areas where consensus was not yet there: customs co-operation; transit; pre-shipment inspection (PSI); customs brokers, consularization fees – which had already been mentioned at the last TNC meeting – as well as sharpening Section II, if they were going to arrive at the finishing line in time.

1.22. The Chairman also briefly mentioned the Dispute Settlement Understanding (DSU) review negotiations. In the week of 10 June, the Chair of the Dispute Settlement Body Special Session (DSB SS) had consulted a group of delegations on essentially all outstanding issues in the DSU negotiations. He had invited proponents and other interested participants to conduct a focused exercise among themselves to explore solutions on all outstanding issues. The Chair's report on work in the week of 10 June was available in document JOB/DS/15. The DSB SS Chair would hold further consultations at the end of July to take stock of progress among participants and to discuss the way forward in the negotiations.

1.23. This concluded the overview of the state of play. The Chairman's overall assessment from this state of play was that the road to Bali was much clearer than two months earlier. There had been a relatively good level of refuelling from all formats of consultations including in negotiating groups and facilitator/friends of the Chair processes. Also encouraging was the increased level of momentum in substantive engagement. He believed that there was a much sharper sense of the key issues that remained for urgent decision and the links between. He also believed that Members were in a better shape to resolve these issues in the time between now and Bali. He would say that the glass was two-thirds full. Members were on track to deliver concrete outcomes in the three deliverables at the year's end. But it would also be fair to say that they were not yet there. The third part of the glass was no small beer! There remained only three months between now and Bali. Members had to make them count by sustaining this renewed momentum and remaining focused in their final stretch from the autumn.

1.24. This was the 53rd and last TNC that he chaired. It was an occasion for him to thank all General Council Chairs with whom he had worked, as well as all thirty-three Chairs of the negotiating groups with whom he had tried to help advance the Doha Round negotiations. He also thanked the Members and hoped that in the busy period ahead, they would keep in sight the real importance of what they were engaged in: the completion of the first multilateral trade round since the creation of the WTO. The Doha Round had to be completed. That was the real deadline. And Bali was a test of whether or not this final deadline would be achieved.

1.25. The Trade Negotiations Committee took note of the Chairman's statement.

2 STATEMENTS BY PARTICIPANTS

2.1. All delegations that spoke thanked the Chairman for his report. They also thanked the Chairs of the relevant negotiating bodies, the Friends of the Chair and the LDC Facilitator for their efforts in facilitating the advancement of work in their respective areas of the possible Bali deliverables.

2.2. The representative of Nepal, on behalf of the LDC Group, recalled that the Group had repeatedly said that any package to be developed for Bali should be balanced and should accommodate the interests of all Members. LDC issues, which were considered as the best candidate for an early harvest, should receive priority in the process. This had been the mandate of the last Ministerial Conference. While working for the possible deliverables for MC9, Members had to bear in mind that the MC9 package could only be balanced by adequately accommodating LDC issues.

2.3. To contribute to the process, the LDC Group had, on 31 May, submitted an LDC package to form part of a Bali outcome. The submission had represented some of the priority issues of the LDC Group. The proposed LDC package had included a proposal on the implementation of the DFQF Decision, a proposal on the adoption of simple and flexible preferential rules of origin, a submission in the area of cotton, covering both trade and development assistance aspects, and a note on the operationalization of the LDC Services Waiver. Since the submission, one round of broader informal consultation had been held, followed by a number of informal engagements in different geometries. The LDC Group appreciated Ambassador Smidt's work as Facilitator and the efforts he had rendered to help advance the issues put forth by the LDCs. Following the views expressed during consultations, the LDC Group was working further on some of the issues.

2.4. On DFQF, no LDC Member was against it. It was only a question of internal balance. The Group was exploring what an acceptable solution could be for all within the Group and beyond. The Hong Kong Ministerial Decision had been a major achievement. Since its adoption, Members had made significant progress in providing DFQF market access on a lasting basis for products originating in LDCs. DFQF schemes had helped LDCs expand their trade, progressively integrate into the international trading system and had enabled them to address dehumanizing poverty and hunger through increased export earnings. Timely implementation of the Hong Kong Decision had been the LDCs' continued call. The Group hoped that Members would hear the call and that the Bali Ministerial Conference would be able to make a significant contribution to further enhance market access opportunities for LDCs.

2.5. On rules of origin, the LDC Group had heard the comments Members had made during consultations. The Group would soon submit a simplified paper which would address Members' concerns that the current submission was too technical and rigid. The shorter version would include the major facilitative elements of their current proposal and would seek simplicity and facilitation of preferential rules of origin, not harmonization that some Members feared. On cotton, the LDC Group urged the membership to work towards the achievement of concrete solutions on this vital issue. It further urged the parties to speed up the negotiation process both on the trade and development aspects. On the operationalization of the Services Waiver, the Group's work was ongoing with a view to developing a joint request.

2.6. The LDC Group welcomed the recent intensification of engagement on the G-33 proposal on food security towards exploring the elements of possible convergence. The four questions that the CoA SS Chair had devised had helped advance the discussion and identify the areas where there was greater possibility of convergence. Members needed to find a solution that worked and that allowed adequate flexibilities to developing countries. The LDC Group supported a meaningful outcome on other agriculture-related proposals as well.

2.7. The Negotiating Group on Trade Facilitation had concluded the previous week and the LDC Group had actively participated. However, the Group was of the view that the process of trade facilitation should go in parallel with enhanced trading capacity and market access opportunities for poorer Members. Equally critical was the question of capacity to implement the disciplines being developed. Commitments should, therefore, be linked to acquisition of capacities in LDCs.

2.8. The LDC Group was constructively engaged in the discussion on the Agreement-specific proposals as well as on the scope, terms of reference and functions of the monitoring mechanism. The Group was of the view that the monitoring mechanism should be effective and negative conditions should not constrain its functioning in the future.

2.9. The Fourth Global Review of Aid for Trade had remained a useful event to examine how this important initiative was helping developing and least-developed countries address their supply side constraints, enhance productive capacity and promote economic diversification. Building on the

progress made so far, the Group called for an update and renewal of the mandate of the Director-General on Aid for Trade at MC9 in Bali. The Enhanced Integrated Framework (EIF) had been a useful vehicle for mobilizing Aid for Trade for the LDCs. The level of funding to the EIF needed to be augmented commensurate with the scale of trade-related capacity challenges of LDCs. The continuity of the EIF should also be ensured.

2.10. The LDC Group placed high importance on LDCs' accession and called upon WTO Members to close the 2013 LDC priority accessions before MC9, namely Yemen and Afghanistan. At the appropriate time, the LDCs would submit language for a Ministerial outcome to reinforce the implementation of Trade Ministers' commitment in Doha and the two subsequent General Council Decisions to facilitate and accelerate LDCs' accession.

2.11. Finally, the overall thrust and pace of negotiations should be designed in such a way that it took into account all pillars of the Bali package with equal priority, keeping LDCs' particular needs and interests at the forefront. LDCs reiterated their principled position that they would not accept a Bali basket unless it included meaningful deliverables for them.

2.12. The representative of Indonesia, on behalf of the G-33, said the Group was encouraged by the positive reaction to its food security proposal presented in the CoA SS meeting the previous week and by the willingness of all Members to stay engaged constructively and expeditiously for a concrete Bali outcome. Bali was fast approaching and time could not be wasted. The G-33 remained open to discuss any practical solution, ad interim or partial, without prejudice to the Group's original proposal which was meaningful, operational and effective for all developing countries. Some clarity had begun to emerge and some had expressed openness. However, significant challenges remained including on the automaticity and legal certainty aspects and details of other approaches. The G-33 had also noted the good initiative by Norway for downward adjustment of administered prices. The Group would need to look first at the details of this proposal so as to make an informed assessment and/or explore whether this could truly address the problems faced by developing countries in the area of public stockholdings for food security purposes. The G-33 would remain constructively engaged and negotiate in good faith with Members for any possible concrete solution in Bali. Time was pressing harder each day. For this reason, Members needed to intensify consultations to find convergence in earnest if they were to deliver this for MC9. Finally the G-33 wished to underscore the importance of ensuring food security, livelihood security and rural development in developing countries and the need to deliver on the development dimension of the Doha Round in Bali and beyond.

2.13. Speaking on behalf of Indonesia, he said his delegation was quite encouraged by the good progress in some of the issues under negotiation. In agriculture, his delegation had taken note of the report by Ambassador John Adank on the progress in some elements of the G-33 proposal related to the elaboration of the illustrative list of the green box. Nevertheless, although all recognized that public stockholding could make a contribution to food security amidst the inadequate function of markets, gaps still remained and much work and effort were needed to find convergence for Bali. He welcomed the initiative by Norway on the downward adjustment on notified administered prices. Indonesia would study and assess its merits without prejudice to its position on the G-33 proposal.

2.14. On the G-20 proposal on export competition, Indonesia wished to align itself with the position of Brazil, as coordinator of G-20, and Australia, as coordinator of the Cairns Group. It expected engagement from key players. Substantial discussions needed to start on what could be done on export competition by Bali. For Indonesia, the issue of elimination of all forms of export subsidies for agricultural products was very important. Indonesia fully understood the negative effect of subsidies to millions of poor farmers who had to deal with the impact of these measures in their day-to-day lives. Indonesia also supported the discussion on the G-20 proposal on TRQ Administration after the summer break. Some Members had expressed concerns with the proposal. He invited Members to work on it to find an acceptable solution.

2.15. On trade facilitation, Indonesia shared the view that the negotiations needed to be approached with a more positive attitude. He was encouraged by the fact that Members were now engaging in text-based negotiations on Section II which was the main interest of developing Members and LDCs. He expressed appreciation for the hard work of the ACP Group with their new proposal. His delegation supported it and hoped that progress on these negotiations would bring

positive energy to the whole trade facilitation negotiations. Indonesia also attached high importance to negotiations on development issues. Swift progress on these issues was needed.

2.16. Indonesia would engage constructively in the process ahead to explore all possibilities that could bring Members closer to a meaningful package by Bali. He strongly believed that the same sentiment and the same type of engagement would be shown by all negotiating partners. As time was running short to Bali, efforts needed to be intensified after the summer break.

2.17. The representative of Morocco, on behalf of the African Group, said the Group considered this TNC meeting to represent a good opportunity for Members to be informed of progress in the various negotiating pillars that made up the Bali package. The African Group wished this meeting to offer the visibility and momentum that was needed in order to bring the Doha Round to a conclusion. This would also play a role in boosting global economic growth.

2.18. Four months from the next Ministerial Conference, Bali seemed both near and far away, in the sense that at the current juncture, the differences still outweighed the convergences. This was a critical moment and Members needed to significantly step up the pace of the negotiations in order to achieve a positive and meaningful outcome. Members also had to work hard to enhance the image of the WTO as a prime forum for negotiations among Members. The results that could be attained in Bali, which should be as concrete as possible, would contribute to the credibility of the WTO. It was vital to safeguard the value system that Members had built and fought for. Therefore, the Group encouraged all Members to demonstrate resolve, and show that the WTO and its Members were capable of achieving real results. The African Group called upon the developed countries, and specifically the major players, to show more flexibility, and urged that the political commitments made, be translated into real, concrete proposals that would lead to the conclusion of the Doha Round.

2.19. Africa, and more broadly the developing countries, had harboured many hopes when the DDA was launched in 2001. Today, they were concerned by the lack of progress in this framework. It should be possible for the negotiating process to operate more effectively, whilst at the same time ensuring, under the leadership of the negotiating group Chairs, compliance with the principles of multilateralism, inclusiveness and transparency. The African Group was committed to doing its utmost to secure a balanced package in Bali, in the three mandated areas of trade facilitation, agriculture-related aspects, and development issues.

2.20. Concerning development issues, the DDA had placed the needs and interests of the developing and least-developed countries at the heart of its mandate. It was Members' collective and historic task and responsibility to ensure that this development dimension remained central to the negotiations. Special and differential treatment was key to the effective participation of Africa in the multilateral trading system. However, the African Group was greatly concerned by the lack of progress at this level. This was a real example of the results deficit for Africa.

2.21. The African Group considered that the way forward on this issue was to speed up the work on the monitoring mechanism, and make special and differential treatment provisions more precise, effective and operational in accordance with the 2001 Doha Ministerial mandate. It was not acceptable to hold up the work of the CTD SS any longer. The work on the monitoring mechanism and the Agreement-specific proposal had to be completed. The Group was fully aware of the mandate given by Ministers at the Eighth Ministerial Conference (MC8), to take stock of the 28 Cancún proposals with a view to the formal adoption of those agreed. In its view, this could not in any way constitute a derogation from the 2001 Ministerial mandate, bearing in mind that the objective was to make these provisions precise, effective and operational. The Group considered that the 28 Cancún proposals had to be adopted as a step in the implementation of the Doha mandate on special and differential treatment.

2.22. The African Group also considered that it would not be possible to achieve a credible outcome in Bali unless the LDCs' demands were properly taken into account. The Group would spare no effort to ensure that the LDC proposals resulted in outcomes that were satisfactory to all. It wanted the consultations initiated by the Facilitator to succeed. Accordingly, the African Group welcomed the extension of the transition period granted to LDCs in relation to TRIPS, and regarded this as a positive sign of the determination to press ahead with the negotiations. This

extension would permit better integration of LDCs into the multilateral trading system, and give them more time to implement the TRIPS Agreement.

2.23. Concerning trade facilitation, the African Group was fully committed to the negotiations, and wanted a balanced agreement that took account of Members' national specificities and levels of development. It expected a win-win outcome for the entire membership. The Group welcomed the work done under the guidance of the Friends of the Chair and continued to support this method, which was producing results. The Group noted that progress at the last meeting of the NGTF had been modest and had fallen short of the objectives set by Members. Although the progress made did not yet measure up to the expectations, it did nevertheless generate some optimism, which could be translated into a successful outcome.

2.24. While welcoming the progress achieved, the African Group emphasized the importance of special and differential treatment, the provision of technical and financial assistance, and support for capacity building, for the benefit of the developing countries and LDCs. Given the capacity constraints which were hampering the integration into international trade of a number of developing – especially African – countries, technical assistance was a core aspect of the DDA which had to be defended in the work carried out at the WTO. The Group acknowledged and appreciated the technical assistance already provided by the WTO, but it considered that it should be tailored to the domestic needs of each Member.

2.25. Regarding Section I of the draft agreement, African delegations had expressed their concerns about several of its provisions. Moreover, the African Group was opposed to an excessively high level of obligation and reiterated the need for domestic requirements and constraints, both financial and regulatory, to be taken into account. Regarding Section II, the African Group called upon partners to show receptiveness and flexibility with respect to the proposals made. The two sections of the draft Agreement had to evolve in an equivalent manner if there was to be hope for a consensus.

2.26. The African Group regarded agriculture as one of the centrepieces of the negotiations. It was therefore essential that results be achieved in this area so that a balanced package could be proposed at the Bali Conference. Agriculture, and specifically food security, remained at the heart of the African Group's priorities. The Group welcomed the significant technical work carried out on the G-33 proposal, the flexibility demonstrated by the proponents, and Members' serious commitment to narrowing the differences. It anticipated a satisfactory outcome for all in this respect. The African Group urged that the other proposals on the table be considered favourably, thanked the proponents, and welcomed Members' constructive engagement with a view to meeting the developing countries' concerns.

2.27. The cotton issue was also of critical importance to the African continent and should form part of the Bali package, particularly regarding trade and development-related assistance. The African Group supported the Cotton Four (C-4)'s approach, and urged cotton stakeholders to show the flexibility required to reach the consensus that was hoped for.

2.28. With regard to Aid for Trade, the African Group wished to congratulate the Secretariat on its excellent and highly successful organization of the Fourth Global Review of Aid for Trade. The African Group wished Aid for Trade to be placed on the agenda of the Bali Conference. It considered that the Aid-for-Trade programme should be a comprehensible and predictable instrument to address supply-side constraints in developing country economies.

2.29. The African Group considered it absolutely essential to engage in serious discussions about the way forward post-Bali, bearing in mind that on no account should the DDA be abandoned. The post-Bali agenda should cover the remaining areas of the DDA, which were critical for Africa, and in particular those concerning agriculture, services and non-agricultural market access (NAMA). Although there was a Group position as such, the Group remained open to approaches that would help make it easier to arrive at a balanced and satisfactory compromise for all Members. A successful outcome in Bali was very important and the African Group had repeatedly affirmed its determination and political will in this regard.

2.30. The representative of Australia, on behalf of the Cairns Group, wished to register the Group's support for the Agriculture Chair, Ambassador John Adank, and his process. The Group

also underlined that there was limited time to deal with all of the agriculture issues that needed to be finalised as part of a package for Bali. Those included: TRQ administration, food security and export competition. Work on all these issues would need to intensify, along with the other issues for Bali. More specifically, on the G-33 proposal, the Group was encouraged by recent signs of improved engagement and wanted to make clear that all Cairns Group members were strongly committed to an outcome as part of the Bali package. The Group also noted the importance of food security issues more broadly for the Organisation and the need to make a contribution on this important issue.

2.31. On export competition, the Cairns Group had consistently said that this remained a crucial issue. It was an issue that needed to be addressed in some way in Bali. An unwillingness to engage would therefore be a high-risk strategy particularly as Members returned to work after the summer break. The Cairns Group saw the G-20 contribution as a useful frame of reference to intensify work and a starting point for discussion. The Group encouraged the Agriculture Chair to make sure that export competition was given appropriate attention in the intensified process after the summer break. The Group also asked that other WTO Members, including those who had expressed concerns, approach this issue in the constructive manner they had shown on other proposals in recent times.

2.32. Speaking on behalf of Australia, he said that his delegation's assessment was that Members were in a better place on trade facilitation and the G-33 proposal than a month earlier, so there was a chance for the Bali package. More focus was still required on LDC issues and export competition, but Australia was confident that this would come after the summer break. The method and mindset for negotiation would need to change dramatically after the summer break. Time would be of the essence, so a more horizontal process of discussion would need to start almost immediately, concurrently with the important work that still needed to be done by the negotiating group Chairs. Australia's overall assessment was that the Bali package was within Members' grasp – but only just. The hope was that all Members would be able to show the necessary willingness to be flexible, as well as to engage on all of the issues currently on the table, to ensure an outcome that, in Australia's view, was essential to the future of the Doha negotiations and indeed the multilateral trading system more broadly.

2.33. The representative of Switzerland, on behalf of the G-10, said with respect to the G-33 proposal, the G-10 appreciated the engagement of the Agriculture Chair, Ambassador John Adank, in helping narrowing positions towards a mutually acceptable solution and urged all Members to engage fully and constructively in the negotiations to come to such a solution. On the G-20 proposal on export competition, G-10 members were, like others, not convinced that it was calibrated realistically for the kind of package that could be achieved for Bali. Regarding the G-20 proposal on TRQ Administration, he recalled that G-10 members would be affected by this proposal and would therefore expect their views to be taken into account when consultations were taken up. In general terms, G-10 members wished to remind Members that little time was left before MC9. In order to have a meaningful outcome in Bali, the boat should not be overloaded and the issues in agriculture needed to respect the overall balance. The G-10 remained committed to a successful conclusion of the multilateral negotiations and stood ready to engage constructively in discussions on proposals Members could realistically agree on.

2.34. Speaking on behalf of Switzerland, he said that Bali was doable from a point of view of substance. However, Members faced two challenges: one was the clock which was ticking, and the other was the negotiating machinery. On many issues, Members had to advance on the substance – and had to advance fast. At the same time, many gear wheels had to mesh with one another – and they had to do so frictionless. The gear wheels formed by Members had to turn at similar speed. At the end, Members had to cross the Bali finishing line together. The gear wheels formed by Members' missions in Geneva and their respective capitals had to move in tandem and the communication between them had to work seamlessly.

2.35. The same went for the gear wheels formed by different Ministries in the capitals, which might be affected by these negotiations. The communication and decisions to be taken had to be consistent and in line with what was discussed in Geneva. The NGTF held the previous week had yielded some progress, but had also shown that there was potential and necessity for improvement of the negotiating machinery. Many capital experts had come to Geneva to inform themselves on trade facilitation, but they had not been in a mood or in a position to negotiate.

They often had not been aware of the outcomes of the discussions which had taken place between the May and the July Negotiating Group.

2.36. Engagement was not only needed on trade facilitation, but also had to be continued on the G-33 proposal in Agriculture. There seemed to be some welcomed traction on the G-33 proposal. Unfortunately, there was also the G-20 proposal on export competition which was an element creating difficulties for the Bali process as a whole. On the development issues, Switzerland was looking forward to progress in particular on the monitoring mechanism and wished to see progress on the LDC issues, too. It hoped that the LDCs would come forward with more specific proposals on which Members could engage effectively. Switzerland was interested to find together with the LDCs workable and mutually satisfactory solutions.

2.37. The track to Bali was known. The train had left the station. Members could go for an agreement in Bali. However, they had to do three things to reach their destination successfully. First, they had to get capitals involved in a much stronger way than up until now. Second, as the negotiations would go into a horizontal process sooner or later, each Member would have to identify the issues which really mattered to its constituency and to concentrate on those. Third, Members would have to start real negotiations, something which they had not done for years in this house.

2.38. The representative of the Kingdom of Saudi Arabia, on behalf of the Asian Group of Developing Members, said that in the fast lane to Bali, Members found themselves at a crossroads. Over the following days and weeks, they had to choose between flexibility and rigidity, between cooperation and recrimination. Their collective choice would shape the future not only of the DDA, but of the Organization and the multilateral trading system itself. Given the singular importance of the DDA, the Asian Group wished to emphasize the development components of the WTO work. In the face of a political consensus that the Bali package should address trade facilitation, agriculture and development issues, there could be no excuse for failing to achieve a three-way balance.

2.39. The Asian Group welcomed the recent intensification of work and, in particular, the progress made within the NGTF. As indicated by Indonesia's Minister of International Trade, H.E. Mr Gita Wirjawan, Members had to reach an agreement on the Bali package before leaving for Bali, as there should be no negotiations during the Conference. Additional efforts had to be made and the forward-movement had to accelerate until the end of July and in September to reach an agreement on the three pillars of the Bali package within October.

2.40. The Asian Developing Members took heart from the membership's general recognition of the significance of the G-33 proposal on food security, the progress made at the small group meetings under the auspices of the CoA SS Chair, and the openness to arrive at a solution that was effective, operational and provided legal certainty. Without embarking on a much broader agricultural negotiation between now and MC9, the Group stressed that these signs of progress marked the starting point, not the culmination, of the intensive discussions ahead as part of the DDA.

2.41. Finally, the Group welcomed the positive advances made on development issues, although a more pragmatic approach was necessary to reach consensus. The Group remained hopeful that further progress would be made through intensified discussions and encouraged all stakeholders to find a viable solution to the proposals for DFQF market access, preferential rules of origin, cotton, and the LDC Services Waiver. In the spirit of flexibility which Members had to embrace, the Group accepted that the Bali package would be imperfect. At a minimum, however, it would lay the foundation for a new phase in the DDA and a more balanced multilateral trading system in the longer term. In the days and weeks ahead, the Group would work tirelessly with other Members to ensure the success of the Bali Ministerial Conference and continue to support work towards the conclusion of the DDA.

2.42. The representative of Brazil, on behalf of the G-20, said the G-20 was deeply concerned by the current status of the agricultural early harvest negotiations for MC9. Although the G-20 proposal on TRQ administration, based on Rev.4, had received a high level of support so far and was generally considered doable, on export competition the level of engagement by some of the key delegations was disappointing and regretful.

2.43. For the G-20, the expiration of the highly symbolic 2013 deadline set in Hong Kong could not be passed by silently. What was needed was engagement on the basis of the work initiated by the CoA SS Chair, and a process in which an appropriate outcome could be devised. The need to level the playing field in agricultural trade was a pressing one. Although much needed reform was happening, it often came at a slow pace, and should not be undone or rolled back. On export subsidies, which were recognized by all as the most distortive form of agricultural support, Ministers at Bali had to send a strong political signal, recognizing reform already undertaken, pledging for its continuation, and placing the total elimination of all forms of export subsidies as a priority for the post-Bali negotiations. It was hard to imagine a successful MC-9 outcome if export competition were not properly addressed. The G-20 hoped that the membership would use the summer break to reflect creatively on the appropriate way to advance the agricultural negotiations for Bali. The G-20 reaffirmed its readiness to help developing a balanced Bali package and to work towards a successful MC9.

2.44. The representative of Chinese Taipei, on behalf of the Group of Recently Acceded Members (RAMs), said the members of the Group wished to clarify that the Group's name "Recently Acceded Members" did not relate solely to the timing of their accessions, but also to the more extensive commitments they had made at the time of their accessions, as compared to those made by Members joining during previous rounds. Since the last informal TNC meeting, there had been some technical progress in certain areas of agriculture, trade facilitation and development-related issues. However, it was still too little and too slow for Bali. Members had to demonstrate their flexibility and political will, so that the appropriate convergence could be found and a timely conclusion made. The RAMs Group wished to reiterate that time was not in Members' favour and urged Members to accelerate the pace of the negotiations so that a meaningful and credible package could be concluded in Bali. Although negotiating was not the only function of the WTO, it was one of the most important benchmarks by which the outside world was judging it. Therefore, Members had to demonstrate to the world that the WTO system was still working well, particularly in formulating the fundamental rules for global trade.

2.45. The RAMs Group emphasized that one of the key Ministers' instructions on the DDA MC8 had been to aim for a comprehensive final package under the mandate of a single undertaking. In other words, the small package that Members were currently working on was just a stepping stone towards the final DDA package. Unfortunately, Members seemed to be having difficulty merely getting to the stepping stone. The view of the RAMs Group was that Members had to act collectively, effectively and immediately, so that solutions could be found and that they could emerge strongly from the current situation. The RAMs Group remained committed to the process and stood ready to work with other Members and Groups to find ways of making faster progress toward the success of Bali.

2.46. Speaking on behalf of Chinese Taipei, she said that her delegation attached great importance to the WTO multilateral trading system. Chinese Taipei had been working – and would continue to work – with Members as constructively as possible to produce a meaningful and credible package for MC9. On agriculture, her delegation associated itself with the statement made by Switzerland on behalf of the G-10. Chinese Taipei urged Members to intensify work towards a solution that reflected an appropriate balance of all interests concerned, in particular the needs and interests of developing country Members. On trade facilitation, her delegation believed this to be beneficial to both developing and developed Members alike and believed it should be one of the deliverables for Bali. On the development issues, Chinese Taipei welcomed the positive progress made recently. More hard work was needed to ensure that there was a development dimension included in the Bali Package.

2.47. The representative of Burkina Faso, on behalf of the Cotton 4 (C-4), said the four co-sponsors of the Sectoral Initiative in Favour of Cotton endorsed the statements made by Morocco on behalf of the African Group, Nepal on behalf of the LDC Group, and Jamaica on behalf of the ACP countries. The C-4 agreed with the Chairman's analysis and observations. With Bali some five months away, and despite the efforts made, the results of the preparatory work fell short of Ministers' expectations in the light of the decisions of the MC8 in December 2011. The C-4 accordingly called upon all stakeholders to moderate their expectations and keep their ambitions in check, to allow compromises to be crafted for Bali which would provide a solid basis for future work, including post-Bali.

2.48. Regarding cotton, the C-4 reaffirmed that it was continuing its internal work, as well as its consultations with the groups that were its strategic partners, with a view to submitting a draft decision as soon as possible. It reiterated its commitment and its readiness to work with all stakeholders on cotton and on the other key issues currently being addressed. The C-4 urged all Members to show the necessary political will and flexibility in order to reach agreement on the balanced proposal which would be submitted on cotton.

2.49. On behalf of the C-4 and all the cotton-producing African countries and LDCs, he paid tribute to the Chairman, Mr Pascal Lamy, and the entire Secretariat team, for their sustained efforts over the past eight years, in particular to move forward on both trade and development aspects of the cotton issue. The C-4 and the other 32 cotton-producing African countries were grateful to the Chairman for his campaigning leadership on this issue, even though the results had not done justice to his initiatives and actions in this field, as in others where there could be no denying his strong commitment. The C-4 would continue to work assiduously with all the other stakeholders and the new Secretariat team in order to achieve tangible results on cotton before Bali, or in Bali.

2.50. The representative of Brunei Darussalam, on behalf of ASEAN, said that from the start of the year, at the Informal TNC meetings, ASEAN had repeatedly reaffirmed its commitment to the multilateral trading system and had underscored the need to ensure that the WTO's credibility was upheld by delivering a meaningful package at the upcoming Ministerial Conference in Bali. Given the state of play, ASEAN remained optimistic that no Member would arrive in Bali empty-handed. ASEAN continued to stress that the package should be pragmatic in balancing the existing elements already on the table. All sides had to be prepared to compromise in a constructive spirit, and not insist on their original levels of ambition at this late stage. In this respect, ASEAN hoped to see a pragmatic outcome for LDCs, which would be meaningful for their integration into the multilateral trading system. ASEAN was also of the view that all negotiations should be concluded in Geneva and not be brought to Bali, so as to ensure smooth proceedings at MC9.

2.51. Like many others, ASEAN had previously expressed its disappointment with the pace of the negotiations. The fundamental problem lay with the conduct of Members which often contradicted themselves by pledging flexibility and constructiveness, but then refused to move from entrenched positions when it came to text-based work. With time running short, it was clear that work would need to further intensify in September. ASEAN urged Members to make full use of the summer break to consult with domestic stakeholders on the various proposals on the table, consider possible compromise solutions and come back to the negotiating table with improved mandates. After the summer break, it was important to have a horizontal process to determine the possible landing zones for Bali. ASEAN stood ready to support such a process. The reality was that there were only eight weeks between the General Council in September and the last General Council in November before MC9. ASEAN would make every effort to make Bali a successful stepping stone to fulfill the Doha Round and to revitalize the multilateral trading system. Furthermore, ASEAN was hopeful that the Bali Ministerial would emerge with some substantive results and reiterated its commitment to a successful Ministerial Conference in December.

2.52. The representative of Egypt, on behalf of the Arab Group, reaffirmed the Group's commitment to the conclusion of the DDA as the only path towards ensuring the credibility of the multilateral trading system. While affirming the single undertaking principle in satisfying the Doha mandate, the Group looked forward to a balanced early harvest package in Bali that took into consideration the interests of the developing countries. The integration of the development dimension into the WTO architecture should be central in any package, not only in MC9 but also in subsequent ministerial conferences. In this context, the Arab Group emphasized the importance of the horizontal balance among the three areas of the foreseeable package: development, agriculture and trade facilitation.

2.53. While the Arab Group was engaging constructively on the three tracks of negotiations, the Group looked forward to a constructive dialogue on a post-Bali work program that placed development at the core. The Group hoped that this dialogue commenced promptly after the summer break.

2.54. Accession to the WTO was an important step forward for any country towards integration into the multilateral trading system, enhancing competitiveness and accelerating economic growth. The Arab Group attached great importance to the accession of Yemen and urged Members to

conclude this accession. Yemen had already met all its terms of accession requirements that rendered its accession mature to be concluded. The Arab Group looked forward to convening the eleventh and final working party on the accession of Yemen immediately after the summer break.

2.55. Speaking on behalf of Egypt, she said her country was committed to the multilateral trading system and was convinced that concluding the DDA would ensure the integrity and credibility of the WTO. Egypt was engaging constructively in the on-going negotiations looking forward to a balanced Bali package.

2.56. Regarding the trade facilitation negotiations, Egypt was concerned that the progress achieved was still unbalanced either within Section I or between the two sections of the negotiating text. There was a need to settle all the issues in Section I, without any exclusion, with a view to addressing all Members' concerns. After the summer break, Members should tackle all the issues that had been previously identified as difficult or political. If Members' concerns on Section I were not taken seriously into consideration, it would be difficult to conclude a Trade Facilitation agreement in Bali. Members should recognize that the developing countries would have a huge burden in implementing the commitments set out in the negotiating text. In this regard, conditioning the implementation of the developing countries to the acquisition of implementation capacity was the core of Section II of the negotiation text. Moreover, self-designation of categories of commitments was a key principle in Section II. Unfortunately, there were still provisions in Section II that contradicted this principle. Egypt looked forward to a constructive engagement on Section II, where the negotiating mandate should be operationalized.

2.57. On development issues, Egypt looked forward to concluding the ten years of negotiations on the monitoring mechanism with a view to having real added value to making S&D provisions more precise, effective, and operational. It also looked forward to harvesting the 28 Cancun Agreement-specific proposals, as a stepping-stone towards the implementation of the Doha mandate on S&D issues. Egypt hoped that this would be followed by a detailed post-Bali work program on S&D issues in order to satisfy this mandate.

2.58. Finally, agriculture was as a key development issue and should be a principal component of any early harvest package as a preliminary step forward to resolving the imbalance in the Agreement on Agriculture. Egypt urged all Members to consider seriously the three agriculture proposals tabled by the G-20 and the G-33.

2.59. The representative of Jamaica, on behalf of the ACP Group, said the Group acknowledged that it was the summer break and that considerable work remained to achieve success in Bali. The ACP remained committed to securing a balanced and meaningful outcome in all three pillars. In trade facilitation, the ACP had taken a proactive approach and had submitted a comprehensive proposal on Section II of the draft negotiating text and had provided further revisions, taking account of critical elements that had emerged in the course of the negotiations. The ACP acknowledged that the provision of timely and effective technical, financial and capacity building assistance would contribute to the assumption of binding commitments by the entire membership.

2.60. In agriculture, the ACP saluted the considerable technical work that had been undertaken under the chairmanship of H.E. John Adank. The Group acknowledged the state of play in relation to the various proposals on the table and called on Members to redouble efforts to close remaining gaps in the limited time period after the summer break. The ACP also looked forward to the incorporation of a meaningful outcome on cotton in the framework of the negotiations.

2.61. On development and LDC issues, the ACP would remain engaged and recognized that this was another area where differences would need to be narrowed in a short period. It called on Members to pursue a constructive and committed approach in the coming weeks. The ACP remained committed to the multilateral trading system and looked forward to a successful outcome in Bali.

2.62. The representative of Bangladesh associated his delegation with the statement by Nepal on behalf of the LDC Group. He noted that nearly twelve years had passed since the launch of the Development Round in Doha. Members had stumbled a few times, had recovered a few times, and had even come tantalizingly close to a deal. Yet, they had not been able to bring the Round to a close. The impasse in the WTO's negotiating pillar was casting doubt on the system itself. The

LDCs were not the problem in the stalemate, but, as the multilateral trading system's most vulnerable members, were bearing the brunt of the collective failure to demonstrate flexibility, understanding, cooperation and, above all, the political will required.

2.63. The world of trade had continued to evolve, as amply described by the Secretariat in the latest World Trade Report. Unfortunately, LDCs, in many ways, remained as they had been. LDCs' share in world exports continued to hover around 1% and most of it was primary commodities. There had hardly been any qualitative change in the composition of LDCs' export basket. A central question was whether the WTO was doing enough to enable LDCs to better integrate into world trade. There was no denying the fact that the Round had yielded some important decisions in favour of LDCs. The landmark Hong Kong DFQF Decision had not only been implemented by most developed Members, several developing countries had come forward and had offered LDCs market access. Yet, its implementation remained incomplete. The package that LDCs had submitted for Bali invited Members to agree to an operational decision on the implementation of the Hong Kong DFQF Decision with a definitive time frame and ensuring enhanced and commercially meaningful market access for all products of all LDCs.

2.64. The LDC Group coordinator, Nepal, had been trying its best, together with the Group, to submit proposals in a few areas like preferential rules of origin and implementation of the Services Waiver. This exercise had once again revealed the Group's own capacity limitations. In view of suggestions received in the consultations, the LDC Group had started to develop a revised proposal on preferential rules of origin. It was equally working on a proposal relating to the implementation of the LDC Services Waiver, which was both time-consuming and technical. Members should recognize that LDCs needed enhanced market access in both goods and services to accelerate their economic development, and Bangladesh hoped that they would do their best to help LDCs in this regard in Bali. Bangladesh appreciated the understanding and efforts of the Facilitator for the LDC Bali package. His delegation hoped that Members would extend their co-operation to work out an LDC package for Bali. It was inconceivable to think of an outcome in Bali without an LDC package, which should not be an empty one, but something that could make a real contribution to improve the situation of LDCs in world trade.

2.65. The representative of the European Union said that just over a week earlier, Members had met to prepare the NGTF and had witnessed a convergence of minds on the need to make substantial progress during the following week. Unfortunately, overall expectations for major progress had not been sufficiently met. With the summer break looming ahead and MC9 just four months away, Members were faced with an urgent need to intensify work in September.

2.66. More specifically, on Section I, the text still contained too many issues that could be described as trivial in nature, but on which precious time was being spent. Members needed to be pragmatic in this process. The Trade Facilitation agreement could not reflect the specific wording used in the legislation of each and every one of the WTO's 159 Members. Constitutions would not be changed and fundamental principles of national legal systems would not be adapted because of the Trade Facilitation agreement. However, all Members had room for manoeuvre on the numerous technical issues that still remained to be resolved and he urged all Members to put it to good use when they reconvened in September, so as to quickly progress on such issues. Where fundamental issues existed, Members needed to dedicate time to resolving them; but, as the Chairman had suggested, they needed to separate them from those that were simply a matter of preference and on which Members could be directly flexible. This was the way to make adequate progress on these issues.

2.67. On Section II of the agreement, important aspects still needed to be negotiated. He wished to thank the ACP Group for its constructive work and engagement in moving discussions forward. In his view, the positions regarding Section II had significantly been clarified in recent weeks and Members were not far from agreement on the main principles, such as the need to avoid loopholes, the need to ensure that the entire agreement would eventually be implemented by all Members, the need to know which commitments would be implemented by Members at the entry into force of the agreement, and the need to ensure enough flexibility for developing countries, particularly LDCs, to make sure that if they run into difficulties when implementing the agreement, there would be a clear mechanism to which they could revert to in order to remedy the situation. However, it was important to keep in mind that the flexibilities foreseen in Section II would, in principle, be available to all developing countries. Given that what was appropriate for LDCs and certain other countries might not always be appropriate for all developing countries, gaining early

clarifications with regard to the intentions of certain Members on how they would use Section II could go a long way in terms of increasing negotiating flexibility and could ease the way towards finding a consensus.

2.68. On the other potential deliverables for Bali, there had been clear and positive signs of engagement on agriculture and particularly on food security. Achieving a satisfactory outcome on this issue, which would address in a reasonable way the main concerns of the proponents, appeared within negotiating distance. Concerning the G-20 proposal on export competition, the EU had committed to phasing out export subsidies but this commitment had been made in a very specific context and was part of the single undertaking and the successful conclusion of the whole DDA. On the TRQ administration proposal by the G-20, the process was positively engaged. On development issues, progress had been limited. While both the monitoring mechanism and the Agreement-specific proposals were possible deliverables for Bali, delegations seemed to be waiting to see what would happen in the other main areas of negotiations. A stronger effort was also needed on the LDC issues. The EU was ready to engage on specific LDC requests as soon as possible and welcomed the work that the LDCs were doing for that purpose.

2.69. The "make it or break it" of Bali was, however, sufficient quick progress on trade facilitation. Therefore, he called on all Members to come back to Geneva in early September with a different mind-set, oriented exclusively at seeking agreement. What was needed was a clear push to find compromises that might not always fully satisfy individual objectives, but which Members could live with. Overall, Members were not far away from a meaningful package and the two months that were effectively available – September and October – seemed to be enough to achieve agreement. Success would open the doors toward the larger context of the entire DDA; failure would encourage alternative approaches to trade liberalisation. Everyone needed to assess the costs and benefits of this scenario, but he believed that no Member would remain unaffected. Just as all Members would benefit from a successful MC9, all of them would pay for its failure. After the breakdown in 2008, it had taken Members five years to get where they were now on the limited set of issues that was being contemplated. However, if MC9 failed, the next opportunity might not come around for a very long time. Members needed to keep in mind the consequences of a failure, but concentrate on what needed to be done to achieve success. The EU stood fully committed and ready to invest further time and effort to make MC9 a success.

2.70. The representative of Japan said the TNC meeting was particularly important to the preparatory process for MC9, whose results could affect the future of the multilateral trading system. He recalled that in Davos, Ministers had agreed that they would try to have the contours of the MC9 package around Easter and then at the informal Ministerial Conference in Paris in May, there had been an appeal to cut down by half the number of square brackets in the trade facilitation text by July. In the subsequent TNC, there had been an agreement on the objectives that could be met in the following weeks to reach the last petrol station on the road to Bali.

2.71. Thanks to the Chairs' and Friends of the Chair's devoted efforts, some progress in the three areas of negotiations had been registered. However, as Japan had noted in a meeting it had organized to take stock with a number of Ambassadors early in July, progress had not met Members' hopes. Japan together with other Members had undertaken to work for a successful MC9 following the summer break but the autumn period was short and the finishing line could not be pushed back indefinitely – the moment of truth would soon arrive. Therefore, Members needed to move up in gear and speed up towards true negotiations with flexibility to be shown by all Members so as to be able to obtain results by October at the latest. After that time, there would be other preparatory work to address for MC9.

2.72. The representative of Mexico said it was his delegation's view that the Bali Ministerial Conference could not simply be yet another ministerial meeting. It had to yield realistic, credible and balanced results in those areas on which Members' attention and efforts had focused in recent months. A positive outcome would give the WTO the dose of credibility it needed to continue serving as a negotiating forum. Albeit belatedly, the latest formal and informal meetings on the three areas had made Members cautiously optimistic about achieving a balanced outcome. Balance was of course "in the eye of the beholder". Mexico had a high level of ambition regarding all the elements. Therefore, for it, a balanced outcome in Bali meant producing a substantive package in all three areas.

2.73. Trade facilitation had seen significant progress in the past weeks, and there was already a new revision of the consolidated text. The objective of these negotiations was to clarify and improve Articles V, VIII and X of the General Agreement on Tariffs and Trade (GATT), with a view to further expediting the movement, release and clearance of goods, including goods in transit. The GATT provisions in question established legally binding obligations and, therefore, an agreement on Trade Facilitation could not improve such provisions on the basis of mere assurances to make greater efforts.

2.74. In agriculture, and regarding the G-33 proposal, Mexico recognized the need to find ways of addressing the proponents' concerns, and in particular their capacity to maintain programmes that enabled them to meet their food security targets. A result in Bali had to be achieved. Mexico was encouraged by the progress recently made in this regard, including the various proposals that had emerged and especially the one put forward by Norway at the last meeting of the CoA SS. This proposal was a good starting point on the way to a solution which, in any event, would have to be consistent with the spirit of the reform process objective of the Agreement on Agriculture, in other words, it did not have to undermine but improve the current domestic support disciplines.

2.75. As regards export competition, this was an area that could not be ignored. It would clearly be impossible to achieve the elimination of agricultural export subsidies in Bali, but Members needed to establish mechanisms and measures that represented a step in that direction, by reaffirming the commitment undertaken by Members in Hong Kong to abolish one of the practices most detrimental to trade, nearly 40 years after this had been accomplished in regard to industrial goods. Concerning the understanding on TRQ administration, Mexico was still interested in and in favour of this understanding being proposed as one of the elements of the Bali package. Mexico's tariff rate quotas had originated in the Uruguay Round and most of them were not applied because the tariff was below the bound rate. Mexico recommended this practice.

2.76. Turning to development-related elements, Mexico supported the achievement of substantive outcomes, especially in areas of interest to the LDCs. Members needed to be ambitious, creative and realistic, in this as in the other two areas.

2.77. The representative of Korea agreed with the Chairman's assessment of the overall state of play, although the glass could be seen as half empty or half full depending on different perspectives. Turning to the Bali deliverables, the intensive efforts being carried out by the three Chairs, the Friends of the Chair, and the Facilitator to narrow the gaps in all three pillars were appreciated, but the reality was that Members had thus far missed the goal of achieving a clear picture for the Bali package by the end of July and there was still a long way to go.

2.78. On trade facilitation, Korea appreciated the overall progress in this pillar, although there were still many brackets to cover. Members needed to assess the brackets from a qualitative standpoint. Korea supported the work of the four Friends of the Chair and believed that it should continue to advance the technical maturity of pending issues. Issues in Section I, which required a political solution, as well as issues in Section II should be fleshed out for intensive horizontal negotiations which should follow sooner or later.

2.79. In agriculture, Korea noted with appreciation the groundwork which had been laid by Ambassador Adank, Chair of the CoA SS, for moving different proposals forward. On the G-33 proposal, Korea associated itself with the statement made by Indonesia on behalf of the G-33. On the G-20 proposal on TRQ administration, Korea was open to discuss, but felt that any attempt to change or elaborate the key sensitivities which were reflected in the Rev.4 document would be counterproductive.

2.80. Regarding development/LDC proposals, the Ambassadors' engagement in the CTD SS consultations had been helpful and Korea hoped that such practice would continue. It also hoped that LDC Members would soon come up with updated versions of their proposals.

2.81. There were a few challenges. Members were under significant time pressure. They needed to combat any possible temptation to trade-off the remaining time and the level of ambition. Members had to renew their political will and flexibility to advance their joint work on time, without which the Bali package would be too little and too late. In this regard, Members could not be over-complacent even during the summer break, as they needed to think through how to approach the

horizontal consultations across the three negotiating pillars after the summer break. In Korea's view, this horizontal process had to start based on mutual trust – at least, at the conceptual level – for all three pillars, so that the technical negotiations could be advanced across the board. Korea also hoped that summit events, such as the G20 and APEC, could be best utilized to pull in high-level political input for the success of MC9.

2.82. All Members knew the importance of the success of MC9 in Bali. MC9 was a pivotal moment for the multilateral trading system and the DDA negotiations. Members were crossing the river of the DDA and were looking for a stepping stone to go forward. Even though the size of the stone might not be as big as expected, Members needed it to get going in the right direction. Korea hoped that after the summer break, Members could get together with more refreshed minds to shift gears and go into a mode of serious and substantive negotiation in the right direction.

2.83. The representative of the United States noted that a new book had come out in the week with the title "The History and Future of the World Trade Organization". The US's statement would not be that ambitious, although it was useful to look both backwards and forwards. On the positive side of the ledger, it was possible to point to some very good work in Geneva over the past seven months. Specific acknowledgement should be given to the labour and intensive efforts of trade facilitation and agriculture experts. While all Members wished that more would have been accomplished by this juncture, their efforts had helped to narrow the ground and clarify the issues. If WTO Members had not exactly shrouded themselves in glory, they had at least kept the ship afloat for the fall and, in some cases, managed to steer it away from obvious shoals. Members had probably managed to do just enough over the past seven months to give themselves one final shot at a meaningful package for MC9 in Bali.

2.84. For the part of the United States, the new US Trade Representative, Michael Froman, had made clear that the US was committed to working towards a successful outcome at Bali. The US's agenda was full, but the US would do its share and more. US experts in Geneva and Washington were examining the degree to which the US could be flexible in its positions on key issues. However, it was far beyond the time for tactical maneuvering. For this reason, he said he had spent a significant amount of time over the past couple of weeks delivering some unpopular messages in this chamber. Given the shortness of time Members would confront in the fall, they could not spin their wheels on repetitions of tired debates, which were well-known. He had recently heard many delegations complain about their disappointment over this or that issue. His response was "Join the club". There was no monopoly on disappointment in the Doha Round. The United States had its own lengthy catalogue, but wallowing in collective angst would not create a single new trade opportunity for anyone. The question today – and the question for the fall – was: could something meaningful be salvaged?

2.85. Trade facilitation was widely acknowledged as the big ticket item most likely to come to fruition by Bali. And Ministers had directed delegations in Geneva to get it done. At various moments in the past weeks, it had been possible to imagine that Members might succeed. In areas such as advance rulings, it had been seen that the combination of advance work by proponents, skillful chairing, and flexibility all around could deliver substantive results. Members would need to repeat that formula throughout the text to deliver for Bali. There needed also to be a meeting of minds on key issues, starting with the relationship between Section I and Section II. It had been the United States that had first put forward a proposal – four years earlier – for unprecedented flexibilities in trade facilitation for developing countries. But Members could not lose sight of the underlying premise of this proposal. These state-of-the-art flexibilities offered to developing countries in Section II existed for one purpose: to support full implementation of meaningful, trade facilitating commitments that brought benefits to traders and developing countries alike. For there to be real benefits for all, obligations had to be clear and binding.

2.86. The value that the WTO added to global trade was binding rules. Without creating binding rules, WTO negotiations added no value, and that type of outcome was of no interest to the United States. There already was a non-binding customs codes in the World Customs Organization, which was why the US had pushed back against Section II proposals that would allow Members to avoid the establishment of definitive end dates for implementation. Such proposals effectively made the Trade Facilitation agreement non-binding. For a multilateral agreement to succeed, this issue had to be addressed.

2.87. It was also important for all trade facilitation advocates to make their voices heard. Too often, there was quiet encouragement in the corridors and hallways, but deafening silence in the critical debates. The few voices against a strong agreement thus attained disproportionate volume. If all those who supported trade facilitation did not speak up, there was a very real chance of failure in the final push for agreement.

2.88. Beyond trade facilitation, the United States had engaged extensively to find calibrated deliverables in agriculture and the so-called "development" pillar, including discussions of the monitoring mechanism and the Cancun 28 measures. At the same time, the US had been honest and clear that some issues were too integrally associated with balances of the single undertaking to be part of the Bali package. The US's positions were well-known, and he saw no use in repeating those arguments. However, he wished to underscore the position of the United States on the G-33 proposal, which represented one area in which extensive engagement had put the issues in much sharper relief than at the beginning of the year. Critically, there appeared to be broad recognition that the Agreement on Agriculture would not be amended, a significant evolution in the discussion. To succeed in reaching agreement, it would also be critical to address food security in a way that minimized distortions to global trade, promoted transparency in the context of WTO commitments, and encouraged continued reform. The US was committed to work hard in finding a solution that struck these balances.

2.89. As mentioned at the outset, he looked forward to reading the new book on the WTO's history and future. Clearly though, as the book came out in the week, it would quickly be out of date. In the fall, Members would write a definitive new chapter. One way or the other, the work before the ministerial meeting in Bali would put the WTO on a dramatic new course.

2.90. The representative of South Africa said that it was well-known that the key to success at Bali was to deliver a balanced package that was in favour of the poorest countries. Yet in assessing the state of play of the negotiations – with just 6-8 weeks of effective negotiating time available before Bali – there was awareness that a miracle would be needed to deliver such a package. Ministers in Paris had been aware of these challenges when they had met earlier in the year. They had urged negotiators to intensify efforts on all three pillars of the Bali package and cut the number of brackets on trade facilitation by at least half by July. They had called on Members to take stock at the end of July. Members had a responsibility to provide them with a frank assessment at this TNC.

2.91. On trade facilitation, South Africa had worked hard, during the past several years, to modernize and develop its customs control procedures and systems and facilitate trade, and was thus an active participant in these negotiations. His delegation remained convinced that the incorporation of strengthened disciplines on customs cooperation would enhance the value of a Trade Facilitation agreement for all Members and it would continue to work towards this end. There were still many issues in trade facilitation where the level of ambition of the proponents remained too high. It was strange that at this stage of the negotiations the major OECD members remained divided on issues such as advance rulings, authorized economic operators and appeal procedures to name a few, on which they sought to impose their systems on each other. On issues such as the single window, where the level of ambition being sought was clearly not doable to the majority of Members, including OECD members, the proponents had yet to lower their ambition. On some other issues such as pre-shipment inspection, consular fees and transit in fixed infrastructure, which were clearly highly controversial and where it had been argued that these issues went beyond the mandate, the proponents had still to withdraw these issues from the negotiations. The proponent-led process, chosen for this negotiation, needed to be reviewed.

2.92. In addition, Section II of the text, which was intended to provide flexibility and capacity to the poorest countries, was still far from being resolved. The Members that would have to bear the greatest burden of implementation of the Trade Facilitation agreement at least deserved to know what it was they would be asked to implement in Section I of the agreement. They deserved to be provided the necessary capacity and flexibility to enable them to also benefit from the Trade Facilitation agreement.

2.93. South Africa remained of the view that agriculture was the core issue of the Doha Round and should be an important part of the deliverables for Bali. Too little progress had been made on the core issues of the G-33 proposal on food security, and there was little hope that there would be any positive outcome on export competition. Of these issues, export subsidies had long been

regarded as the most trade-distorting and economically unjust of the imbalances in the trading system. On the LDC and the so-called development issues, the majority of Members in the ACP, LDC and African Groups would measure the success in Bali on the extent to which the membership had been able to deliver any tangible and meaningful progress on this pillar of the package. Too little had been done at this stage.

2.94. The real issues at Bali were the big questions of the way forward on the DDA and the future of the multilateral trading system itself. There was still a chance of putting the multilateral system back on track in Bali – towards its historic journey – of being fair, balanced, development-oriented and inclusive. If Members failed to make this course correction in the little time available after the summer break, history would judge them poorly.

2.95. The representative of Norway said that looking back at the past few months, a lot of work had been done on the Bali issues. On trade facilitation, the Friends of Chair process was bearing fruits. The situation was clearer and it should be possible to get results for Bali. However, there had been no real breakthrough yet. The main question remained the level of ambition. If the level of ambition was high, what did Members expect the LDCs to do? If the level of ambition was low, did it make economically sense to finalize an agreement that was a best-endeavor agreement or would proponents go somewhere else?

2.96. In agriculture, Norway endorsed the statement made by Switzerland for the G-10. There was an excellent process. Members had reached improved clarity on the G-33 proposal, but again there had not been any breakthrough. In the CoA SS the previous week, Norway had indicated ideas on a way forward and it was ready to discuss and explain. The concept would probably fit half way between the Chair's questions 3 and 4 and would hopefully contribute to finding a substantial outcome to acknowledge pressing concerns on food security. The real work started now, and it would not be easy. Norway hoped Members would be reflecting on the concept over the summer break and would come back prepared in September to work towards a mutually agreeable solution. On export competition, Norway believed that overreaching would endanger the process. On TRQ administration, more work was needed.

2.97. Development issues were still difficult, despite the hard work by the CTD SS Chair. There was lack of clarity in most areas – who wanted what, why and how. LDC issues remained unresolved but there were some indications of new ideas that would hopefully materialize over the break.

2.98. Overall, Members were leaving Geneva in a better mood than expected. Mainly because most of them had managed to refrain from putting forward requests that would not fly. It was possible to see ways forward for a limited package for Bali, if flexibility was shown, if leadership was exercised, if all Members continued to refrain from putting forward unrealistic requests, and when a horizontal negotiation process was put in place. However, there was still reason to be worried because it seemed as if Members believed that a small package for Bali solved everything, that agreement on a small segment of the Round would suddenly make everything else possible. Hopefully, a Bali package would be the catalyst to get started on the big issues. However, she expressed caution against the temptation to rest when Bali was done. In this case, Bali would undermine, not help, the process.

2.99. Direction for after Bali on how to deal with the real issues needed to be a part of any agreement at Bali. The big conversation, however, was where the WTO and the Doha Round really were, and what would be the best way to reinvigorate multilateral trade negotiations – at the right time, after Bali, with or without a package. This would be a major task for the new Director-General. Members knew him, his vast knowledge of the issues and his cooperative skills. But he was no Messiah. He would not be able to move the process without Members' cooperation. Furthermore, no multilateral trade agreement had been concluded without the initiative from major actors on the global economic scene. Who the major or key players were might be different today than in the past, but the game was the same. Norway and the vast majority of Members were heavily dependent on a predictable and non-discriminatory trading system in order to make their voices heard. In order to contribute, they might not be able to set the stage but they needed to understand what was going on, and when to provide appropriate inputs in order to safeguard their national interest without undermining the process. She urged Members to negotiate.

2.100. The representative of Chile said his delegation considered that there had been some measured progress and that the current outlook was discreetly positive. As regards trade facilitation, the previous week had seen the emergence of the 17th revision of the Trade Facilitation text (TN/TF/W/165/Rev.17), reflecting more moderate progress than anticipated, but progress nonetheless. Chile was pleased to note increased participation by developing and least-developed countries concerning Section I, and greater involvement of the membership as a whole on Section II. In short, Chile felt that Members were finally entering negotiation mode. To that end, coordination needed to be stepped up between the delegations in Geneva and experts in the capitals, who were not sufficiently aware of the sense of urgency required at this time or of the magnitude of what was at stake in Bali. Chile urged delegations not to lose this momentum and to intensify their work after the summer break in all possible areas and in all formats they might consider necessary.

2.101. Major achievements had also been witnessed in agriculture. On the G-33 proposal on food security, there was recognition of a real and concrete problem, and a short-term solution that would meet the proponents' requests was being sought. Chile supported Norway's idea and saw it as a positive contribution to be explored as soon as possible. Turning to the G-20 proposal on export competition, Chile thought it was important to discuss the issue, taking the current proposal as a starting point and then seeking an area of convergence acceptable to all, with the same spirit and energy as that with which the G-33 proposal was being tackled.

2.102. The CTD SS was working extremely hard to reach a consensus on the Agreement-specific proposals, the monitoring mechanism and the 28 Cancún proposals.

2.103. Chile was of the view that a favourable outcome at the Bali meeting was key not only to the survival of the Doha Round but also to restoring the ailing credibility of the Organization. Bali should be a priority for the entire membership, and trade facilitation lay at the heart of the agreement to be reached there. Should a multilateral Trade Facilitation agreement prove to be impossible, Members could always turn to the plurilateral alternative, but without the benefits of the Agreements signed under WTO auspices, without any dispute settlement mechanism and without any Section II. Chile, therefore urged the developing countries not to waste this opportunity or to allow the aims of the most destitute countries to achieve integration in value chains to be thwarted.

2.104. There needed to be a successful agricultural package in Bali, and for that, Members had to work with an open mind and the firm intention of finding solutions. As noted at the meetings of the Fourth Global Review of Aid for Trade, an increase in trade led to a better quality of life.

2.105. The representative of Argentina endorsed the statements made by Brazil on behalf of the G-20 and by Australia on behalf of the Cairns Group. Argentina had participated both actively and constructively in the Trade Facilitation talks and believed that positive progress had been made. There was still much work to be done and Members needed to demonstrate greater flexibility. The proponents particularly needed to be able to listen to the legitimate concerns of other Members. Argentina was willing to further contribute to discussions.

2.106. Argentina was in favour of pursuing consultations on the G-33 proposal with the aim of reaching a consensus. It reiterated its support for a consensus that improved the food security situation of developing countries within the existing rules. With regard to the G-20 proposal on export competition, Argentina was seriously concerned by the refusal of certain delegations to consider or discuss the proposal on the grounds that it would jeopardize the chances of achieving a tangible outcome at the Bali Ministerial Conference. The G-20 proposal was a realistic attempt to move forward with the Doha mandate. The Cairns Group, the G-33 and the African Group, in addition to other groups from developing countries, had strongly emphasized the need to hold discussions regarding the G-20 proposal on export competition in order to reach a consensus solution. Argentina hoped to have the opportunity to hold such discussions after the summer break.

2.107. The negotiations on the three deliverables – trade facilitation, agriculture and development issues – in preparation for MC9 would be judged entirely on the extent to which they contributed to the development commitments made in Doha and the related issues agreed on at MC8. The argument that a "balanced package" in Bali should not include a substantive outcome on

agriculture was therefore both unacceptable and unjustifiable as it would mean that the multilateral trading system would have failed to meet its mandate as an active instrument for the promotion of development. Argentina would continue its efforts towards reaching a consensus on a final balanced package at the forthcoming Ministerial Conference.

2.108. The representative of Kenya associated his statement to those delivered by Morocco on behalf of the African Group, Jamaica on behalf of the ACP Group, and Indonesia on behalf of the G-33. Kenya took note of the enormous work that had gone into intensified negotiations over the past three months as well as the undertaken consultations both in formal and informal sessions and commended the Chairs of the negotiating groups for their hard work and tireless efforts. Besides, they had exhibited an admirable determination to attempt to move the negotiations forward, however modestly. It was this modest but steady movement that might probably be an answer to the conclusion of the entire DDA if it delivered the desired results in Bali. This notwithstanding, it was clear that the small package that Members had anticipated to harvest in Bali during MC9 was still elusive. It therefore needed concerted and collective effort by all to be able to bring it within reach if Bali was going to wrap it up and ultimately be tagged as a successful Ministerial Conference. In this respect, two things came to mind. First and foremost, as already advised by Ministers, delegations needed to change their negotiating gear and inject more momentum into the negotiations in order to accelerate work as they continued to explore different ways and approaches for concluding the Bali package without necessarily drifting away from the mandate. Second, Members needed to look at all issues under the three pillars objectively to be in a position of addressing them in a more practical and all-inclusive manner. Norway – through their oral conceptual proposal on downward adjustment of administered prices as relates to public stockholding for purposes of food security presented during the last meeting of the CoA SS – had demonstrated that this was doable.

2.109. The multilateral trading system had served its Members well since 1947. It had enabled international trade to recover from the adverse effects of the First and Second World Wars, the Great Depression and recently, the global financial crisis. Undoubtedly, the impasse and delay in concluding the DDA was subjecting the system to some unhealthy turbulence. The only way to weather this was by concluding the much anticipated small package in Bali to rekindle the confidence and optimism that the multilateral trading system deserved. The Kenyan delegation would continue to remain constructively engaged in this respect.

2.110. The representative of India associated his delegation with the statements made by the G-33, the G-20 and the Asian Group of Developing Members, and supported the statement made by the LDC Group. His delegation shared the sentiments which had been expressed by many delegations about the positive spirit which was visible and palpable about a successful outcome at Bali. That was something which was on the positive side and should be encouraged so as to translate into concrete outcomes. There was an enormous amount of work which needed to be done in all areas of the negotiations. On the development and LDC issues, there was still a lot of work to be done.

2.111. On trade facilitation, considerable work had been done since December. The expectations that had been pinned on trade facilitation to reduce down to a very small number of square brackets in June and July had unfortunately not happened. But, it was encouraging that approximately 110 square brackets had been dropped. So there were still just over 400 square brackets left, 87 of which related to customs co-operation and more than 100 to Section II. In short, about half of those square brackets related to just two issues. Of course, there were complexities involved. Customs cooperation was one of the four issues which was listed together with Articles V, VIII and X. He felt encouraged by many delegations who had said that only a binding agreement would have value; a best-endeavour agreement did not really mean much in terms of an agreement in the WTO. He hoped that that would get translated into a binding agreement on customs co-operation and all the other issues on which the proponents were still pursuing a binding agreement. Considerable progress had been made, but the more difficult issues were still ahead. Therefore, there would have to be difficult negotiations to which all delegations would have to contribute positively and with a show of flexibility because there was no time left for anyone to hide their cards up their sleeves.

2.112. On agriculture, India shared the view that there had to be a meaningful outcome on all three issues. On TRQ administration and export competition, work needed to be done, much more so on export competition. India was encouraged by the process that Ambassador John Adank had

been leading for the past seven months. India also acknowledged with gratitude the support which had been expressed by the LDC Group, the African Group, as well as the Cairns Group and the G-10. India felt that Members were at a stage when an outcome could perhaps be achieved. Although there had been no breakthroughs, Members had understood the problems through long and meaningful discussions. But now, they had to walk and see whether they would cross the finish line or stall somewhere halfway between. In this context, the G-33 was open to any solution, but the solution had to be meaningful, and provide relief in concrete terms until the broad reform agenda on Agriculture was concluded. That was the language which had been used in question 3 of the Agriculture Chair, and that was the answer which the G-33 members had given indisputably.

2.113. There were just about eight weeks of serious negotiations left after the summer and it was India's fervent hope that the Bali Ministerial would be a very successful meeting with a meaningful and balanced package. But, Members had to devote a lot of time also to discussing the post-Bali work programme because the WTO was far too valuable to be left dangling on the hopes of a Bali package. Members had to discuss what they wanted to do with the Organization and the post-Bali work programme long before getting to Bali. In order to have a meaningful and balanced package, there needed to be a horizontal discussion. The level of ambition had to be somewhat comparable across the three elements; there could not be a very high level ambition in one area and very low levels of ambition in the other two areas.

2.114. The representative of Mauritius associated his delegation with the interventions made by Morocco and Jamaica on behalf of the African and ACP Groups, respectively. The TNC Chairman had managed to maintain the momentum. As Members continued work on the elements of a possible Bali Ministerial package, the Chairman's report on the consultations he had conducted in different formats provided his delegation with a sense of cautious optimism on the possible agreement for a credible and meaningful outcome in Bali. However, Members were not yet there and the challenges ahead demanded that they trusted each other and agreed that any Bali outcome would be limited in scope. His delegation believed that the road to Bali would pose many challenges which would demand the full engagement of WTO Members and constant interaction with capitals. In the light of the fact that Bali was only four months away, each WTO Member ought to be realistic on possible outcomes since a Bali package should not be equated with wish lists, and, even more so, since all elements to be agreed before Bali should enjoy the consensus of all Members and should do no harm to any WTO Member. Mauritius also shared the Chairman's view that Bali should not become a negotiating forum.

2.115. Bali was an important sign post and, should Members succeed in agreeing on the sort of package he had just referred to, then they could give the Organization the possibility to re-order its work for an early conclusion of the DDA, elements of which had been under intense negotiations under the Chairman's eight years at the head of the WTO. To Mauritius, many, if not all, elements in Rev.4 of the July 2008 Framework Agreement could be adopted with slight modifications. Bali came at a defining moment in the history of the WTO. Mauritius, an island developing State with an open economy, endowed with very limited resources, depended heavily on trade for its continued development. Therefore, multilateralism was a cornerstone of its foreign policy, it being on trade or other issues. His delegation, therefore, pledged full support to the Chairs and the Friends of the Chair who were leading the complex and painstaking processes in an attempt at building consensus on those issues which had been identified under the three pillars.

2.116. Mauritius was supportive of concluding an agreement on Trade Facilitation. While Members agreed to an agreement with real commitments, they also needed to understand that implementation of reforms was a painful process. Unless those reforms in developing and least-developed countries were adequately supported through the provision of technical assistance and capacity building, Members could end in Bali signing another agreement and agreeing on new commitments which many of them would be unable to honour. His delegation also called for constructive engagement in the discussions on Section II of the Trade Facilitation agreement without any *a priori* thinking or conditionalities. By re-orienting the whole concept of S&D, the membership had a unique chance to embark on the establishment of a new relationship based on real co-development.

2.117. Agriculture was an area which could result in win-win situations for the entire membership and would also need to feature prominently in a future post-Bali work programme. Mauritius, as a member of the G-33, was encouraged by progress achieved at the technical level on the G-33 proposal and hoped that convergence on public food stockholding to achieve food security

objectives would result in a political agreement in Bali. Food security was also taking centre-stage in discussions in another forum to which all WTO Members belonged. By adopting a decision on food security, in Bali, the WTO, which had always adopted a pragmatic approach, would have a unique chance to take the lead on this issue of global concern.

2.118. On development issues, negotiations on the monitoring mechanism had advanced much since March and Mauritius was optimistic that under the able chairmanship of the Ambassador of Singapore, the future body that would be established would contribute in further building good relations and help promote solidarity and understanding among Members. On the Cancun 28 proposals, a first reading was being undertaken and Mauritius hoped that once this process of clarification was over, the next stage would be conducted in a serene and collaborative atmosphere since all Members stood to gain if implementation issues – referred to as among the 20th century issues – could be settled once and for all. Failure to do so would also imply being haunted by those issues of another age, while all Members claimed and professed that the WTO should gear itself to address new emerging issues or risk being irrelevant. At a time of severe economic crisis, the WTO should avoid becoming parochial in its approach; rather this crisis should provide the entire membership with the opportunity to re-engage and approach negotiations in a transparent and consensus building framework. The on-going preparations for Bali should set the ball rolling.

2.119. The representative of Paraguay, on behalf of the Landlocked Developing Countries (LLDCs), said that the Group was a fairly active one and was recognized in a number of multilateral economic fora. It had a concrete action plan and a number of programmes under way. Thirty-two countries were members of this group, 23 of which were full Members of the WTO and the rest were acceding. Due to their shared interest and following an intensive consensus-building process, the LLDCs had been working in coordination in the trade facilitation negotiations, in particular on issues related to freedom of transit. He reaffirmed the considerable interest that the Group had in seeing this future agreement strengthening, broadening and improving the provisions of GATT Article V. For the Group, it was important that the Trade Facilitation agreement on issues related to transit contained MFN and National Treatment provisions, mechanisms to avoid unnecessary disruption of transit within the territory of a transit country, particularly the non-application of technical requirements or quality controls for goods in transit, which by their nature ended up becoming a disguised barrier to transit, the non-imposition of quantitative restrictions on transit, the non-imposition of any charges for the authorization of transit traffic, and a mechanism of guarantees allowing the streamlining of border procedures and decreasing bureaucracy. On the whole, these measures would allow all Members, and particularly LLDCs, to receive tangible benefits from the agreement in particular in its aim of reducing excess costs in international trade as well as in connection to regional and global value chains. For these reasons, LLDCs urged Members to have a more constructive prospective of the proposal currently on the table.

2.120. Speaking on behalf of Paraguay, he stressed the importance that his country attached to agriculture. Paraguay believed that this area should constitute an important part of the Bali package. His delegation would have liked to be working on an ambitious agenda in compliance with the DDA objectives. However, it had agreed to take small, pragmatic and realistic steps forward towards reforming Agriculture. In this respect, Paraguay gave full support to the statements by the G-20 and the Cairns Group and reiterated its support for the work and the process initiated by the Agriculture Chair, Ambassador Adank. There were only three elements on the table; it should not be too difficult to move them ahead. Paraguay had indicated to the CoA SS Chair that Members needed to optimise the use of time so as to be able to work on the three proposals in parallel. An open and constructive dialogue was necessary in all these elements. This was a valid exercise and the discussions on the G-33 proposal had shown that it worked.

2.121. The best signal to be sent in the Ministerial was a reaffirmation of the commitment to carry forward reforms in agriculture respecting commitments already assumed. Paraguay appealed to Members to hold discussions on export competition on the basis of the G-20 proposal and to determine, on the basis of this proposal, what could be realistically achieved. Paraguay recognized Members' efforts in eliminating export subsidies, and therefore believed that it was feasible to show that reforms would continue and the elimination of such export subsidies would be the immediate goal of the entire Organization. Paraguay was open and willing to continue to work up until the end to bring deliverables in Bali and was convinced that the WTO, once Bali was over, would continue to effectively respond to Members' overpowering needs for trade and development.

2.122. The representative of China associated his delegation with the statements delivered by the G-20, G-33 and Asian Group of Developing Members, and supported the intervention made by the LDC Group. With only a few days left before the summer break, it was necessary for Members to collectively check where they were and to identify the way forward. Through painstaking negotiations, some encouraging signs had emerged and the mood in Geneva had slightly changed as compared to the TNC in June. On all subjects, Chairs had been working hard and Ambassadors and technical experts had seriously engaged. Members now had a much better understanding of each other's concerns, of the scope of each subject, and of possible solutions. More importantly, Members – major players in particular – had started to recognize the natural linkage among various issues of the Bali package. China was not in favour of any hostage-taking approach. However, it was important to recognize that, as in any negotiation, there was an unavoidable linkage among different subjects. For this reason, it was extremely important to move and achieve progress in parallel on all subjects. China believed that Members were moving in that direction and called on Members to continue in that regard.

2.123. On trade facilitation, some progress had been made, with around 60 square brackets removed recently. But, this pace was far from enough to clinch a deal by December. China called on all Members to accelerate their work to substantially reduce the square brackets and pave the way for political decision by Ministers.

2.124. On agriculture, Members had been focusing on the gateway issue: the G-33 proposal on food security. China appreciated the more open-minded approach of the major players towards each other's concerns and encouraged them to continue to engage. China was also grateful that Norway had tabled a new proposal, which China would carefully study and come back with comments and suggestions after the summer break. In a nutshell, if Members concentrated on question 2, 3 and 4 raised by the Chair, Ambassador Adank, finding a landing zone was highly doable. Meanwhile, China looked forward to more engagement on the issue of export competition.

2.125. On development, Members were conducting intensive consultations on the major issues: monitoring mechanism and Cancún 28 proposals. China understood that progress was limited and urged all participants to continue discussion in a constructive and pragmatic manner. It also encouraged LDCs to speed up their internal coordination so as to allow Ambassador Smidt to organize further consultations.

2.126. Despite the cautiously positive tone, China admitted that the current pace of work remained too slow to guarantee a harvest at MC9. Members had to do some serious thinking during the summer break. The clock was ticking and there was no time to lose. As of early September, Members had to continue their work with full speed in the run up to the Bali Ministerial, which was a historical opportunity for the WTO and the multilateral trading system. Negotiators, in particular Ambassadors, should further enhance their engagement to fight for a credible outcome at MC9.

2.127. The representative of Uruguay said that his delegation endorsed and supported the statements made by Brazil on behalf of the G-20 and by Australia for the Cairns Group. Uruguay noted an intensification of work in the various areas under consideration for the next Ministerial Conference in Bali and this was very positive. However, the consideration of agriculture-related issues continued to raise problems that Members did not seem to be able to overcome at least at this point in the discussions. This was a serious problem as Bali could not be reached without substantive results in agriculture, which for Uruguay remained a priority. The G-20 proposals on agriculture were the minimum basis for a result in Bali and the logical continuation of the negotiating process in agriculture which had been going on for years. This was not just a problem of packages or balance, it concerned where the Organization was heading. Therefore Uruguay encouraged Ambassador John Adank to continue his consultations in order to move forward the work that remained to be completed.

2.128. With regard to the other areas under negotiation, Uruguay believed that there could be results depending on the level of ambition. But Members had to be aware of how the results would affect the functioning of the multilateral system and the Organization. Uruguay agreed that time was short and encouraged all Members to be constructively engaged in a determined fashion, to go beyond flowery statements and to proceed to concrete action so as to be able to have a successful Ministerial Conference. His delegation was ready to make a positive contribution to this process.

2.129. The representative of El Salvador recalled that in June her delegation had called for reflection and open exchange between Members on the production of the Bali package to make a realistic assessment of what specific results might be achieved at the Ministerial Conference. The aim was to ensure a successful meeting that yielded balanced outcomes for all Members and which would strengthen the multilateral trading system. One month later, El Salvador was disappointed to find that although there had been modest progress in some of the negotiating areas, with barely four months to go until the Ministerial meeting, Members were still a long way from achieving the objectives that they had set for themselves. In the run-up to the Ministerial, all Members had to redouble their efforts accordingly to build bridges in the different negotiating areas. But, what was needed especially was leadership and political will on the part of the main actors in the Organization in order to narrow the gaps between positions. This was essential if Members were to engage without delay in a horizontal process so that they could assess the balance of deliverables for Bali. While El Salvador was participating very actively in this process and negotiating each area on its own merits, her delegation considered that any package resulting from Bali had to be balanced and had to take into account the interests of all Members, including those of countries such as El Salvador.

2.130. El Salvador re-emphasized its concern about how little time was left to build a substantive and successful agenda in Bali, particularly in view of the limited resources of the small delegations and the fact that much of the outstanding work would be concentrated in the months of September and October. This situation was further complicated by the fact that the regular items forming part of the Ministerial agenda also remained to be determined. El Salvador was committed to continuing to work constructively and step up its efforts to pave the way for a successful Bali Ministerial, which would be a launching pad for securing agreement in other negotiating areas post-Bali.

2.131. The representative of Costa Rica agreed with the Chairman's assessment of the status of the negotiations. In recent weeks, some progress had been made regarding the topics for the Bali package. This was gratifying, but there was concern about the pace at which things were moving and the fact that what had been achieved so far did not appear to be sufficient.

2.132. In trade facilitation, Costa Rica noted that some headway had been made in both sections following the previous week's discussions, as evidenced by the removal of a number of square brackets in the new revision of the text. On the other hand, Costa Rica would have liked to see more of the constructive spirit which had marked that process. At the end of May, some Ministers had met in Paris and had undertaken not to delay in removing at least 50% of the remaining square brackets. Members were not there yet. His delegation welcomed the Chairman's call to speed up the work in September and October and to adopt a three-track approach so as to have an agreement in due form in time for Bali.

2.133. As regards agriculture, Costa Rica endorsed Australia's statement on behalf of the Cairns Group. It was pleased to note progress in the discussions concerning the G-33 proposal and hoped that an outcome acceptable to the whole membership could be reached. Costa Rica shared the views of most Members on the G-20 proposal on TRQ administration, which it saw as a possible element of the Bali package. He wished to emphasize how important it was to tackle the issue of export competition. Export subsidies were among the measures responsible for the greatest distortions in agricultural trade. Members could not let MC9 go by without addressing the matter and therefore his delegation hoped that Members could find an acceptable balance that would lead to an outcome in Bali.

2.134. On development issues, Costa Rica urged the Chair to pursue his work. It believed that if Members put their efforts together in a much more pragmatic manner, it would be possible to narrow positions on the monitoring mechanism and the 28 Cancún proposals. Costa Rica was closely following the topics of interest to LDCs and trusted that discussions would continue without delay with a view to securing a substantial outcome for those Members whose needs were the greatest.

2.135. There would be very little time after the summer break to complete the work in the run-up to Bali. Therefore, Members needed to commit to an accelerated and intensive work schedule starting in early September. Costa Rica believed that all Members had an interest in making Bali a success and in the WTO continuing to serve as a negotiating forum useful to all. Costa Rica would take a pragmatic and engaged approach in helping to achieve this goal.

2.136. The representative of Colombia acknowledged the progress made over the past few weeks in negotiating a package of deliverables for Bali, which would allow Members to embark on this summer break with a modicum of optimism, while nonetheless bearing in mind that in order to finish on time there would be a great deal of work after the summer.

2.137. In agriculture, Colombia endorsed Australia's statement on behalf of the Cairns Group and welcomed the negotiating process led by Ambassador John Adank and noted the progress achieved in the discussions of the proposals on the table. Colombia hoped that after the summer break it would be possible to move ahead in a realistic and pragmatic way and achieve concrete results on the various issues.

2.138. In trade facilitation, Colombia emphasized the headway made at the Group's last meeting, as it was already possible to make out possible areas of agreement in various articles of the texts. There had been some significant progress in Section II, although there were still many square brackets in the text. Sooner rather than later, discussions would have to take place on those aspects of the text where substantive differences remained between the participants. Accordingly, Colombia supported the three parallel courses of action put forward by the Chair of the Negotiating Group. Interaction with capitals was essential at this time to move forward with the necessary speed.

2.139. In trade and development, Colombia believed that if Members accelerated their discussions and showed greater flexibility, they would be in time to deliver the monitoring mechanism for MC9. The membership as a whole needed to play a more active role in bridging differences and identifying areas where agreement could be reached. Out of the 28 proposals put forward in Cancún, Colombia still believed that Members should try and adopt as many of these proposals as possible; this was feasible insofar as Members remained faithful to the texts approved in Cancún.

2.140. Turning to the topics of interest to LDCs, Colombia commended the work the LDCs were doing and urged them to complete it promptly, because time was running out. For the time being, all there was with a view to Bali were two items of progress, namely operationalization of the accession guidelines and extension of the transitional period for LDCs in respect of implementing the TRIPS Agreement. Colombia hoped that the summer break would recharge delegations' reserves of good will, flexibility and dedication and help them reach reasonable, balanced and politically deliverable agreements in the capitals.

2.141. The representative of Pakistan associated his delegation with the statements made by the ASEAN Group, G-20, G-33 and the Cairns Group. Pakistan appreciated the update on the state of play and noted that Members had made considerable progress in the first half of the year. In agriculture, the four questions posed by the Chair had been very useful in framing the discussions on the G-33 proposal. TRQ administration seemed quite mature. However any change in the special and differential treatment could unravel the whole outcome in the agriculture pillar. The export competition proposal had set the right direction for the continuation of the reform process.

2.142. Trade facilitation had picked up pace of work but Members could not go to Bali with several brackets. Therefore, this was the time to have meaningful engagement to narrow down the differences. On development issues, an ambitious outcome was needed. The LDC package needed to be given priority and a realistic view of CTD SS work was required. The focus had to be on what was possible for Bali.

2.143. Pakistan emphasized the importance of continuing the good work even after Bali. Therefore, after the summer break, time permitting, Members might need to spend some time in developing the contours of the plans beyond Bali.

2.144. The Trade Negotiations Committee took note of the statements.
