

GENEVA Watch



AN OVERVIEW OF THE WTO NEGOTIATIONS ON

MC13 – From Globalisation to Fragmentation?

The WTO 13th Ministerial Conference (MC13) which started on February 26 in Abu Dhabi (UAE), concluded in the morning of March 2 with a smaller package than expected. Members had hoped to agree on a post-MC13 work program to address agricultural issues and approve the second wave of fisheries subsidies that would have resolved outstanding issues such as disciplines on subsidies contributing to overcapacity and overfishing to further strengthen the disciplines of the MC12 Agreement.

Instead, the MC13 package only includes a work program on e-commerce as well as an extension of the moratorium on e-commerce – i.e. extending the current practice of not imposing customs duties on electronic transmissions until the 14th Ministerial Conference (MC14) or March 31, 2026, whichever comes first. Members also agreed on the accession of two new member countries, Comoros and Timor-Leste, to bring the total number of Members to 166 countries.

Who to blame?

Some have attributed the poor results to two countries: India, which threatened to block consensus on the agricultural work plan and fisheries subsidies if a permanent solution was not found on public stockholding for food security purposes (PSH), and the United States, which did not budge from their MC12 position on dispute settlement. But in reality, other countries (Brazil, South Africa, Indonesia) also played a role in the blockage. Brazil, for example, linked the extension of the e-commerce moratorium to a positive outcome in the agricultural sector.

That being said, many have primarily pointed the finger at India, whose Commerce and Industry Minister, Piyush Goyal, has thrown cold water on a possible compromise on fisheries subsidies, insisting on the fact that India could not accept an agreement affecting its exclusive economic zone. Goyal's position then opened the door for others to be concerned about the proposed deal, a European official said.

“We have been able to take India's interests to the highest level possible,” Goyal stressed, adding that India will “retain full policy space for the benefit of our farmers, our fishermen, and in every respect.”

Trade observers highlighted the current political environment in which the MC13 took place, saying that India's upcoming elections, even though the ruling party is poised to win, played a major role in Goyal's tough stances.

Both agriculture and fisheries subsidies' revised texts were not discussed during the closing session. However, WTO Director-General Ngozi Okonjo-Iweala said Members had succeeded in laying the foundations for new discussions in Geneva.

MC13 Chair, UAE Minister of Foreign Trade Thani bin Ahmed Al Zeyoudi, also called on Members to continue work on fisheries subsidies and agriculture with the aim of achieving an outcome at the level of the General Council – the highest decision-making body of the WTO in Geneva.

“The beauty of the WTO is that each Member has an equal voice, but that also comes at a cost.” Dr Ngozi said at the end of the conference. “During the long hours of negotiation here, we saw moments of difficult but rewarding cooperation as Ministers overcame intense disagreement, engaged in tough discussions and found common ground,” she added.

For the European Union, Members failed to reach consensus at MC13 due to their selfishness, refusal to compromise and lack of a spirit of cooperation in general.

The United States also expressed disappointment over the failure to agree on additional provisions on fisheries subsidies and agriculture, including export restrictions of food destined for least-developed countries (LDCs) which would have been a valuable outcome for LDCs suffering from food insecurity, said US Trade Representative Katherine Tai.

Tai, meanwhile, applauded “the significant amount of work done on dispute settlement reform and recognizes that additional efforts are needed to finish the work we set out to do at MC12.”

Agriculture

Heading into MC13 the Draft Text on Agriculture included several elements for a proposed post-MC13 workplan that would have focused negotiations on some specific market access provisions (e.g., tariff simplification, tariff rate quotas, tariff peaks, market access levels). The desired outcome was a work program targeting modalities by the 14th Ministerial Conference (MC14) which is expected to take place in 2026 in Cameroun.

Dr Ngozi, meanwhile, acknowledged the difficulties of the agricultural negotiations. However, one difference with MC12 (June 2022) was that Members had a text (circulated on 16 February) on which negotiations could be based, which was not the case in 2022. She was convinced that the Ministers would be able to agree on the basis for future negotiations (i.e. a work program).

While Members were initially optimistic about a possible agreement on export restrictions for LDCs, it quickly became apparent that the February 16 agricultural text was too detailed. Members therefore suggested streamlining the text to make it more like a “constructive ambiguity” that would allow progress to be made without being too restrictive.

As such, all references to specific timetables for agreeing modalities (i.e., “[Modalities shall be agreed and a decision adopted by MC14.] / [Members agree to work toward agreeing modalities at MC14.]”) had been removed from the text.

In the case of domestic support and market access for instance, the suggested language calls for Members to “commit to pursue and intensify negotiations (...) with a view to reducing substantially and progressively (trade-distorting support / protection) in a fair and equitable manner, to (encourage a shift towards less trade-distorting support / improve market access opportunities for all Members), and improving disciplines in accordance with the reform objective in the AoA and within a reasonable timeframe to be agreed by Members.”

The most difficult part of the discussion remained the PSH, which required more deliberations due to India's ultimatum of agreeing to a permanent solution or no deal. Despite Members' efforts to reach agreement on a work program, India's position ultimately prevented them from reaching consensus on a work plan. However, it is believed that the textual negotiations started in Abu Dhabi will now serve as the basis for further discussions in Geneva.

Geneva Watch is published monthly by Dairy Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada, Canadian Hatching Egg Producers, and Egg Farmers of Canada to report on the various events occurring in Geneva, especially on agriculture.

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