



AN OVERVIEW OF THE WTO NEGOTIATIONS ON AGRICULTURE

US Tariff Hikes Challenged at the WTO

With the actions taking place in the Oval Office, the US finds itself increasingly isolated on the international stage. Trade is no exception. With the latest tariff announcements, Canada and Mexico have reacted strongly, forcing President Trump to suspend his decisions to increase customs duties. The US indeed imposed customs duties of 25% on Canada's steel and aluminum imports as of March 12. President Trump is now going after Canada's dairy sector, a target the US dairy industry has long been demanding since losing its USMCA dispute. But here too, Commerce Secretary Howard Lutnick has indicated that the 250% tariffs President Trump is threatening on dairy and lumber will wait until April 2, when "reciprocal" tariffs on various US trading partners will be announced.

Canada has decided to maintain its retaliatory tariffs on CAD \$30 billion worth of US goods and to suspend the second phase of its retaliatory measures. In the meantime, Canada and China have entered into a 60-day consultation period with the US at the WTO to discuss the matter bilaterally and resolve the dispute. After this period, in the absence of a satisfactory solution, both countries can request arbitration by a panel.

However, this approach is doomed to failure given the status of the Appellate Body, if the US decides to appeal the decision. There are therefore fears that this could become the norm and trigger a full-blown trade war.

The US Seeks Changes at the WTO

The US Trade Representative (USTR) office was highly critical of the WTO in its 2025 Trade Policy and 2024 Annual Report released on March 3, but it did not announce that it would withdraw from the organization. The report emphasizes that the US will continue to engage in the WTO in areas related to tariffs, non-trade policies, dispute settlement reform, and reform of the WTO's negotiating arm.

"The United States has tried – and will continue to try – to solve these problems. But patience wears thin (...) the United States will continue to look for new avenues to make the WTO more relevant and viable in light of the realities of today, but it will do so with an appreciation that meaningful reform will require participation by other Members, including those that have benefited from the failure of the WTO to fulfill its objectives," the report states.

On March 7, WTO Director General, Dr Ngozi, said she met with Commerce Secretary Howard Lutnick and USTR Jamieson Greer the week of March 3 in Washington. Both assured her of their commitment to the WTO and to the continued membership of the US, which Dr Ngozi said demonstrates that the US continues to value the WTO and that Members should listen to their concerns and consider what can be done to address them.

Dr Ngozi also welcomed the appointment of Joseph Barloon as the US Ambassador to the WTO. "Choosing a very good and respected ambassador to come to the WTO, gives us a chance to be able to engage Member to Member within the organization," she added.

In its report, the USTR criticizes the WTO's failure to open new markets, citing "very high bound tariff rates," particularly in emerging countries such as India and Brazil, while US bound rates are as low as 3.4%.

Today, the US is saying that this approach is no longer working for them. "Fair enough," Dr Ngozi stressed, but how can we work with you to try to resolve this problem multilaterally, she asked. She added that Members need to listen to the US and hear its concerns.

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For the USTR, the WTO is ill-suited to the challenges of our time, and the best example of this failure is the inability of the WTO's monitoring, dispute settlement, and multilateral negotiation functions to respond to the challenges posed by China's non-market economy, it writes.

Dr Ngozi strongly believes the WTO needs to reform in all its areas. Like the US, she called on Members to consider reforming all functions of the WTO: the negotiating function, the monitoring function and the dispute settlement and resolution function. It remains to be seen whether President Trump's tariff announcements help initiate these changes.

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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