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AN OVERVIEW OF THE WTO NEGOTIATIONS ON AGRICULTURE

Mercosur Renews Its Push on Market Access Ahead of MC14

At the June 25 session of the WTO Committee on Agriculture in Special Session (CoASS), Ambassador Ali Sarfraz Hussain of Pakistan, Chair of the agriculture negotiations, presented an overview of recent developments. He reported having conducted 14 consultations with Members since the April CoASS meeting, aimed at exploring potential deliverables for the 14th WTO Ministerial Conference (MC14), scheduled for March 2026.

Several Members reiterated the need to secure meaningful and tangible results at MC14 to maintain confidence in the multilateral trading system. Many stressed the importance of achieving balanced, credible outcomes while avoiding overly ambitious or unrealistic positions. Although the contours of a potential agreement remain undefined, there was a broad consensus that both the negotiating process and substance must evolve in parallel to ensure ambition stays credible and flexibility is preserved.

Reviving Market Access Agenda

Market access remains a top priority for several exporting Members, especially the Mercosur countries – Argentina, Brazil, Paraguay, and Uruguay. These Members emphasized that improving access to agricultural markets through simplified and reduced tariffs is essential to foster economic growth, strengthen global food security, and advance sustainability. They reminded participants that their November 2023 proposal continues to serve as a substantial input to the talks. In their view, any MC14 outcome that fails to address market access would be inadequate.

To reinvigorate the stalled market access pillar, the Mercosur proposal outlines a set of concrete, actionable reforms:

- **Tariff Simplification:** The proposal urges all members to convert non-ad valorem tariffs (e.g., specific or mixed duties) into straightforward ad valorem rates before MC14. Countries with such bound tariffs would use WTO methods to calculate ad valorem equivalents and bind them accordingly. Additionally, unbound agricultural tariffs should be capped at recent applied levels, thereby preventing regression and enhancing transparency.
- **Tariff Escalation:** The document proposes curbing tariff escalation by setting limits on the extent to which value-added agricultural goods can be taxed more heavily than their raw counterparts. The aim is to support developing countries in moving up the value chain.
- **Tariff Peaks:** To tackle excessively high duties, Mercosur suggests capping all tariffs at no more than three times a country's average agricultural tariff (and not exceeding 100% ad valorem), or applying progressive tariff reductions across set thresholds. The final ceiling under any approach would be 100%.
- **Tariff Rate Quotas (TRQs):** To ensure TRQs provide real market opportunities, the proposal recommends lowering in-quota tariffs or expanding quotas that are consistently filled. Where demand is high, TRQs could be scaled to reach at least 20% of domestic consumption, transforming quotas into more effective access tools.
- **Safeguard Mechanisms:** Finally, the proposal suggests phasing out the outdated Special Agricultural Safeguard (SSG), urging Members to refrain from using it until new tariff commitments are adopted. Once a reduction formula is agreed, the SSG would be permanently abolished.
- The proposal also calls for defining parameters for a future formula-based tariff reduction process, using revised bound rates as the baseline.

In summary, the Mercosur submission seeks both short-term deliverables (e.g., tariff simplification and caps in high tariffs) and a longer-term framework for ambitious, structured reforms in agricultural market access.

Subsidy Reform: Cairns and African Groups Work Towards Common Ground

Meanwhile, discussions on domestic support continue to revolve around two key proposals: One from the Cairns Group and the other from the African Group, both of which are actively shaping the ongoing negotiations. Ambassador Hussain reported that the two groups have engaged in regular consultations and that their respective proposals remain the central points of reference in the subsidy reform agenda.

The Cairns Group approach – initially tabled by Costa Rica and now supported by a wide coalition including Ukraine – adopts a formula-based method to progressively reduce and cap trade-distorting subsidies. In contrast, the African Group (joined by co-sponsor Pakistan) takes a prescriptive approach that calls for strict caps and targeted exceptions aimed at correcting systemic imbalances between Members.

While differences remain, the two groups have expressed their intent to finalize a joint position. This collaboration between these two influential blocs is seen as a promising step towards consensus on one of the thorniest issues in multilateral trade negotiations.

Towards a Balanced and Deliverable MC14 Package

Overall, the June 25 CoASS session underscored Members' shared desire for a pragmatic, result-oriented agenda. Ambassador Hussain noted the broad support for forward movement across all pillars, while emphasizing that MC14 outcomes must be meaningful enough to maintain credibility, but realistic enough to be achievable.

As MC14 approaches, Members appear open to a hybrid outcome, potentially including:

- A framework for ongoing negotiations on outstanding issues beyond MC14;
- A political declaration reaffirming the value of existing disciplines;
- A formal recognition of progress achieved; and
- Targeted deliverables for countries most affected by food insecurity.

Such a structure would allow for immediate progress while laying the groundwork for deeper reform after MC14. The next CoASS session is provisionally set for July 9–10, 2025.