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GENEVA Watch

AN OVERVIEW OF THE WTO NEGOTIATIONS ON AGRICULTURE

United States vs. the WTO

As WTO officials in Geneva resume their meetings for the second half of 2025, tensions continue to escalate between Washington and the multilateral trading system. The latest development comes from Brazil, which has launched formal legal action against the US in response to the 50% tariffs imposed on its exports. Although Washington formally accepted Brazil's request for "consultations," it has already signaled that it considers these tariffs a matter of "national security," leaving little room for meaningful dialogue. The paralysis of the WTO's Appellate Body further undermines Brazil's legal challenge, effectively weakening its strategy.

As the US current trade policies widely challenge international trade rules, the future of the WTO now hinges on whether its Members collectively choose to uphold the existing order or allow the system to erode. This question will be central to the reform discussions scheduled for the coming months.

Meanwhile, some Members cautiously welcomed a recent ruling by a US federal appeals court, which declared large portions of the tariffs imposed by President Trump unlawful. However, enforcement of the judgment has been suspended until October 14, leaving the contested tariffs in effect for now. Much will depend on whether the US Supreme Court upholds or overturns the ruling. Should the Court invalidate the current legal justification for these duties, the administration in Washington would be forced to seek an alternative legal framework, complicating its trade strategy.

Uncertainty remains high. The Supreme Court could take months to decide, and there is no guarantee it will rule against the White House. Some observers nonetheless believe the Court may only permit a limited use of emergency legislation as a basis for tariffs – an outcome that would nevertheless represent a serious blow to President Trump's trade agenda.

For US Trade Representative Jamieson Greer, the ruling is nothing more than a temporary "hiccup" that will not derail the administration's reliance on tariffs as a core trade policy tool. He admitted, however, that a definitive ruling against the International Emergency Economic Powers Act (IEEPA) tariffs could prove "disastrous," given America's persistent trade deficit.

Three Strategic Options for WTO Members

Against this backdrop, WTO Members are faced with three possible courses of action:

1. **Maintain the Status Quo.** Continue bilateral negotiations with Washington and reluctantly accept imposed tariffs. Yet, as the Brazilian example illustrates, the results remain unpredictable and subject to abrupt shifts in the mood of the American president. India, for instance, recently saw tariffs on its exports doubled to 50% due to its trade ties with Russia – prompting Prime Minister Narendra Modi to seek closer dialogue with President Xi Jinping ahead of the Shanghai Cooperation Organization summit.

2. **Pursue WTO Reform.** Focus on overhauling the organization's governance in hopes of re-engaging the US within a rational, rules-based framework. While the feasibility of this approach remains uncertain, some Members see a window of opportunity, especially with the recent appointment of Jennifer Nordquist as Deputy Director-General in charge of the Dispute Settlement Body (DSB) and the WTO budget.

3. **Form a Coalition of the Willing.** Accelerate efforts to create a new alliance of like-minded Members committed to defending rules-based international trade while sidelining the US. Ten countries – led by Singapore, the United Arab Emirates, Switzerland and New Zealand – are preparing to announce the creation of the *Future of Investment and Trade (FIT)* Partnership. According to sources, Morocco, Rwanda, Malaysia, Uruguay, Costa Rica, Panama, Paraguay, and Norway are also expected to join. Initially conceived as a loose coalition to preserve trade openness and defend multilateral norms, the initiative could evolve into a more structured grouping over time.

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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