

Case for reviving multilateralism, a WTO-led order

As a leader of the Global South, India must reinvigorate its vision for the WTO and have a proactive and forward-looking agenda for the trade body

The G20 New Delhi Leaders Declaration of September 2023 reaffirmed the indispensability of “a rules-based, non-discriminatory, fair, open, inclusive, equitable, sustainable and transparent multilateral trading system, with WTO at its core”. This was reiterated in 2024 during Brazil’s G20 presidency.

The 14th World Trade Organization (WTO) Ministerial Conference is scheduled for March 2026 at Yaounde, Cameroon. As a precursor, the WTO director-general met with ministers and high-level officials from nearly 30 WTO members, including India, the US, Australia, China, the EU and Brazil, earlier this month in Paris. The inconclusive end to this meeting foretells further undermining of a beleaguered WTO.

The US’s disregard for multilateral rules is one of the key reasons for the deadlock, but that does not let the 165 other member-countries of the WTO off the hook. They too shoulder a significant share of the responsibility for the WTO’s fate as well. A key question for India and other countries is whether the rules of WTO are worth preserving despite the unpredictability of the US’s actions. There are several reasons why they are.

It is true that WTO rules are far from perfect and need reforms. Yet, however imperfect, a multilateral system of rules is the only logical safeguard against arbitrary action by any one country. The emergence of WTO in 1995 complemented India’s liberalisation and economic growth. Domestic reform and liberalisation could thrive because of the global stability, certainty, and predictability that WTO rules provided.

WTO’s state of disarray can be attributed to several reasons, primary among which is the

dysfunctional state of its dispute settlement mechanism since 2019, resulting from the US blocking appointment of members to the appellate body. Underpinning this is the US’s desire to wrench back political control over a judicial process. Efforts to get the US to agree to a more streamlined appellate process have failed. India has highlighted the importance of a two-tier system; but to break the deadlock, we need to consider possible alternatives, including a two-tier system for all willing WTO members and a single-tier system only for disputes where the US is a party.

The second set of challenges at the WTO is a series of long-pending issues. A key pending issue is reform in the agricultural rules. This includes constraints India has faced with domestic support for agricultural products. Limited to 10% of the value of production of an agricultural product under the WTO’s Agreement on Agriculture (AoA), India’s domestic support entitlement is in stark contrast to the much higher AoA entitlements that is available for developed countries including the US, the EU, Japan, and Canada. India successfully negotiated

the Bali Peace Clause in 2013, aimed at partially addressing this historical asymmetry. However, this was only a temporary reprieve that is yet to be translated into a firm commitment. Reform is also pending on other related issues, including removal of an absurd external reference price which has remained frozen at 1986-88 prices—completely devoid of current economic realities. Prioritising reform of these rules is important.

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Development of new rules across a range of emerging areas is another key challenge. Such areas include digital trade and e-commerce and trade & environmental sustainability (TES)—both of which are critical for India, given our national priorities. These are currently part of splinter-group discussions within the WTO, called joint initiatives (JIs). The e-commerce JI has 90 WTO members, the TES has 78, and both groups include the US, the EU, China, Australia, Canada, and Japan, among others. The e-commerce JI deals with elements that will have relevance for India’s evolving strength in digital trade. With countries, including the US, threatening various unilateral measures, disciplines in this area need deeper engagement. The TES discussions will have significant relevance for rules on interface of trade and the climate crisis, an area where there is a rapid rise of unilateral measures, especially those adopted by the EU, and the threat of similar measures by others including the US and Canada.

JIs emerged as a response to challenges in driving consensus among 166 members. The first JI to conclude was on services domestic regulation (SDR), between 72 members. India had been an active participant of SDR given its centrality to India’s burgeoning services trade. How-

ever, when discussions moved from the multilateral forum to the JI, India stayed out of SDR as well as all other JIs, the concern being that such fragmented rulemaking would undermine WTO’s multilateral architecture.

The reality since 2017, however, is that WTO’s negotiating function has predominantly rested on JIs, with some, such as the JI on investment facilitation for development (IFD), having support of as many as 126 members. It is ironic that the reason that JIs have remained JIs is because of the choice of some members not to engage. And it is only the ones that have stayed out, including India, that stand to lose any possibility to influence the shape and content of new rules.

India’s negotiating focus has shifted to bilateral agreements. While equally important, these are no substitute for multilateral rules, and, in fact, would even be severely undermined by lack of multilateral rules. It is time to reinvigorate our vision for the WTO. Any aspiration to be a true vishwaguru hinges on our ability to have a proactive and forward-looking agenda as a global player while doing all that it takes to strengthen from within.

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