

Understanding the WTO Ministerial Meeting: What just happened and what's next?

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The 164-member World Trade Organization (WTO) held its first ministerial conference in nearly five years, following Covid-19 postponements.



Source: Supplied. World Trade Organization Director-General Ngozi Okonjo-Iweala (centre) at the recent WTO Ministerial meeting - at the MC12 Closing Press Conference, 17 June 2022.

Negotiators at the 12th WTO Ministerial Conference (MC12) prevailed despite geopolitical tensions.

Tackling trade rules and disputes – the WTO's remit - can often be tense, but this year with numerous countries refusing to negotiate with Russia and bouts of grandstanding that at times seemed to outweigh good-faith discussions, agreement seemed especially elusive.

But after many hours the WTO's 164 members settled on a set of decisions and declarations. The WTO ministerial meeting demonstrated the willingness of countries to keep talking and working together multilaterally, believing in the value of trade for sustainable growth, development and resilience in the face of crisis. Agreement was found on WTO reform, vaccine production and fishing subsidies, among others.

WTO reform

Members reaffirmed the foundational principles of the WTO and committed to an open and inclusive process to reform all its functions, from deliberation to negotiation to monitoring. Notably, they committed to work towards having a well-functioning dispute-settlement system accessible to all members by 2024.

The appellate body has been dormant since 2020 as the United States refused to green-light the appointment of new judges.

Why that's important: The organisation has struggled to deliver on its mandate for multiple reasons, including members failing to live up to notification requirements, impeding debate on new issues and objecting to the functioning of its dispute-settlement mechanism.

Pandemic response

The WTO Ministerial Conference decided that eligible countries could override Covid-19 vaccine patents until 2027. The decision on whether to extend this to Covid-19 therapeutics and diagnostics was delayed for six months. The footnote defining “eligible” was missing at the time of the information going to press, but it's understood this is agreed to include most developing countries except China.

Although the intellectual-property issue was a focus for campaigners, the glut in supply of vaccines means that some of the softer declarations on future pandemics were at least as interesting. These included a recognition of the role of diversification of production and ensuring that emergency-trade restrictions are proportionate, transparent and temporary.

Members reiterated the importance of trade facilitation and the operation of cross-border services such as logistics, health services and IT in combating future pandemics.

Noting the severe effect of border restrictions on tourism, countries encouraged dialogue to mitigate this.

Why that's important: A feeling that commercial considerations outweighed human health would be severely damaging to global trade. Countries need to ensure trade helps, and is seen to help health outcomes.

E-commerce

Digital businesses were very worried that the conference might mean the end of a moratorium on tariffs on electronic transmissions, raising the prospect of higher costs for traded digital products and services.

As it seemed likely that this might lapse, side discussions turned to possible retaliation by some countries on those who might impose such tariffs.

In the end, the moratorium was renewed until at latest 31 March 2024. In addition, the General Council must hold periodic reviews, based on WTO reports on the “scope, definition, and impact” of the moratorium.

Why that's important: This agreement maintains relative freedom for digital trade yet takes developing countries' needs into account in response to concerns that a lack of information and clarity affects these countries' ability to commit to a permanent moratorium.

“ Ministers from the WTO's 164 members formally adopted decisions at the conclusion of their 12th Ministerial Conference #MC12. All documents can be found here: <https://t.co/4mu3PTkmvH> pic.twitter.com/fzT5wzqkSI— WTO (@wto) June 17, 2022 ”

Agriculture and food security

In the midst of a global food crisis, with wheat prices 60% higher in June 2022 than they were in January 2021, there was pressure for the WTO to deliver a meaningful outcome on trade and food security.

Members promised to ensure that any emergency food-security measures would be minimally trade distortive, “temporary, targeted and transparent” and notified to the WTO. They also agreed not to prohibit or restrict food exports purchased by the World Food Programme for humanitarian purposes.

This does not override existing exceptions in the WTO agreements for measures taken on domestic food-security grounds. Beyond these outcomes, members were unable to agree on a work programme for future negotiations in agriculture due to longstanding differences.

Why that's important: These actions can help tackle food-security risks stemming from the war in Ukraine and poor harvests.

Fisheries subsidies

Global fisheries subsidies were estimated at \$35.4bn in 2018, of which \$22.2bn were capacity-enhancing subsidies. The WTO was tasked by the UN General Assembly to deliver an agreement to prohibit harmful fisheries subsidies. Following a 21-year long negotiation, agreement was reached at WTO Ministerial Conference 2022 to end subsidies to illegal, unreported and unregulated (IUU) fishing and to the fishing of overfished stocks.

Developing country members will enjoy a two-year exemption for subsidies granted within their exclusive economic zones (up to 200 nautical miles from their coasts). No member will be allowed to provide subsidies to fishing in the high seas, other than where regulated by a fisheries management organisation. The agreement contains notification requirements and sets up a voluntary funding mechanism to assist developing countries.

Why that's important: While the current agreement limits, rather than eliminates, subsidies, the measure represents a step towards crafting trade rules and practice that can better protect the planet.

WTO Ministerial Conference: looking ahead

In many ways, negotiators exceeded expectations, finding agreement amid a time of conflict and geopolitical tension and following a fractious period of trade relations.

In a letter to members, Okonjo-Iweala noted that “The nature of compromise is that no one gets all of what they want.”

Drawing confidence from success, trade negotiators still face a mountain of topics to tackle. Climate action, environmental pollution, investment, new technology, services, subsidies, competition – all these and more await dialogue on how to build greater international trade co-operation.

While WTO Ministerial Conference 2022 focused on multilateral outcomes needing consensus among 164 members, plurilateral discussions involving smaller groups will be important to make progress on many of these issues.

The WTO has shown it can contribute – the onus is now on governments to ratify what they have agreed, deliver reforms on the ground, and come back to build new collaboration.

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