

**The 14th WTO Ministerial Conference
and Its Aftermath: The Challenges
Confronting Developing Countries
in Relation to “WTO Reform”**

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TWN
Third World Network

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Published in 2026 by
Third World Network Bhd (198701004592 (163262-P))
131 Jalan Macalister
10400 Penang, Malaysia
www.twn.my

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1

A WTO in the Remaking

The 14th Ministerial Conference (MC14) of the World Trade Organization, which took place in Yaoundé, Cameroon, in March 2026, was not just another ministerial meeting to negotiate selected trade issues on which WTO Member states had agreed mandates and objectives. Some major developed country Members approached MC14 as a potential stepping stone towards cementing a process for remaking the organization as a whole. What was framed as proposals for “WTO reform” by some key developed country Members, like the United States (US) and the European Union (EU), was geared towards this bigger gameplan. This push to remake the organization is being pursued amidst a period of international disorder and a complex process of transitioning towards a new multilateralism under a multipolar world order. The US, one of the original architects of the WTO, appears to want to remodel it in a way that aligns with its assertive national security agenda and hegemonic economic ambitions.

The objective of remaking the organization is not new and has been incrementally pursued for years.¹ The 13th Ministerial Conference of the WTO, held in Abu Dhabi in 2024, was primarily about setting the WTO on a remake course. Some of the main developed country Members had aimed at expanding the rule-making agenda of the organization while “flexibilizing” the consensus-based mode of decision-making underpinning the WTO’s negotiation function.² Yet, that ministerial meeting did not deliver on those objectives. The post-MC13 period witnessed a continuation of these attempts through the “WTO reform” process.

Despite promises floated initially in the run-up to MC14 that it would be a development-focused ministerial meeting geared towards delivering for Africa and developing countries,³ the preparatory process quickly turned to focus on the contested mandate of “WTO reform”. As such, issues of longstanding concern to developing countries, such as agriculture, development and strengthening of special and differential treatment (S&DT), the restoration of the Appellate Body and reform of the dispute settlement function more broadly, were gradually set aside.

The discussions at MC14 focused on a declaration on the future of the work on “WTO reform”; a decision on the incorporation of the plurilateral investment facilitation agreement (IFA) into the WTO rules; and decisions on extending two moratoriums – one on customs duties on electronic commerce and the other on “non-violation complaints” pertaining to the WTO’s TRIPS Agreement on intellectual property rights. Other issues on the MC14 agenda included a package specific to least-developed countries (LDCs); a declaration on emerging agricultural trade issues;⁴ and a declaration on enabling transfer of technology for trade,⁵ among other elements which were subject for discussion but not decided at the ministerial.⁶ Three largely non-consequential decisions were adopted, two of which had already been settled before the ministerial: decisions on the work programme for small economies;⁷ on special and differential treatment related to sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT) declaring the end of the related work by the Committee on Trade and Development;⁸ and on the continuation of negotiations to complete a comprehensive agreement on fisheries subsidies.⁹

The particularity of the MC14 moment, shaped by the US administration’s revolt against the multilateral trading system and readiness to use coercive tactics to pursue its objectives, coupled with the fragmentation and instability resulting from its pursuit of bilateral deals, made for an unprecedentedly challenging context in which the ministerial was held. The US’ heavy hand and aggressive negotiating tactics at MC14, as well as its refusal to offer anything on issues of importance to the rest of the Membership – such as

agriculture and reform of the dispute settlement function – led to an impasse on its own main demand, which was the extension of the moratorium on customs duties on electronic commerce transmissions. This left MC14 with no substantial outcome.

This paper provides an overview of the dynamics and discussions that shaped the preparations towards MC14, with particular focus on those pertaining to “WTO reform” and the related negotiations at the ministerial conference itself. The paper focuses on issue areas that emerged under the “WTO reform” agenda but which could undermine the multilateral and developmental premise of the WTO. In the post-MC14 period, these issues are expected to remain as sites of contested narratives and negotiation positions among WTO Members.

2

The Contested “WTO Reform” Process

Clearly, there is no one project or path to reform at the WTO; rather, there are competing projects that reflect longstanding interests and divergences among the WTO Members. Developing country Members have called for reform in the organization since its inception. They were driven by the realization that the trade rules inherited from the Uruguay Round negotiations, in which many developing countries did not effectively participate, were in many instances biased against their interests. These rules imposed major constraints on formulating policies essential for advancing developing countries’ development trajectories, structural transformation and industrialization.

However, Dr. Rob Davies, ex–trade minister of South Africa, has pointed out that while “[t]here is, of course, not just one project or proposal for WTO reform, we would be naïve to ignore the fact that there is one that has become much louder than the others and is striving to establish itself as the exclusive pathway to reform”.¹⁰ That is clearly the project that the US is pursuing, and – as recently revealed – that is largely being supported by the EU.

At MC12, WTO Members had decided that “the work [on WTO reform] shall be Member-driven, open, transparent, inclusive, and must address the interests of all Members, including development issues”, and that “[t]he [WTO] General Council and its subsidiary bodies will conduct the work”.¹¹ Yet, with the passing of time, the process became less inclusive and transparent. In the run-up towards MC14, the work was undertaken

in a process led by a facilitator appointed by the Chair of the General Council. The facilitator proposed organizing the discussion around three categories pertaining to “governance (Institutional Issues)”,¹² “fairness (Level Playing Field)”,¹³ and “issues of our time” that included issues such as supply chain resilience, economic security, climate change, digital trade and artificial intelligence. These categories changed over the course of the discussion. By the time the ministerial was convened, the focus of the work was on “decision-making” (primarily the role of consensus and flexibilizing decision-making pertaining to plurilateral agreements), “development” (an issue which was utilized by some developed countries to question the core pillars of special and differential treatment) and “levelling the playing field” (which carried varying connotations among WTO Members, but was also used to push new rules on subsidies and state-owned enterprises).

Most of the discussions were organized in informal, facilitator-led small group configurations of approximately 20 delegations, and in bilateral consultations, with no official agreed records. This is unlike the practice of open-ended meetings where all Members can participate, which is more aligned with the objectives of transparency and facilitation of participation by smaller developing country delegations. The composition of the convened small group configurations was not fixed, but the facilitator argued they were broadly representative of the Membership.¹⁴ Yet, it was observed that these configurations “closely resembled the ‘green room’ format that many Members have historically opposed because of its exclusivity, limited transparency, and weak institutional accountability”.¹⁵ This methodology of work meant in effect that the facilitator was the only party holding the totality of information about what was ensuing in the “WTO reform” discussions. The rest of the Membership received second-hand information based on summaries that the facilitator prepared, reflecting what he perceived as representative of what had been said during the consultations. This effectively put the facilitator, rather than the WTO Members, in the driver’s seat.

Many developing country delegations critiqued the process and the way the substantive discussions were categorized and handled.¹⁶ They sought to have the discussions deal with issues of interest to them, such as development and special and differential treatment, addressing inequitable rules such as under the Agreement on Agriculture, policy space and industrialization, and dispute settlement reform. Yet, the way those issues were captured in the facilitator's reports often undermined the essence of the developing countries' concerns. The reports, reviewed by this writer, reflected certain Members' views and proposals more prominently than others. Even the facilitator's proposed draft ministerial statement and workplan for MC14 was clearly partial, prioritizing the positions of some Members while ignoring others, and attempting to prejudge the direction of work on the various substantive issues despite lack of convergence among Members.

The ministerial statement on “WTO reform”

A ministerial statement on WTO reform was sought as a potential main outcome from MC14, yet its content was highly contested up until the last hours of the ministerial. The initial draft prepared by the facilitator did not mention the existing mandates on WTO reform. These mandates are anchored in the “foundational principles of the WTO”, and, as mentioned above, specify that the related work is to be “Member-driven, open, transparent, inclusive, and must address the interests of all Members, including development issues”.¹⁷ Developing countries had fought heavily for references to this at MC13 in order to ensure that the MC12 mandate would be reaffirmed.

Under the heading “modalities of work”, the facilitator's drafts proposed that multiple facilitators advance the work, a method which would by default be in tension with principles of inclusivity, openness and transparency. The drafts also proposed workplans that prejudged the objectives of the negotiations to come after MC14. They advanced flexibility as an objective for reform of decision-making at the WTO, with a view to facilitating

plurilateral agreements under the WTO. The language used in the drafts also referred to making special and differential treatment targeted and evidence-based. If adopted, such language could alter existing mandates on S&DT, particularly the unfulfilled mandate in paragraph 44 of the Doha Ministerial Declaration pertaining to making S&DT precise, effective and operational. The drafts also ignored longstanding positions of developing countries on policy space and industrial policy, proposing instead contested language that would open the door to expanding WTO disciplines on subsidies and state-owned enterprises.

As a result of last-day compromises at MC14, a draft ministerial declaration and workplan on WTO reform was attained, yet it remained unadopted together with the rest of the draft decisions discussed in Yaoundé.¹⁸ The draft was a compromise between those who were concerned that the facilitator’s draft prejudged procedure and substance, and those who wanted an outcome that would capture the substantive focus of the work going forward.

The compromise draft mainly addressed modalities of work post MC14, providing for multiple facilitators to facilitate the work under parallel workstreams, while the “General Council Chairperson will oversee and coordinate the overall process to ensure coherence across workstreams and avoid scheduling overlaps”. This process, which could feature simultaneous workstreams and meetings across varying configurations of Members, could prove highly challenging for developing and least-developed countries, especially smaller delegations.

The draft also referred to outcomes reached in MC12 and MC13, which could be read as covering the mandates agreed at those ministerial meetings. It contained a general listing of substantive issues that had been and would be addressed, including decision-making, development, S&DT, level playing field, and foundational issues “including systemic issues such as WTO principles and the balance of rights and obligations”, together with a general reference to continuing “consultations on dispute settlement

reform”. The compromise draft also provided that the declaration did not “[limit] the scope of issues Members can address in the reform process or imply any particular sequencing”.

If it had been adopted, this declaration might have served those who wanted to wave a list of outcomes at the end of the ministerial as a sign of “success”. It might have also provided some comfort for Members who wanted to ensure a continuation of the work under the “WTO reform” mandate. Yet, such a declaration would not have brought much meaningful substantive outcomes on reform. It was in effect only an agreement over the modalities to continue the fight over “WTO reform”. However, it might have helped normalize the facilitator-led processes as a working modality at the WTO, which might have further undermined the inclusivity and transparency of the work dynamics.

3

Propositions Under “WTO Reform” That Would Undermine the WTO’s *Raison d’Etre*

It became clear rather quickly that the Trump administration is not pulling the US out of the WTO as it did with other international organizations.¹⁹ Rather, it wants to pursue a project of remaking the organization into one that fits the US’ vision of a new international order serving its “national security” interests. Multiple US administrations had maintained a fairly consistent approach to the WTO, seeking to contain some of the key functions of the institution, such as through paralyzing the dispute settlement function, arguing for a self-judging, non-reviewable national security exception and pushing back on the role of the WTO secretariat. The Trump administration maintains these positions, while it takes a more forceful approach to pushing for an overhaul of the organization.

Before MC14, the US tabled two submissions on WTO reform which made clear that the US agenda extends beyond mere reform.²⁰ In these submissions, the US called for a rethink of the “most-favoured nation” (MFN) principle, flexible pathways for plurilateral agreements, a rethink of special and differential treatment, a stronger regime of WTO notifications, and exemption of measures taken under the security exception from review under the dispute settlement rules. The US’ proposition that the essential security exception should be treated as fully self-judging and immune from WTO adjudication would effectively make of this exception an opt-out mechanism for the US from MFN and other obligations under the current rules. In effect, it would allow the US to secure immunity from questioning for any unilateral trade measure that is packaged as a security issue. This

would carry major systemic implications and be prone to abuse by powerful Member states that do not face a plausible threat of retaliation at the WTO.

The US is effectively seeking to utilize the reform mandate to strip away from the WTO fundamental pillars of its functioning, including the non-discrimination (MFN) principle and the development dimension. It has already crippled the WTO's dispute settlement function by blocking the appointment of adjudicators to the organization's Appellate Body. The US is also critical of the WTO secretariat's role and calls for guidance to be developed by Members "to ensure that the Secretariat serves the interests of the Members".²¹

In its own submission on WTO reform, the EU joins the US in advancing proposals that could eventually alter fundamental pillars of WTO law and the foundations of the multilateral trading system.²² Areas of seemingly common interest between the EU and the US include revisiting the MFN principle, promoting plurilateral initiatives as the future for the WTO, altering decision-making to facilitate the proliferation of plurilateral agreements, and pushing back on S&DT.

The EU goes further in its submission by presenting a vision for institutional change at the WTO. It proposes setting up "a smaller body with a steering or consultative function to assist the General Council in facilitating bridge-building and effective decision-making".²³ This proposition seems to seek to legitimize and institutionalize the contested "green room" practice,²⁴ which would in effect lead to a centralization of decision-making among a select few actors including major economies and the secretariat.

The push against MFN treatment²⁵

The MFN rule is the foundational principle of the WTO that requires any trade advantage granted to one WTO Member to be extended equally to all. In its submissions on WTO reform, the US rejected the MFN principle, arguing it is unsuitable for this era, which is no longer one of deepening

convergences, according to the US.²⁶ It called for “reassessment” of the principle so that trading nations can differentiate among partners in their liberalization commitments. In the same vein, the EU proposed revisiting MFN’s “link to reciprocity and to Members’ respective levels of openness, as well as possible new links between commitments taken and the level of tariffs...”.²⁷

MFN has been the core premise based on which the WTO was established through its mother agreement – the Marrakesh Agreement.²⁸ MFN is the mechanism that secures predictable and non-discriminatory access to global markets. It prevents the selective application of individual tariff concessions on a discriminatory basis, and the use of market access as a political tool to reward allies and punish adversaries. Without MFN, market access becomes a function of bilateral negotiating power. As such, MFN is the structural guarantee that prevents the multilateral trading system from degenerating into a hierarchy of preferential arrangements dictated by economic and political power.

The US’ argument that MFN “was designed for an era of deepening convergence” that “has passed” and been “replaced by an era of deepening divergence”,²⁹ is a selective and self-serving reading of history. MFN was designed precisely to prevent discrimination during an era of profound divergence. The General Agreement on Tariffs and Trade (GATT), which enshrined MFN in its first article,³⁰ was negotiated in the aftermath of the 1930s, when discriminatory trade blocs, competitive devaluations and preferential bilateral arrangements had contributed to economic collapse and war. MFN was the antidote to that system. It was a commitment by nations with very different economic systems, levels of development and political structures to treat each other’s products without discrimination at the border.

The propositions by the US and the EU seek to move away from MFN as an anchoring fundamental principle, towards a framework where differentiation becomes the norm, based on an unclear mechanism to

assess Members' levels of commitments. This would be a system of differentiated tariff treatment based on bilateral relationships, enforced by unilateral assessments of whether a trading partner's economic system is compatible with WTO principles. Market access would become conditional on geopolitical alignment and bilateral compliance with the demands of the US and potentially other powerful economic actors. Such a world of conditional, club-based trade rules would deepen arbitrary discrimination and constrain the policy space of developing countries, LDCs and smaller economies, which would face increasing structural disadvantages.

Plurilateralism as a replacement for multilateralism

The US' pushback on MFN is closely linked to its proposition to turn the WTO into a platform for plurilateral deals among countries with similar interests. The US argues that the future of the WTO's negotiation function rests with plurilateral agreements whose benefits would be limited to the consenting parties.³¹ The EU seems to share this vision, proposing "paths for plurilaterals and club approaches among [the] likeminded, where benefits are only available to participants, on a reciprocal basis".³²

The proliferation of plurilateral agreements as dominant practice rather than exception would effectively be a move away from the principles and objectives agreed under the Marrakesh Agreement, and would change the current architecture of the WTO. This would be contrary to the special rules of the Marrakesh Agreement that currently govern plurilateral agreements.³³ These rules are designed to ensure that such agreements remain an exception to the multilateral nature of the system, and require that the agreements remain under the multilateral oversight of the collectivity of WTO Members. Prioritizing plurilateral agreements would eventually make the WTO an organization that is less about seeking an "integrated, more viable and durable multilateral trading system",³⁴ as envisaged in the preamble of the Marrakesh Agreement, and more akin to the pre-WTO era that catered to agreements among "clubs of countries".

Such a context would in effect sideline the MFN principle and erode any leverage points that developing and least-developed countries could utilize to advance development issues and S&DT. A WTO “reformed” along these lines would be, as described by commentators, “a miserable remnant ... of the Organization that was created in 1995. Discrimination would be the prevailing rule ... Negotiations would be the subject of carve-ups by major trading powers ... [and], far from becoming more relevant, the WTO would be well on track to wither and die”.³⁵

The content of the US and EU submissions regarding plurilateral agreements makes clear that the push to add one or two plurilateral agreements (e.g., the investment facilitation and e-commerce plurilateral agreements) to Annex 4 of the Marrakesh Agreement carries ramifications that extend beyond the agreements’ specific remits. Addition of these agreements would serve as precedent, opening the way for the proliferation of plurilaterals as the norm and future for the trading system.

The proposed incorporation of the investment facilitation agreement and its precedent-setting effect

On the MC14 agenda was a session dedicated to the incorporation of the plurilateral investment facilitation agreement. This was the first time this issue featured officially on a WTO ministerial meeting agenda. The IFA emerged out of an initiative by a group of WTO Members that was launched on the margins of MC11 in 2017. This initiative was not based on a WTO mandate agreed by the collective Membership of the organization. While the number of Members that signed up to the initiative grew over time, it remained without a formal WTO mandate and the proposed decision to incorporate the IFA as a WTO plurilateral agreement (i.e., an agreement under Annex 4 of the Marrakesh Agreement) failed to garner consensus at MC14.

While plurilateral agreements are a recognized part of the WTO architecture as reflected under the Marrakesh Agreement, no new Annex 4 agreements

have been added since the establishment of the WTO. Unlike Annex 1 multilateral agreements that apply to all WTO Members, Annex 4 plurilateral agreements apply only to those Members that opt to accept them and do not create either obligations or rights for Members that have not accepted them.³⁶ The agreements currently under Annex 4 were carried forward from pre-WTO mandates and included in the final outcome of the Uruguay Round negotiations that resulted in the WTO's inception.³⁷

Thus, the proposition to add the IFA to Annex 4 would be precedent-setting under the Marrakesh Agreement rules. This practice would have implications for the application of the Marrakesh Agreement rules pertaining to plurilateral agreements, most notably the rules pertaining to launching negotiations on such agreements as well as the rules pertaining to adding these agreements to Annex 4.

The discussions on adding the IFA to Annex 4 have demonstrated the differences among WTO Members regarding the governance of plurilateral agreements under the WTO rules. A submission by Chile, the Republic of Korea, Cambodia, Cameroon and the EU argues that neither Article III.2 nor Article X.9 of the Marrakesh Agreement requires a decision by consensus to initiate negotiations in a plurilateral format.³⁸ (It could be remarked that, unlike most other submissions by the proponents of the IFA, this submission was presented by these five Members only and not the entirety of the Members that have signed up to the IFA initiative, which might be the result of lack of convergence over all the elements presented in the submission.) In contrast, a submission by India argues that negotiations on plurilateral agreements such as the IFA, in order to align with the rules of the Marrakesh Agreement, would require a decision by the Ministerial Conference to initiate the negotiations and establish the framework for their implementation.³⁹

A reading of the Marrakesh Agreement which assumes that no consensus is required to initiate negotiations on new rules to be adopted as a plurilateral Annex 4 agreement runs counter to the standard practice at the WTO that

requires a consensus decision to initiate negotiations on any issue to be brought under the umbrella of the WTO. In practice, accepting such a reading would effectively mean that any group of Members, small or big, could initiate negotiations on plurilateral Annex 4 agreements on any subject matter, whether related or not to the WTO mandate and multilateral trade. This is because there is no threshold for the number of Members that are required to launch such negotiations. There would also be no explicit limits on the number or subjects of plurilateral initiatives that could be brought under the umbrella of the WTO. This is especially so as some Members advocate a broad reading of the term “their multilateral trade relations” under Article III.2 of the Marrakesh Agreement that addresses “functions of the WTO”, and the term “trade agreement” under Article X.9 that addresses “amendments” of the Marrakesh Agreement to add new plurilateral agreements to its Annex 4. A reading that assumes no consensus is required to initiate such negotiations would also lead to challenges in relation to the use of WTO budget and secretariat resources, as well as the role of the WTO’s Director-General in relation to these initiatives.

Such a scenario would effectively open the gates to uncontrolled proliferation of plurilateral initiatives that would fragment the multilateral nature of the system and burden the budgetary capacity of the WTO. It could also lead to situations where different groups of Members could launch competing plurilateral negotiations in order to assert their influence on the WTO agenda. Trade wars could end up being imported into the WTO through such simultaneous initiatives and counter-initiatives, leading to a fragmentation of the WTO regime. In reality, plurilateral agreements will have traction only when they involve larger Members, reinforcing existing asymmetries and undermining the sovereign equality of Member states. Such competing initiatives would risk enmeshing the WTO in major-power rivalries, pressuring individual Members or blocs to support one power or another. Furthermore, by adding new Annex 4 agreements to the rulebook, albeit applicable only to a subset of Members, the remit of WTO law would be expanded to cover new issues. These new norms are moreover likely to

eventually affect all WTO Members, directly or indirectly, whether they accept and ratify the new Annex 4 agreement or opt to stay out of it.

In this context, the agenda of the trading regime overseen by the WTO would be increasingly shaped by leveraging power rather than negotiating compromises that allow the system to deliver for its various Members at their various levels of development. Any leverage developing countries have over agenda-setting would be eroded and the issues of importance to them increasingly sidelined. Consequently, the issue at stake is not so much having various groups of WTO Members voluntarily cooperating among themselves, as doing so is each Member's sovereign right, albeit bound by WTO rules insofar as the exercise of such right impinges on its WTO obligations and commitments. Rather, the issue at stake is avoiding the cementing of practices that conflict with the principles, objectives and rules of the Marrakesh Agreement and undermine the multilateral nature of the trading regime and the opportunities to seek developmental balance under this regime.

Thus, serious attention from all WTO Members and engagement in good faith are required to clarify how the existing Marrakesh Agreement rules pertaining to plurilateral agreements are to be operationalized in the case of both the currently proposed new Annex 4 agreements and any future ones.

The push against special and differential treatment⁴⁰

Under its submissions on WTO reform, the US has continued its push against special and differential treatment, questioning the eligibility of developing countries for S&DT flexibilities, and suggesting that it is mainly LDCs that should be benefitting from these rules. The US demands that S&DT be reconceived as a transitional mechanism to “enable Members to achieve the capability to follow the same rules that all other Members must follow and in a timely manner”.⁴¹ Reform, according to the US, must “focus on transitioning all Members to follow the same rules, regardless of their economic differences”.⁴²

The US argues that economic differences between Members are irrelevant to the obligations they should bear. This would effectively mean that a country with a per capita income of \$2,000 should bear the same obligations as one with a per capita income of \$80,000. A country whose export base mainly consists of just three or four primary commodities would have to compete under the same rules as a country that leads in artificial intelligence, advanced semiconductors and pharmaceutical innovation.

During the first Trump administration, the US had strongly advocated that certain categories of developing country Members should not avail themselves of S&DT in current and future WTO negotiations, including those developing countries that have an OECD or G20 membership, those classified as “high income” by the World Bank, or those that account for no less than 0.5% of global merchandise trade.⁴³ Besides the “high income” country classification, the other criteria have little nexus with standards of living and could deny a large number of developing countries access to S&DT, especially as membership of the G20 expands.

Similarly, the EU has argued in the context of WTO reform that S&DT “should be targeted, and when possible, time-bound and aim at providing an appropriate path to all Members to be able to ultimately comply with the same rules”.⁴⁴ The EU suggested that developing countries’ experiences with benefits from the trading system vary and they cannot all be treated the same, proposing the need for criteria to differentiate among developing countries.

Fundamentally, these propositions run counter to the nature of S&DT as a treaty-embedded right for all developing Members, including LDCs, and an integral part of the architecture of the multilateral trading system.⁴⁵ Indeed, S&DT is a fundamental pillar of international trade law that helped enable the initial compromise leading to the establishment of the WTO. Reformulating the approach to S&DT would effectively mean opening everything up to discussion, including the commitment to key substantive rules.

S&DT is an acknowledgment that, contrary to the propositions by the US and the EU, not all rules are fit for all Members, given the differences in their levels of development. It is a recognition that the administrative, institutional and economic preconditions for compliance with the rules differ across levels of development. S&DT is a recognition of the special needs of developing countries and LDCs in view of their development status. These special needs have been underlined by recurrent crises, whether health, climate or financial, that often expose how developing countries and LDCs lack many of the policy tools that are deployed by developed countries in response to a severe shock.

The propositions advanced by the US and the EU would make access to S&DT conditional on a country demonstrating its need for such treatment, effectively making this access subject to negotiations and an exercise in bargaining. Each developing country would have to engage in such negotiations individually, where it would be required to provide proof of its need and potentially be asked to make concessions in return for access to S&DT. This would make S&DT less operational and negate the existing WTO mandate on strengthening S&DT.⁴⁶

The proposition to expand the WTO rules in order to “level the playing field”⁴⁷

As mentioned above, “levelling the playing field” has emerged as one of the three focus areas of the discussions on “WTO reform”. This concept has been deployed primarily by developed countries to address issues pertaining to “overcapacity”, state-owned enterprises and subsidies. Under the notion of “levelling the playing field”, the EU argued that there are certain imbalances in the rights and commitments of Members that require addressing “[a]mbiguities in the current rules ..., and additional rules [that] need to be developed in areas not covered going beyond the scope of the current ASCM [Agreement on Subsidies and Countervailing Measures]”.⁴⁸ In the same context, the EU proposed “keeping discussions on policy space linked to improvements of the WTO rulebook” and “continued informal

deliberations on trade and industrial policy”. While these issues are often seen as directed at China, they would – if translated into new disciplines – apply across the entire Membership and potentially have negative consequences for all developing countries, particularly those that actively pursue long-term development pathways involving industrial policy and structural transformation, including through leveraging various tools of government and development support.

While the notion of “levelling the playing field” has been instrumentalized to target certain developing countries, the longstanding imbalances in the WTO rules and related distortions that are of concern to many developing countries have not been accorded due attention. These include imbalances in the Agreement on Agriculture which have allowed massive agricultural domestic support programmes to operate for decades in developed countries and led to deep global market distortions. They also include unmet mandates, such as from the Doha Ministerial Conference, related to agriculture and cotton and strengthening S&DT. Distortions also emerge from recent unilateral measures such as tariffs imposed outside WTO disciplines, border adjustment measures, export controls on critical technologies, and supply chain restrictions justified by loosely defined security interests that lead to distortions of trade and fragmentation of markets, as well as the undermining of trade predictability.

The discussion in the WTO does not adequately address specific issues of concern to developing countries in relation to their policy space, industrialization and structural transformation. A truly level playing field would account for the profound differences in economic starting points, institutional capacities and structural vulnerabilities among Members. Yet, developing countries’ concerns are often combined or conflated with developed country demands to expand the rules on subsidies and state-owned enterprises. Thus, the policy-space narrative traditionally advanced by developing countries to reflect their concerns over the imbalanced WTO rules has been appropriated and reoriented in such a manner as to constrain opportunities to address these very concerns.

During MC13, major asks by developing countries, particularly the African Group, pertained to policy space for industrial development, based on multiple proposals that the Group had presented at the WTO since MC12. The African Group sought to establish a mandate to examine the effect of WTO agreements on the industrialization, economic diversification and structural transformation of developing Members, including LDCs, and to assess challenges presented by WTO rules and consider how to address them. The Group's proposals had demonstrated how certain WTO rules, such as under the Agreement on Trade-Related Investment Measures (TRIMs) and the Agreement on Subsidies and Countervailing Measures, have constrained many developing countries from pursuing policies for economic development.⁴⁹ The Group had underlined that developing countries and LDCs require particular flexibilities in order to build resilience and capacity to respond to compounded crises and pursue economic development. Its proposals made the point that policy space for development is a longstanding issue of concern for developing countries and LDCs, and that there is an urgency to deliver in this regard.

At MC13, the EU, supported by other developed countries like Canada and Australia, attempted to negotiate a trade-off against this ask. It proposed combining the African Group asks with work on "trade and industrial policy" that would examine the different policy measures being used by Members and their impact on global trade and investment. The negotiations reflected deep divisions among Members on how the WTO could contribute to issues pertaining to industrialization. The African Group and other developing countries are focused on the need for revisiting the application of certain existing WTO rules to developing countries and LDCs, particularly those rules that heavily impinge on their policy space and hinder their industrialization, economic diversification and structural transformation. In contrast, the EU and other developed economies are focused on expanding the WTO rulebook, including on industrial subsidies, in ways that will increase constraints on developing countries' use of policy tools to promote structural transformation and industrialization. These conflicting views persisted throughout the discussions post MC13 and during MC14.

4

The Challenges Facing Developing Countries Post MC14

As discussed in this paper, what is reported as a process of “WTO reform” entails a bigger gameplan of remaking the organization and its foundational principles. In this context, will the initial bargain that enabled the establishment of this multilateral organization be called into question, and will there be a new deal for the global architecture of trade? To effectively position themselves in this unfolding scenario, developing countries and LDCs require a longer-term vision and strategy to grapple with the bigger questions pertaining to what organization and multilateral trading system they want to see in place in the medium to long term, and how that relates to the other aspects of their trade and developmental policies, including South-South cooperation.

Existing trade rules did not help developing countries

Under the existing trade rules, many developing and least-developed countries have faced constraints in pursuing industrialization and a transition to clean, sustainable economies, have not significantly increased their share of exports over the years, and have generally suffered chronic current account deficits. For example, the UN Conference on Trade and Development (UNCTAD) points out that in 2024, developing economies accounted for 41% of global exports, up only slightly from 40% in 2012. Only a limited number of developing economies achieved notable gains in their share of global exports of goods and services, while LDCs accounted for just 1.03% of global exports in 2024, up only marginally from 0.96% in 2012.⁵⁰

Developing countries and LDCs have also faced continued restrictions in market access and protectionist measures in some major industrial countries including the US, particularly in sectors like agriculture and certain industrial products. Major developed countries, on the other hand, have benefitted from preferential treatment on account of asymmetric and imbalanced rules under the Agreement on Agriculture and certain provisions of the Agreement on Subsidies and Countervailing Measures, and erected non-tariff barriers to minimize imports of selected products. Besides, many developed economies have enjoyed an informal latitude despite the formal rules, whereby their market size, technological dominance, institutional capacity and fiscal resources allow them to pursue their own economic priorities irrespective of limitations set by the WTO rules.

When it comes to the services sector, many developing economies have lost market share over the last decade. There has been extreme concentration among developing exporters, whereby just five leading exporters among the developing countries accounted for more than half of the group's services exports in 2024.⁵¹ Furthermore, the participation of developing countries and LDCs in global value chains has often remained concentrated in low-value assembly and processing activities, with limited participation in high-value design, research and development, and branding segments.⁵² Overall, the current trade rules and adverse terms of trade mean that many developing countries remain overly dependent on primary products in their export composition, and have not been able to effectively pursue diversification and structural transformation of their economies.

Income disparities between developed and developing countries, measured using GDP per capita and the Gini coefficient, have hardly narrowed since 2015. Looking at the period since 1990, excluding China, the world's income distribution shows no significant change.⁵³ The gap in GDP per capita between the US and 119 developing countries shows an increase over the period from 1994–96 to 2022–24 for 118 developing countries. During the 2022–24 period, the per capita GDP of 100 developing countries was below 20% of that of the US.⁵⁴ Thus, despite an increase in overall GDP

in developing countries over the past 30 years, they have actually fallen behind the US in per capita terms. In Sub-Saharan Africa, GDP per capita growth averaged less than 1% annually over the past 15 years, and annual growth in Total Factor Productivity (TFP), the key driver of long-term prosperity, declined from 2.1% (2000–07) to -0.2% (2011–19), indicating a perpetuation of dependence on low-value commodity exports.⁵⁵

Thus, developing countries have not been the beneficiaries of the multilateral trading system and its current rules. The US, on the other hand, one of the main architects of the current regime of trade rules, and despite attempts to depict itself as a victim of the multilateral trading system, has been one of its main beneficiaries. For the last three decades the US has overtaken its major competitors in terms of overall per capita GDP and growth of wages.⁵⁶ References to US trade deficits typically focus exclusively on goods trade with other countries, overlooking the crucial services component of international trade. When services trade is included in the calculations, the US trade deficit shrinks dramatically. Most developing countries do not export significant services to the US nor run meaningful surpluses in services trade with the US. Moreover, the figures often mask the reality that the economic benefits disproportionately accrue to American business interests, which for long have gained from lower production costs in developing countries and repatriation of profits from their majority-owned affiliates based in these countries. Difficulties in adjustment in developed economies like the US ought to be explained through the “political choices made by the prosperous”,⁵⁷ rather than being blamed on the system itself. Indeed, many failures could be explained by failure of complementary domestic policies.⁵⁸

In contrast, under the current trading regime, the majority of developing countries face compounded structural constraints including being commodity-dependent and stuck at the lower end of global value chains, with limited manufacturing capabilities and broad exclusion from dynamic services sectors, including the rapidly expanding digital services sector, leading to marginalization from the most valuable segments of production

networks.⁵⁹ This traps many developing countries in conditions of declining terms of trade and chronic external imbalances.

Placing industrial policy and structural transformation at the centre of the “WTO reform” agenda

Developing countries have been calling for reform since the establishment of the WTO. From their perspective, the multilateral trade rulebook is fundamentally biased and in need of correction. Many of the WTO disciplines have imposed persistent constraints on policy measures essential for their structural transformation. These disciplines include rules on subsidies, local-content requirements, performance requirements, trade-related investment measures, and aspects of intellectual property standards, which often circumscribe policy instruments central to endogenous technological development and upgrading, domestic value-added creation, and strategic nurturing of infant industries.

For many developing countries, achieving structural transformation is not merely a matter of competitiveness but a precondition for climate resilience, employment generation, food security and long-term economic development. The reform of the multilateral trading system must therefore reflect these realities rather than deepen inequalities or consolidate the current imbalances and structural dependencies. Thus, among the key challenges developing countries face is the strategic challenge of placing industrial policy and structural transformation at the centre of the “WTO reform” agenda. Advancing on this front requires not only technical proposals but also a coherent long-term political narrative that links reform of the multilateral trading system to the broader developmental imperatives of the Global South. This will prove vital in facing up to the triple transformation challenge of sustained growth, climate resilience and economic inclusion.

Developing countries and LDCs cannot be expected to defend a system of rules that has constrained them due to its bias. Yet, to secure the future possibility of reforming and correcting the currently biased and

developmentally harmful trade rules, developing countries have an interest in defending the fundamentals of the multilateral trading system. Indeed, a rules-based multilateral trading system remains a better structure for pursuing the development interests of developing countries in comparison to a purely power-based regime. Towards this end, developing countries need to stand together and leverage the power of cooperation and coalition-building, despite differences they might have over certain specific issues under negotiation.

Endnotes

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- ⁷ Ministerial decision on work programme on small economies, WTO document WT/MIN(26)/36 | WT/L/1235, available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/L/1235.pdf&Open=True>
- ⁸ Ministerial decision on SPS and TBT, WTO document WT/MIN(26)/37 | WT/L/1236, available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/L/1236.pdf&Open=True>
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- ¹¹ WTO 12th Ministerial Conference Outcome Document, paragraph 3, WTO document WT/MIN(22)/24 | WT/L/1135, available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/MIN22/24.pdf&Open=True>
- ¹² This category was understood to include decision-making (including consensus), negotiating instruments, existing negotiations and agreements, and dispute settlement.
- ¹³ This category was understood to include transparency, development, special and differential treatment, market access (tariffs, reciprocity and non-tariff barriers), subsidies, unfair practices and level playing field.
- ¹⁴ Communication from Petter Ølberg, Facilitator on WTO Reform (31 October 2025), pages 2, 7, 10, reviewed in Vahini Naidu, “WTO Reform: Assessment of the Facilitator’s Communication and Process Ahead of the 4 November 2025 Plenary”, South Centre, available at: <https://www.southcentre.int/wp-content/uploads/2025/11/Informal-Note-on-WTO-Reform-Plenary-Session-4-Nov-2025.pdf>
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- ¹⁹ Stuart Harbinson, “WTO Reform – Be Careful What You Wish For?”. The author observed that “[t]he US is not walking away from the WTO, at least not for now. ... In any case the US has ignored WTO rules with impunity, so membership has not been a constraint. Why would it leave and cede the field to China?”. Available at: <https://ecipe.org/insights/wto-reform-be-careful-what-you-wish-for/>
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- ²² “EU Submission on WTO Reform”, communication from the European Union, WTO document WT/GC/W/986, January 2026, available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/GC/W/986.pdf&Open=True>
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- ²⁴ According to content on the WTO website, the “green room” is “the informal name of the [WTO] director-general’s conference room. [The term] is used to refer to meetings of 20–40 delegations, usually at the level of heads of delegations. These meetings can take place elsewhere, such as at Ministerial Conferences, and can be called by the minister chairing the conference as well as the director-general.” See https://www.wto.org/english/thewto_e/glossary_e/green_room_e.htm
- ²⁵ This section integrates analysis from unpublished material produced by Goh Chien Yen and Kinda Mohamadieh in the run-up to the 14th Ministerial Conference of the WTO.
- ²⁶ Communication from the United States (December 2025), supra n. 20.
- ²⁷ Communication from the European Union, supra n. 22.
- ²⁸ Stuart Harbinson, supra n. 19. The author argues that “While there are already a number of legal exceptions to MFN (e.g. GSP schemes, regional trade agreements and some trade remedies), the US does not seem to be proposing expansion of these. Rather, the inference is that the WTO should abandon this foundational principle completely, presumably with respect to both market access and rules. In the latter context, non-discrimination is the major plank of many WTO agreements including, for example, SPS and TBT. Gutting them of the MFN principle would render them largely ineffective and could open the door to regulatory chaos.”
- ²⁹ Communication from the United States (December 2025), supra n. 20, paragraph 3.1.
- ³⁰ See: WTO webpage on principles of the trading system, https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm
- ³¹ See communications from the United States, supra n. 20.
- ³² See communication from the European Union, supra n. 22, page 5.
- ³³ See the Marrakesh Agreement Establishing the WTO, notably Articles II.3, III.1 and III.2, IV.8, IX.5, X.9 and X.10, along with XII.3, XIII.5, XIV.4, XV.2 and XVI.5, available at: https://www.wto.org/english/docs_e/legal_e/marag_e.htm#art10
- ³⁴ Marrakesh Agreement Establishing the WTO, preamble, available at: https://www.wto.org/english/docs_e/legal_e/marag_e.htm
- ³⁵ See Stuart Harbinson, supra n. 19.
- ³⁶ See the Marrakesh Agreement Establishing the WTO, Article II.3, available at: https://www.wto.org/english/docs_e/legal_e/marag_e.htm
- ³⁷ See, for example, WTO website (https://www.wto.org/english/tratop_E/gproc_e/gp_gpa_e.htm) on the history of the Government Procurement Agreement, one of the Annex 4 plurilateral agreements. According to the website, “the first agreement on government procurement

- (sometimes referred to as the ‘Tokyo Round Code on Government Procurement’) was signed in 1979 and entered into force in 1981. It was amended in 1986 and the amendment entered into force in 1988. Parties to the agreement then held negotiations to extend the scope and coverage of the agreement in parallel with the Uruguay Round”.
- ³⁸ “Investment Facilitation for Development Agreement: Considerations Regarding the Proposal to Incorporate the Investment Facilitation for Development Agreement into Annex 4 of the WTO Agreement”, communication from Chile, the Republic of Korea, Cambodia, Cameroon and the European Union, WTO document WT/GC/W/990, February 2026.
- ³⁹ “Concerns on the Proposal Seeking Incorporation of the ‘Investment Facilitation for Development (IFD)’ into Annex 4 of the WTO Agreement”, communication from India, WTO document WT/GC/W/982, December 2025.
- ⁴⁰ See Abhijit Das, “Issues related to Special and Differential Treatment”, available at: https://www.twn.my/title2/briefing_papers/MC14/SDT%20Brief%20Note-%20A.%20Das.TWN.March%202026.pdf
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- ⁴² Ibid., paragraph 2.5.
- ⁴³ “Procedures to Strengthen the Negotiating Function of the WTO – Communications from the United States (WT/GC/W/757/Rev.1 and WT/GC/W/764/Rev.1)”, December 2019, available at: <https://geneva.usmission.gov/2019/12/09/ambassador-shea-procedures-to-strengthen-the-negotiating-function-of-the-wto/>
- ⁴⁴ See communication from the European Union, supra n. 22.
- ⁴⁵ “Statement on Special and Differential Treatment to Promote Development”, co-sponsored by the African Group, the Plurinational State of Bolivia, Cambodia, China, Cuba, India, Lao People’s Democratic Republic, Oman, Pakistan and the Bolivarian Republic of Venezuela, WTO document WT/GC/202/Rev.1, 14 October 2019.
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- ⁴⁷ This section integrates analysis from unpublished material produced by Goh Chien Yen and Kinda Mohamadieh in the run-up to the 14th Ministerial Conference of the WTO.
- ⁴⁸ Communication from the European Union, supra n. 22.
- ⁴⁹ See: “A Case for Rebalancing the Agreement on Subsidies and Countervailing Measures – Policy Space to Promote Industrialization in Developing Countries”, communication from the African Group, WTO document WT/GC/W/880 | G/SCM/W/589 | WT/COMTD/W/274, May 2023; and “A Case for Rebalancing the Agreement on Trade-Related Investment Measures (TRIMs) – Policy Space to Promote Industrialization and Structural Transformation in Developing Countries”, communication from the African Group, WTO document WT/GC/W/896 | G/TRIMS/W/173 | WT/COMTD/W/284, July 2023.
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- ⁵⁴ Calculations by Abhijit Das on file with the author.
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THE 14th WTO MINISTERIAL CONFERENCE AND ITS AFTERMATH: THE CHALLENGES CONFRONTING DEVELOPING COUNTRIES IN RELATION TO “WTO REFORM”

The 14th Ministerial Conference (MC14) of the World Trade Organization in March 2026 grappled with several difficult issues on its agenda – one of the most contentious and far-reaching of which was the question of “WTO reform”.

As framed by developed countries like the US and the EU, reform of the trade body would undermine some of its fundamental tenets. Developed country proposals envision jettisoning the “most-favoured nation” (MFN) principle of non-discrimination and seek to prioritize plurilateral pacts among subsets of the WTO Membership at the expense of multilateral approaches and consensus-based decision-making. Special dispensations for developing countries, like special and differential treatment, would also be circumscribed, and restrictions on certain industrial policy tools tightened. These proposals stand in marked contrast to developing countries’ longstanding calls for reform of existing WTO rules which constrain their deployment of policy measures to achieve industrialization and structural economic transformation.

With no outcome agreed at MC14, the future of WTO reform is up in the air. What is at stake in the continuing discussions is nothing less than the long-term direction of the WTO and the related implications for the economic advancement prospects of its developing Member states.

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