

OUTCOMES OF THE TWELFTH MINISTERIAL CONFERENCE 2022 OF THE WORLD TRADE ORGANIZATION: IMPLICATIONS FOR INDIA'S AGRICULTURE AND FOOD SECURITY



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CONFERENCE
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The Twelfth Ministerial Conference (MC12) of the World Trade Organization (WTO) was held from 12-17 June 2022 at the WTO headquarters in Geneva, Switzerland. It is important to understand what the 'Geneva Package' agreed to by the WTO member countries contains, particularly on the most contentious issues of agriculture and food security. This discussion was organised for farmers' groups and those working around agri-food systems.

The conference was co-organised by Forum for Trade Justice, Third World Network, Focus on the Global South online on August 4, 2022. Below is a list of speakers:

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LIST OF ABBREVIATIONS

AoA – Agreement on Agriculture

DDR – Doha Development Round

DSM – Dispute Settlement Mechanism

GATT – General Agreement on Tariffs and Trade

MC – Ministerial Conference of the WTO

MC12 – Twelfth Ministerial Conference of the WTO

MSP – Minimum Support Price

NFIDC – Net Food-Importing Developing Country

SDT – Special and Differential Treatment

WFP – World Food Programme

WTO – World Trade Organization



BACKGROUND

THE LEAD UP TO THE TWELFTH MINISTERIAL CONFERENCE OF THE WTO

The World Trade Organization (WTO) came into being on January 1, 1995, building upon the working of the General Agreement on Trade and Tariffs (GATT), which was signed in 1947. In the 27 years of the existence of the WTO, multiple Ministerial Conferences (MCs) have been held. The MC is the topmost decision making body of the WTO. It has the right to take decisions on all matters related to multilateral trade agreements that form the GATT-WTO architecture.

Negotiations at the WTO have always represented differing, sometimes conflicting, interests, and there have always been attempts at reforming inequalities in the global trading system. The Doha Round of negotiations of the WTO was one of the

most significant attempts at such reform. The Doha Round was launched in 2001 and saw a coalition of developing countries come together to force the WTO to anchor negotiations around the development concerns of developing countries. The Doha Round is also therefore called the Doha Development Round (DDR). One of the major items on the agenda of the DDR was the reform of the Agreement on Agriculture (AoA). The AoA came into force in January 1995 along with the WTO. The DDR was a partial attempt at correcting the inequality present in the AoA, particularly in relation to the subsidies regime that effectively allows developed countries to subsidise domestic agriculture while preventing developing countries from doing the same.

After 2008, many developing countries attempted to raise the issue of reviving the Doha round while developed countries were keen to disregard it. This disagreement came to a head in the MC 11 held in Buenos Aires in 2017. This MC failed to reach a consensus and consequently produced no Ministerial Declaration. The Chair of MC 11, Argentinian minister Susana Malcorra, even pointed out in her closing statement that there remained “differences of opinion on the Doha Round and the Doha Development Agenda, which have hampered progress on issues that the developing country Members consider essential to achieving sustainable and inclusive growth.”¹

The MC is usually organised every two years. After the 11th MC held in December 2017, the Twelfth Ministerial Conference (MC12) was supposed to be held in Nur-Sultan, Kazakhstan, in June 2020. This conference was postponed due to the outbreak of the COVID-19 pandemic. On March 1, 2021, the WTO appointed a new Director General, Dr. Ngozi Okonjo-Iweala. The MC Council in Geneva then decided to organise MC12 in November and December of 2021, which was postponed again due to the spread of the Omicron variant of COVID-19. MC12 was finally held in Geneva on 12-15 June 2022, and was extended by a day because there was no agreement until almost the very end.

¹ Eleventh WTO Ministerial Conference: MC 11 Closing Ceremony. World Trade Organization. December 13, 2017. https://www.wto.org/english/news_e/news17_e/malcora_13dec17_e.htm



SIGNIFICANT RECENT DEVELOPMENTS IN INDIAN AGRICULTURE

It is important to understand a few noteworthy developments that have transpired in Indian agriculture, trade and global agriculture in the lead up to MC12. These developments are tied to the expectations and political-economic constraints of India as it entered negotiations at MC12:

2018 – The Indian Ministry of Commerce and Industry (unexpectedly, not the Ministry of Agriculture and Farmers’ Welfare), announced an agriculture export policy, indicating an increased impetus to export agricultural products from India.²

2020 – The COVID-19 pandemic created additional food and nutritional needs in India. In response, the Pradhan Mantri Garib Kalyan Yojana (Prime Minister’s Welfare Scheme for the Poor) was announced to support food-vulnerable sections of society. The scheme is still ongoing under an extension. Under this scheme, the Union government

² Agriculture Export Policy. Department of Commerce, Ministry of Commerce and Industry, Government of India. https://commerce.gov.in/wp-content/uploads/2020/02/NTESCL636802085403925699_AGR_EXPORT_POLICY.pdf



distributes 5 kilograms of foodgrain per person per month free of cost for about 80 crore (800 million) beneficiaries covered under the domestic National Food Security Act. This amount is an addition to the foodgrain the Union government already provides under the Act, which is 5 kilograms of wheat and rice per person at a highly subsidised rate. Due to food inflation and an increasing fertiliser subsidies bill, there are reports that an internal note of the Department of Economic Affairs of the Ministry of Finance states the government's intention to discontinue this scheme by September 2022. The open question while the scheme is in operation, however, is how this and other efforts to curb food insecurity are affected by the decisions of MC12.

2020 – The Union government proposed three new farm laws to reorganise the agriculture sector, and the country saw massive pan-India protests by farmers and allies against these laws. Subsequently, these laws were repealed in December 2021. Protesting farmers also demanded a legally guaranteed Minimum Support Price (MSP). Another open question is how the WTO and its rules might impede the fulfilment of this demand.

2021 - In December 2021, India faced the brunt of the panel decision by the dispute settlement body of the WTO, which ruled against India's sugar and sugarcane subsidies. In January 2022, India appealed against that ruling, but there are long standing issues with the appellate body of the WTO and the US-led spokes in the wheel that impede reactivation of that body.

2022 – In February 2022, the Ukraine crisis came to a head, and began to cause disruptions to the global food supply chain. The Government of India seemed keen to benefit from these disruptions through grain exports. But on May 13, 2022, the government also announced a wheat export ban to control rising domestic prices. These are indications that a country's trade policy cannot be examined in isolation of its overall economic policy.



PUBLIC STOCKHOLDING FOR FOOD SECURITY: EXPECTATIONS FROM MC12

An issue that has long been pending resolution at the WTO is that of public stockholding for food security purposes. Public stockholding refers to the act of public procurement, stockpiling and distribution of food such as through India's Public Distribution System (PDS). Procurement is carried out through an administered price which might differ from the market price and includes a subsidy to farmers in order to cover their cost of production. The Minimum Support Price (MSP) used in India is an example of such an administered price. Governments across the world may choose to implement a public stockholding programme to ensure food security and farmers' welfare, and to serve as a critical tool in times of crises.

While public stockholding is allowed by the WTO rules, the subsidy given to farmers through administered prices is seen as trade-distorting and is included in the Amber Box list of subsidies that is subject to a limit. This has been a controversial issue since MC 9 that took place in Bali, Indonesia in 2013 when developing countries wanted such



subsidies to be allowed without limitations, while developed countries, who themselves provide massive agricultural subsidies, resisted. However, while the AoA allows unlimited subsidies for undertaking public food programmes (under the Green Box or Annex 2), this allowance is limited to consumer subsidies. The subsidies given to farmers through an administered price are subject to Amber Box disciplines. The AoA establishes a threshold for this total subsidy, which is 10 percent of the value of production (VoP) for developing countries. India has already crossed this threshold in the case of rice in some years, where the actual subsidy amount is about 15 percent.

The calculation of the total subsidies bill is inexplicably linked to a fixed external reference price, which is the price of foodgrains in 1986-88. Both input subsidies and food distribution subsidies are compared against this external, 35 year old standard of prices when prices were much lower compared to current global prices. The fact that many developing countries exceed the 10 percent limit is unsurprising given this arbitrary and outdated external reference price.

A crucial decision of the 2013 Bali MC was to delay bringing India to a dispute settlement process despite the excess in its subsidies bill. It agreed to an Interim Peace Clause to not take action against any country even if it breached the given limits, provided it met certain conditions. It also provided the mandate to negotiate a permanent solution on public stockholding by 2017. However, the Interim Solution that was offered to India came riddled with stringent and broad conditionalities: that the publicly procured food stock could not distort trade or adversely affect food security of other countries. This could be taken to imply a country cannot export food from such stocks, among other restrictions.

Given these conditionalities and the restriction of the Interim Peace Clause to programmes existing at that time, the mandate to agree on a permanent solution becomes critical. Developing countries want this permanent solution to be less restrictive and to give them an actual tool to support farmers and address domestic food security issues.

The conditionality in the Interim Decision posed a major problem for India, and given the recent uptick in Indian agricultural exports, India's PDS operations are being questioned anew. Some examples can clarify this change: Indian rice exports tended to be largely those of basmati rice, but in the last few years, non-basmati varieties of rice have been exported more than basmati rice. India used to be a marginal exporter of wheat and would sometimes even import wheat; over the last few years, it has turned into a major exporter of wheat.

On the one hand, India's export bans for price stabilisation are condemned, and on the other, its rising exports are also condemned due to its public stockholding. Indian negotiators have faced tremendous pressure over the public stockholding issue, and have worked with the G33 group of developing countries to submit several proposals for a permanent solution. In a joint proposal with the African, Caribbean and Pacific Group (ACP), the African Group, and the G33, it suggested bringing forward the 1986-88 reference year for prices, or working in the relevant inflation into the price calculation. Between 1988 and 2021, the inflation in food prices has been to the tune of 900 percent, which if incorporated into the calculation of subsidies, would reveal that they are insignificant and do not breach the 10 percent of VoP limit. If the discipline on public stockholding is incorporated into the permanent solution as it exists now, India will be unable to provide MSP for most crops, and its crisis ridden agricultural sector would suffer further degradation.

In July 2022, a group of United States Congresspersons, all of whom represent the farm lobby, petitioned US President Biden to raise a dispute against India at the WTO for its subsidies bill. These pressures are exacerbated due to developed countries' unwillingness to conclude the Doha Round of negotiations.

The expectation from the MC12 was that it would find a permanent solution to the public stockholding issue, one that would take into account that many developing countries and least developed countries are undergoing a crisis due to the COVID-19 pandemic. As insufficient nutrition and hunger rise in these countries, developed countries at the WTO have refused to agree on a permanent solution, and have even declined to improve its terms of use. They have chosen to use the issue of public stockholding like a Damocles' sword – a constant threat and a method of extracting concessions elsewhere.



OUTCOMES OF MC 12 AND THEIR IMPLICATIONS FOR AGRICULTURE AND FOOD SECURITY IN INDIA

THE APPROACH OF DEVELOPED COUNTRIES AT MC 12

While not an outcome in itself, a trend observed at MC12 was that developed countries attempted to push through their own agenda of liberalisation “WTO reform”, and methods to legitimise non-consensus and non-multilateral ways of concluding agreements in the WTO. An example is the use of secretive green room meetings outside the general council agenda; only a few countries are invited to conclude negotiations in the former. Another example is a proposed system of penalties – developed countries would like all countries to be subject to penalties for not meeting onerous transparency and notification requirements. Developing countries have fewer resources and thus do not have the capacity to meet some of these requirements. These methods contravene multilateralism, which is the cornerstone of the WTO. Such methods also erode the possibility of developing countries like India resisting WTO expansion into newer areas, and prevent the revival of the DDR. Unsurprisingly, such exclusionary methods in the guise of a reform agenda have meant that the outcomes of MC12 do not reflect the interests of developing countries.

Developed countries have used the pandemic and the subsequent food crisis to continue to push for market liberalisation. They also tend to table the first proposal for any declaration, e.g. the Ministerial Declaration on the Emergency Response to Food Insecurity, which then becomes the base text for negotiations. Developing country proposals are routinely blocked if they are tabled, and they are usually responded to with a counter proposal.

Developed countries, in particular the UK, Switzerland, and some European Union countries, have engaged in blaming developing countries like India for resisting pressure tactics and standing up for their own interests. The most disappointing result of this approach has been the failure of WTO members to agree on the removal of obstacles created by the TRIPS³ Agreement to help resolve the pandemic by adopting a comprehensive waiver on IP restrictions on vaccines, treatments and tests related to COVID-19.

A complete list of outcomes of MC12 is below:⁴

1. A Ministerial Decision on the Work Programme on Small Economies
2. A Ministerial Decision on TRIPS Non-violation and Situation Complaints
3. A Ministerial Declaration on Sanitary and Phytosanitary Declaration for the Twelfth WTO Ministerial Conference: Responding to Modern SPS Challenges
4. A Ministerial Declaration on the Emergency Response to Food Insecurity
5. A Ministerial Decision on World Food Programme Food Purchases Exemption from Export Prohibitions or Restrictions
6. A Ministerial Decision on the TRIPS Agreement
7. A Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics
8. A Ministerial Decision on the Work Programme on Electronic Commerce A Ministerial Decision on the Agreement on Fisheries Subsidies

The following section assesses the major outcomes related to agriculture and food security from the list above, and also takes stock of the outcomes that were expected but over which WTO members failed to reach a consensus.

³ The Agreement on Trade-Related Aspects of Intellectual Property Rights. https://www.wto.org/english/docs_e/legal_e/27-trips.pdf

⁴ MC 12 Outcome Document. Ministerial Conference, Twelfth Session. Geneva, 12-15 June 2022. June 22, 2022. <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/MIN22/24.pdf&Open=True>

WORK PROGRAMME ON AGRICULTURE

In the lead up to the MC12, several issues related to a work programme on agriculture were discussed, but no such work programme was agreed upon. The most significant among the expected outcomes was a permanent solution on public stockholding. The interim peace clause from MC9 in Bali contains vague conditionalities that are difficult to meet. It states that public stockholding should not distort trade or adversely affect the food security of other countries. This language has been deliberately left unclear so that the threat of action can be maintained. India has thrice tried to use this interim decision at the WTO, and each time it has been told that it does not meet the conditionalities which are part of the decision. India may be subject to a dispute at any time. Thus the need for a permanent solution is felt acutely. Such a solution was mandated to be agreed to by the 2017 MC held in Buenos Aires, but this did not transpire.

This need is felt not only by India, but by all developing countries as evidenced by multiple proposals submitted to the WTO for a permanent solution. In 2021, the African Group (comprising 44 countries) as well as the G33 coalition of developing countries submitted a proposal for a permanent solution. On May 31, 2022, about 80 countries including members of the African Group, G33 and the ACP Group submitted a joint proposal for a permanent solution to be found at MC12, which clearly opposed the WTO Director General's proposal to push the issue to the next⁵ MC.

The pandemic has highlighted the importance of public food programmes in many parts of the world, but developed countries at MC12 chose to ignore the several proposals that highlight this reality, choosing instead to stall a permanent solution. MC12 did not agree upon a work programme on agriculture, so there is no new deadline for the permanent solution. However, the WTO has the mandate to continue to negotiate due to the Nairobi Ministerial Decision of 2015, which states that members "shall engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes."⁶ However, a tough battle lies ahead for developing countries in this regard.

⁵ African Group, ACP, G33 call for permanent solution on PSH at MC12. Third World Network. June 6, 2022. <https://www.twn.my/title2/wto.info/2022/ti220604.htm>

⁶ Public Stockholding for Food Security Purposes. Ministerial Decision of 19 December 2015: WT/MIN(15)/44 — WT/L/979. Tenth WTO Ministerial Conference, Nairobi, 2015. https://www.wto.org/english/thewto_e/minist_e/mc10_e/l979_e.htm

The second expected and mandated outcome was a Special Safeguard Mechanism against agricultural import surges. Such a mechanism allows countries to increase import duties when there is a sudden surge in imports. India and other developing countries have felt the need for such a mechanism to protect poor and vulnerable farmers against sharp price volatility risks⁷. Developed countries have, however, refused to accede to this demand.

The third expected outcome on agriculture was the domestic subsidies implemented by the US and EU on cotton production. These subsidies distort trade against the interests of producers in India and African countries. The US and EU have reduced their export subsidies, but have refused to discuss their sizable domestic subsidies on cotton.

Another key issue is that of disciplining the massive domestic agricultural subsidies that developed countries give across a range of agricultural products. However, over the last few years, developed countries and a few countries that export agricultural products have unilaterally changed the terms of the discussion over domestic agricultural subsidies, challenging developing countries' right to Special and Differential Treatment (SDT) by suggesting formulations which would imply that developing countries and even least developed countries would end up reducing subsidies more than developed countries. SDT is a right that belongs to developing countries so that their trade interests are not compromised given their different levels of development and economic conditions.⁸ It contains mild provisions, such as the provision of additional time and other allowances to developing countries to implement decisions. In the AoA, SDT includes a special Development Box of subsidies that can be given without limit, and a higher de minimis allowance of 10 percent of VoP as compared to 5 percent for developed countries. The Doha Declaration as well reflects a multilateral agreement for the strengthening of SDT, as opposed to the current unilateral demand for its weakening. The weakening or withdrawal of SDT would effectively mean that developing countries would have to reduce their subsidies to a far greater extent than developed countries and a betrayal of the terms on which they joined the WTO.

However, developed countries have also brought in several issues against the interests of developing countries, such as: controls on using export restrictions even to ensure

⁷ An unofficial guide to agricultural safeguards. World Trade Organization. https://www.wto.org/english/tratop_e/agric_e/guide_agric_safeg_e.htm

⁸ Special and differential treatment. Briefing Notes. World Trade Organization. https://www.wto.org/english/tratop_e/dda_e/status_e/sdt_e.htm

domestic food security, expanding market liberalisation by agreeing to and implementing a tariff cut formula, and implementing higher transparency and notification standards that are difficult for developing countries to meet.

Of these, the selective push against export restrictions is particularly worrisome. Developed countries have imposed export restrictions according to their convenience. Examples include the EU's restrictions on the export of COVID-19 vaccines, and the US's restrictions on the export of raw materials used to manufacture Covid-19 vaccines. However, developed countries also strongly push developing countries to eschew export restrictions on food items even in crisis situations. WTO rules disallow export restrictions except during a food crisis; developed countries would want the exact inverse of this situation. This is also partly because developed countries' desire (which they have explicitly articulated) to access raw materials from developing countries.

The work programme on agriculture ultimately was not agreed to because the time-bound demand for a permanent solution on public stockholding, special safeguard mechanisms, and cotton were tied to a time-bound demand for resolving all other issues by the United States.

However, since there was no decision on agriculture at MC12, there are no clear timelines for outcomes on these issues either. The Director General of the WTO and developed countries are likely to push aggressively for outcomes on all these issues by the next MC.

MINISTERIAL DECLARATION ON THE EMERGENCY RESPONSE TO FOOD INSECURITY

While MC12 reached a consensus on this issue, this outcome does not provide any immediate new tools to developing countries, least developed countries (LDCs) or net food importing developing countries (NFIDCs). The declaration mainly reaffirms previous commitments, but makes one important stride due to the tireless efforts of Egypt and Sri Lanka along with other countries: it commits to a dedicated work programme on NFIDCs and least developed countries.⁹ This commitment is based on the principles of the NFIDC Decision taken in the Uruguay Round of 1994, which places the onus on

⁹ Measures Concerning The Possible Negative Effects Of The Uruguay Round Agricultural Reform Programme On Least-Developed And Net Food-Importing Developing Countries. Press Brief. World Trade Organization. https://www.wto.org/english/thewto_e/minist_e/min96_e/netfood.htm



donor countries and international financial institutions to provide food aid, technical and financial support to NFIDCs and least developed countries. The new commitment recognises that there is a need to expand upon commitments made in the 1994 Decision in order to meet current challenges.

To operationalise the new commitment on a work programme on NFIDCs and least developed countries, it is important to keep these negotiations separate so that these critical provisions are not used as trade offs in other negotiations. The work programme can include long and short-term tools including a dedicated fund for these countries, long term policy space to subsidise and build stocks within certain parameters, facilitation of food aid under the Nairobi Decision on Export Competition¹⁰, and keeping supply and financial payment channels open for food exports to NFIDCs & LDCs during a crisis.

Another victory for developing countries in this Declaration has been that despite strong opposition, language on the need to increase domestic agricultural produc-

¹⁰ Export Competition. Ministerial Decision of 19 December 2015: WT/MIN(15)/45 — WT/L/980. Tenth WTO Ministerial Conference, Nairobi, 2015. https://www.wto.org/english/thewto_e/minist_e/mc10_e/l980_e.htm

tion and productivity has been made part of the Declaration. Developing countries are aware that the global agricultural market is dominated by a few agri-businesses and a handful of countries. They are also aware that increasing domestic production and productivity not only improves domestic food security, but also stabilises a concentrated and volatile global agricultural market by increasing and diversifying supplies. Developed countries, on the other hand, held to their position of liberalising trade and compelling developing countries to purchase supplies from a concentrated market.

This Declaration also represents some setbacks for developing countries. These are mainly contained in Paragraphs 4 and 5 of the Declaration, which read as follows:

Para 4: We underscore the need for agri-food trade to flow, and reaffirm the importance of not imposing export prohibitions or restrictions in a manner inconsistent with relevant WTO provisions.

Para 5: We resolve to ensure that any emergency measures introduced to address food security concerns shall minimize trade distortions as far as possible; be temporary, targeted, and transparent; and be notified and implemented in accordance with WTO rules. Members imposing such measures should take into account their possible impact on other Members, including developing countries, and particularly least-developed and net food-importing developing countries.

These paragraphs aim to restrict the rights of Members to use certain policy tools such as trade restrictions, including export restrictions, even during a period of crisis. The Declaration makes no reference to SDT rights, and the conditions provided in Paragraph 5 (temporary, targeted, and transparent) go above and beyond WTO standards and thus impose further restrictions on members.

Paragraph 10 of the Declaration reads as follows:

Para 10: We recognize that adequate food stocks can contribute to the realization of Members' domestic food security objectives and encourage Members with available surplus stocks to release them on international markets consistently with WTO rules.

India and other countries wanted the provision of policy space in the use of PDS stocks in the above paragraph, but failed to secure this commitment from developed countries.



MINISTERIAL DECISION ON WORLD FOOD PROGRAMME (WFP) FOOD PURCHASES EXEMPTIONS FROM EXPORT PROHIBITIONS OR RESTRICTIONS

WFP has claimed that in recent times an increasing number of countries have been restricting their agricultural exports due to multiple crises. According to their claims, these restrictions have hindered the WFP's ability to procure food for its humanitarian programmes. MC 12 agreed to not restrict exports purchased for non-commercial humanitarian purposes by the WFP while recognising the right of members to safeguard their domestic food security (as recognised in the WTO agreements). This Declaration is in principle a positive initiative, but it must not be seen as a solution to assuring long-term food security for all. Developing countries need to watch the obligations that this Declaration might impose on them, its possible impact on global markets, and whether the permanent solution on public stockholding, which is also a policy tool for providing humanitarian food aid, but the link of which to this Declaration is denied by developed countries.



TRENDS IN MC12 AGAINST THE INTERESTS OF DEVELOPING COUNTRIES

Apart from the work programme on agriculture, there are trends observed at MC 12 that developing countries ought to be wary of. One of these is the increasing use of the language of sustainability. The preamble of the Declaration on the Emergency Response to Food Insecurity calls for “sustainable agriculture and food systems”. The language is included in Sustainable Development Goal 2, but there is no internationally agreed definition of sustainability, and the term can be used to push specific interpretations of such systems that are then used to bring in disciplines on environmental issues without there being a specific mandate to do so. The term can also be used to push for increased privatisation of agriculture. While the term is already in use in several FTAs, developing countries would do well to provide their own interpretation of sustainability at the WTO.

Developed countries have also been attempting to remove all references to the Doha Development Round from decisions and declarations. They seem to want to move on new ground and undertake aggressive liberalisation of developing country agricultural markets by renegeing on all previous commitments made to developing countries.

THE WAY FORWARD

The political task of maintaining the unity of developing countries has become tougher despite common crises plaguing all countries. Nevertheless, the very process of globalisation is under tremendous pressure from a series of crises. Developing countries have differences amongst themselves – many of them are circumspect about Indian agricultural exports, for instance – but all of them want a suitable, equitable instrument of global agricultural trade.

DEFINING A NEW AGENDA

The first order of business for developing countries must be to recognise that global conditions are changing and to respond to that change. When the WTO came into existence, developing countries had barely any alternatives to the WTO system even when it came at the cost of development and welfare. The world was led by western capitalist forces, and developing country governments believed that their national welfare lay in following the path set by these forces.

Today, this reality is changing. The international order based on dollar supremacy and led by western capitalist forces has suffered three major crises: the 2008 recession, the COVID-19 pandemic, and the Ukraine crisis. All three have affected fundamental pillars of this order. The WTO chooses not to acknowledge this change, but developing countries must chart their own path with the knowledge that the old order cannot be re-established. MC12, in particular, points to the death of the Doha Development Agenda and the need for a complete refashioning of international trade.

It is therefore imperative upon developing countries to create more basic alternatives to the current order, alternatives that are in tune with the needs of the people. Many countries have made observations in this vein even at the first meeting of the agriculture committee of the 12th MC: China, African, Caribbean and Pacific countries, South Africa, the G33 coalition and Indonesia have all separately stated that a new type of agreement for agriculture is needed.

The current moment is suited for an overhaul of the global trading system not just because of the pressing need felt by the masses in developing countries, but also because the WTO now is at its weakest moment in history. The WTO in many ways has been replaced by free trade agreements and regional cooperation agreements. In addition, the crux of the WTO when it was established was the Dispute Settlement Mechanism

(DSM), which is effectively non-functional today. Due to the dysfunctional DSM, the diminishing trade influence of the WTO, and its overreach for trade discipline, the WTO has lost its credibility.

The new order must be based on complementarities and cooperation, a large degree of autonomy in pricing and trade, and food security and sovereignty. Agribusiness interests can no longer dominate the global agricultural trade architecture, because the political demand for MSP and food security cannot be fulfilled under such an architecture. In other words, it is important to recognise that the agrarian economy is the basis of our existence, and cannot be subject to dogmatic rules. Trade rules and policy must serve the agrarian economy and be designed to strengthen, rather than weaken, the same.

The need to move away from the old system is being recognised by other global organisations as well. At the Food and Agriculture Organization of the United Nations, the Special Rapporteur on the Right to Food, Professor Michael Fakhri, has observed that the AoA is neither free nor fair, and has called for the end of the AoA.¹¹ As the report observes, "existing WTO disciplines lock in a profoundly unequal set of outcomes. They continue centuries of patterns of trade in which formerly colonized States, indigenous peoples, agricultural workers and peasants are denigrated by the trade system."¹²

Commerce Ministries in developing countries must learn to not equate the minutiae of trade issues with strategic national interest. In trade issues, negotiators must follow an adroit policy of maximising national interest. To achieve such goals, alternative negotiating tools and formations are required. An example of such a formation is the General System of Trade Preference among Developing Countries, which was set up during the Uruguay Round. This system was the first time an instrument was negotiated and finalised which had the approval of all developing countries. In addition, this agreement was consistent with the GATT. This example shows that there already exists a base upon which to build new alternatives to the current system. India is perhaps the country that is best equipped today to frame and propose such an alternative.

¹¹ UN right to food expert: COVID-19 is pushing the world into a global hunger crisis (summary interview). Food and Agriculture Organization of the United Nations. September 21, 2020. <https://www.fao.org/right-to-food/news/news-detail/en/c/1308948/>

¹² Ibid



RECOGNISING THE INHERENT POLITICAL UNDERPINNINGS OF THE DEBATE

Prior to MC12, developing country negotiators have been emphatic in their criticism of the AoA. They have made calls for its thorough revision, expansion of policy space, and increasing production and productivity. However, these positions rarely translate into action during negotiations. This is due to the lack of political momentum on the ground within developing countries.

While national interests of developing countries can be distinct, there will be a common denominator to all national interests. Large areas of the world which are under subsistence farming or peasant agriculture will need a discipline which permits a great degree of policy freedom to national governments. International political unity can be built with political momentum.

For India in particular, its continuing agrarian crisis cannot be solved by the system imposed by the AoA. An agriculture production and trade policy that is entirely linked to agribusiness concerns would imply a bleak future for Indian agriculture. In India, more than half of the workforce depends on the agrarian economy and about 15 percent of

the GDP is attributable to agriculture. An economy such as this cannot be managed using the same principles used by countries where these numbers are much lower. The political compulsion for a new agricultural system has made itself known again and again. The three farm laws in India were repealed because they impinged on the autonomy India had on its policies regarding agricultural trade and production, and such impingement is not politically feasible. This political compulsion is now reasserting itself in terms of the battle for a permanent solution of public stockholding and other issues.

It is important to recognise that the remaking of global trade is more a political exercise than an intellectual one. It requires building the unity of the entire peasantry, an eminently political task.

THE ROLE OF CIVIL SOCIETY

Civil society has an important role to play in remaking the global trade system despite the political nature of the task. It needs to closely watch emerging issues in negotiations that are both conducive to and against the interests of developing countries and large sections of especially vulnerable populations within them, and clarify these issues to governments, social movements, and the public. Civil society can provide not just technical inputs to negotiators, but can also aid in developing alternative negotiating



FOCUS ON THE GLOBAL SOUTH

Focus on the Global South is an Asia-based regional think tank that conducts research and policy analysis on the political economy of trade and development, democracy and people's alternatives. It works in national, regional and international coalitions with people's movements and civil society organisations and has offices in New Delhi, Manila, Phnom Penh and Bangkok



ROSA LUXEMBURG STIFTUNG (RLS)

The Rosa Luxemburg Stiftung (RLS) is a Germany-based foundation working in South Asia as in other parts of the world on the subjects of critical social analysis and civic education. It promotes a sovereign, socialist, secular and democratic social order, and aims to present alternative approaches to society and decision-makers. Research organisations, groups for self- emancipation and social activists are supported in their initiatives to develop models which have the potential to deliver greater social and economic justice



Third World Network

Third World Network (TWN) is an independent non-profit international research and advocacy organisation involved in issues relating to development, developing countries and North-South affairs. Its mission is to bring about a greater articulation of the needs and rights of peoples in the South, a fair distribution of world resources, and forms of development which are ecologically sustainable and fulfill human needs.

FORUM FOR TRADE JUSTICE

The Forum for Trade Justice is an India based network of trade unions, peasant organisations, social movements, fishworkers unions, public health groups, academics and civil society organisations that have been tracking India's trade and investment treaties since 2008 from the perspective of inclusion, justice and development.

The Twelfth Ministerial Conference (MC12) of the World Trade Organization (WTO) took place after multiple delays, and was expected to provide novel solutions to the crises that have rocked the world recently. Developing countries expected MC12 to make COVID-19 vaccine production easier, allow food security programmes to thrive, create the conditions for the increasing production and productivity of agriculture, and overall provide rules that are better suited to the needs of people around the world today.

MC12 was a crucial Ministerial Conference for India in particular. The country is in the midst of a long-running agrarian crisis, and is also under fire for its domestic food security programmes and attempts to export food. After the failure of MC11, MC12 was expected to provide India with some relief over agrarian issues.

However, MC12 has ended up disappointing developing countries including India. Developed countries insist on using demonstrably failed methods to organise global agricultural trade. MC12 has failed to agree on outcomes critical for developing countries to strengthen their agricultural production and distribution, and has also been unable to deliver any new tools to fight situations of food crises. On the other hand, it has pushed an agenda of liberalisation at all costs, which is inimical not only to the interests of developing countries but to the interests of all people. The result of this insistence to ignore changes in the international order is that MC12 has taken the WTO beyond “business as usual” to “more business than usual”. As the WTO rapidly loses credibility, it is incumbent upon developing countries to unite and provide a new framework for global trade, one based on complementarities rather than competition, and one that prioritises food security, food sovereignty, and overall autonomy. It is time for an international democratic architecture for agricultural trade.

This report highlights expectations from MC12, details the actual outcomes and their implications, and lays out a path for future action, one that focuses on the political struggle for peasant unity. It also notes the important role that civil society can play to facilitate the creation of a new global trading order that is led not by Western capitalist interests, but by the masses of people in the Global South.

