

WKÖ POSITION PAPER ON THE WTO MINISTERIAL CONFERENCE (MC14)

I. Background

The 14th WTO Ministerial Conference (MC14) will take place in Yaoundé, Cameroon, from March 26th to 29th, 2026. Ministers from around the world will attend the conference to discuss the multiple crises, challenges, and opportunities facing the multilateral trading system and to take action on future work within the WTO.

At present, a parallel trade policy reality is emerging alongside the WTO system, characterized by uncertainty, protectionism, and the law of the strongest. The outcomes of MC14 must therefore set out a clear path to revitalizing the global trading system. First and foremost, this requires a credible, action-oriented commitment to preserving and renewing the organization (WTO reform). At the very least, the 166 WTO members should agree on a structured, concrete, and forward-looking agenda at MC14 to avoid further weakening the organization's relevance

The WTO bodies and the Director-General are currently identifying topics to prepare for the conference and on which successful negotiations are to be conducted. WTO reform, including dispute settlement, is being treated as a top priority. The extension of the e-commerce moratorium and solutions to the issue of food security in agriculture were also mentioned by a large number of member states as desirable outcomes.

II. Position of the Austrian Federal Economic Chamber (WKÖ) on the World Trade Organization (WTO) and multilateralism

- The multilateral approach of the WTO, with 166 countries accounting for 98% of world trade, provides an indispensable framework for international trade. Austrian companies have been benefiting from this for over 30 years through market opening and the removal of trade barriers. For the export-oriented Austrian economy, predictability, reciprocal market access, fair competition conditions, and legal certainty in foreign business are of paramount importance. More than half of non-European exports are based solely on WTO rules, and EU trade agreements also have their legal basis in these set of rules (customs valuation, technical barriers to trade (TBT), sanitary and phytosanitary measures (SPS), trade facilitation, intellectual property rights (IPR)). Especially in challenging and geopolitically uncertain times, equal and reliable trade rules are more important than ever - and that is what the World Trade Organization stands for.
- Modern times call for modern trade rules. The necessary modernization of the WTO's multilateral trade rules must include the following:
 - ✓ A modern WTO must also be rules-based and preserve well-functioning WTO rules and processes (TBT, SPS, etc.).
 - ✓ Create modern trade rules (e.g., industrial policy, climate, new key technologies, etc.).
 - ✓ A fully functional and effective dispute settlement system.

- Over the past decade, there has been an increase in the number of bilateral trade agreements worldwide, including those involving the EU. Although these agreements are based on WTO trade rules, there is sometimes a lack of coherence and convergence with the multilateral trading system. Plurilateral, regional, and bilateral agreements in the area of goods and services must only be the first step toward global agreements and further trade liberalization at the multilateral level. Market opening and development must remain at the heart of the WTO agenda. Success is urgently needed here. We therefore call on all WTO members to show the necessary flexibility and willingness to compromise in order to finally make progress.
- There is no alternative to the WTO. Strengthening the WTO and thus the multilateral trading system is and will always be the best way to meet the challenges of increasingly fragmented world trade.

III. WKÖ expectations and demands regarding the 14th WTO Ministerial Conference (MC14)

Time is pressing regarding the WTO MC14: it is important to explore and set realistic, achievable goals, but the package must not be overloaded with unrealistic expectations or an overly ambitious agenda. To underscore the importance of the World Trade Organization, the conference needs to deliver visible successes. WTO members must focus on what matters most to businesses in global trade: restoring certainty and predictability, underpinned by most-favored-nation and national treatment, while ensuring open trade opportunities.

All other issues must remain on the table for work after MC14, regardless of whether they are addressed at the Ministerial Conference or not.

1. Further extension of the e-commerce moratorium

Overall, global exports of digitally delivered services reached almost €4 trillion in 2024, representing an increase of 8.3%. The share of these services—which are traded across borders via computer networks and include everything from financial services to professional and management services to music and video streaming—is growing and accounted for 14.5% of global exports of goods and services. The extension of the WTO moratorium on tariffs on electronic transmissions is crucial because it ensures that digital trade can take place freely across borders - without tariffs, bureaucracy, or additional costs.

If the moratorium expires, companies could face the possible introduction of digital tariffs, which would place an additional burden on trade in goods and services. New digital tariffs could lead to price increases, have a noticeable negative impact on the purchasing power of the population, and cause new instability for businesses. A flood of new tariffs must therefore be prevented, and supply chains must not be burdened by further uncertainty. Stability is needed to enable growth in an increasingly digital global economy and to support new business models. Small and medium-sized enterprises in particular benefit from this.

The extension of the moratorium on tariffs on digitally traded goods and services is essential and must be established at MC14, at least on a temporary basis. A permanent solution should be agreed upon at the 15th Ministerial Conference at the latest.

2. Establishing a concrete work program to restore the dispute settlement system

The dispute settlement system must be restored to its usual capacity and competence with its two levels of appeal. This is of utmost importance for the international economy and the credibility of the WTO. Only a fully functional WTO can ensure fair competition in international trade in times of increased protectionism. The Multi-Party Interim Appellate Arrangement (MPIA), temporarily established by the EU with several other WTO members (including Brazil, China, Japan, Canada, the UK, and Vietnam, but not the US) can only be applied between all members of the organization willing to join, as long as the WTO Appellate Body is not fully functional. Even though 58 members covering 60% of world trade have now joined this substitute mechanism, it is not a permanent replacement for WTO dispute settlement.

It is therefore in the interests of WTO members themselves and of an intact international economy to continue to work intensively towards a fully functioning dispute settlement system that is binding on all member states and to urge the US to actively cooperate in restoring the full functioning of the WTO Appellate Body.

WTO members must play their part here. The EU must maintain pressure on all parties, including the more difficult negotiating partners within the organization. The aim is to be able to present a concrete roadmap for dispute settlement reform at the end of the 14th WTO Ministerial Conference, rather than just a progress report on a process that drags on.

3. Incorporating successful plurilateral agreements into the WTO legal framework

Plurilateral agreements within the WTO are legitimate and valuable mechanisms for advancing necessary regulatory efforts and adapting them to the economic realities of the 21st century.

If unanimous consensus cannot be reached on negotiation topics, thereby blocking decision-making, a willing majority of member states can push forward economically relevant issues. Multilateral trade policy must become pragmatic in this regard, and instead of waiting for a grand bargain, plurilateral agreements should be promoted. Such agreements can be designed flexibly and attract additional partners over time.

We therefore support the following two Joint Statement Initiatives, which have already been successfully concluded, with regard to their inclusion in the WTO legal framework at MC14:

1. E-commerce initiative

The Agreement on Electronic Commerce is to be incorporated into the WTO legal framework as a plurilateral agreement and included in Annex 4 of the WTO Agreement.

These plurilateral WTO negotiations began in Davos, Switzerland, in January 2019, with 76 members participating; the number now stands at 91. The participants in the Joint Statement Initiative (JSI) on Electronic Commerce represent more than half of all WTO members and 90% of global trade. After five years of negotiations, the participants in the E-Commerce JSI agreed on a stabilized text of the agreement in June 2024.

The agreement includes trade disciplines to

- facilitate cross-border digital trade (e.g., paperless trade, electronic contracts, electronic authentication, and electronic signatures),
- enhance trust in the digital trading environment (e.g., unsolicited commercial electronic messages, online consumer protection, cybersecurity, or open internet access), and
- promote a reliable international digital trading environment (e.g., electronic payments or telecommunications services).

The agreement also includes a permanent ban on customs duties on electronic transmissions, which is an important trade policy priority for the EU economy.

However, the proposal presented has so far been rejected by a small number of WTO members. This deadlock must be resolved at MC 14 and a consensus reached.

2. Investment Facilitation for Development

Negotiations on the Agreement on Investment Facilitation for Development officially began in September 2020 and were concluded in July 2023. The initiative includes 128 parties, most of which are developing countries and least developed countries. It covers disciplines in the areas of transparency, streamlining administrative procedures, and consistency of domestic regulations, which will apply to all economic sectors and all measures related to investment activities. However, the decision to include it in the WTO legal framework was rejected by India, South Africa, and Turkey at MC13. This deadlock should be resolved at MC 14 and a consensus reached.

4. Industrial subsidies

The first steps toward resolving the issue of industrial subsidies were taken in January 2020 with a joint statement by the EU, the United States, and Japan. The statement announced agreement to tighten existing rules on industrial subsidies and condemned forced technology transfer practices.

This move must be followed urgently by a WTO initiative on competitive neutrality that covers industrial subsidies state-owned enterprises and forced technology transfers.

This initiative is supported as a means of creating a level playing field and must quickly produce proposals to solve the problems associated with industrial subsidies.

It cannot be denied that industrial and trade policy instruments are now being used on a permanent basis to specifically shape market and competitive conditions between economic locations.

Therefore, in the future, the narrow WTO legal definition of what constitutes a “subsidy” should be further developed so that subsidy-like distortions of competition can be more clearly attributed, better measured, and thus addressed more quickly. At the same time, practices that currently fall outside the scope of supply chain management (SCM) (in particular, regulatory advantages) should be covered by new transparency and disciplinary rules. At present, there is a widespread measurement/definition problem in this area, which does not adequately reflect modern industrial policy and favors state-capitalist economic systems. However, there are databases (e.g., Global Trade Alert; NIPO) for measuring such instruments, which provide a detailed overview and are continually being developed.

At the same time, WTO governance needs to be reformed so that blockades by individual members do not permanently prevent progress and the incentive to resort to “exit” options or rule-circumventing measures is reduced.

In our view, three operational modernizations are necessary to maintain a functioning level playing field:

- **Enable reciprocity in subsidies to avoid policy incoherence (reform goal within the WTO framework)**

Non-discriminatory support programs (e.g., consumer subsidies) can unintentionally favor products whose competitiveness has been built up by discriminatory industrial policies (such as local content requirements, whitelists, or comparable performance requirements), while at the same time distortions must be neutralized through countervailing duties. This is economically inefficient and forces affected WTO members to adopt a contradictory policy mix. The WTO should therefore set itself the reform goal of creating a clear, rule-based provision for “subsidy reciprocity.” This would make it possible to temporarily restrict eligibility for selected programs if, following a transparent procedure and based on objective criteria, it is determined that systematically discriminatory subsidy regimes are at work in a sector.

- **More effective and accelerated trade defense remedies**

Extending the definition of subsidies to include “subsidy-like” effects also requires procedural modernization of defense instruments: otherwise, anti-subsidy proceedings would become even more data-intensive and slower. CVDs are often slow today because they must cumulatively prove the existence of subsidies, injury, and causality, and modern forms of subsidies are often difficult to measure. WTO rules should therefore be geared toward accelerated and standardized procedures.

- **Effectively addressing macroeconomic imbalances**

Traditional trade defense instruments such as anti-dumping and anti-subsidy duties are deliberately designed as product- and sector-specific measures. They target individual import flows and require proof of subsidies or dumping, injury, and causality in each individual case. While this allows them to specifically mitigate distortions in specific markets, they are not a macroeconomic response to systematic imbalances. Such systemic imbalances increase political pressure to introduce ever new defensive measures and encourage the use of instruments that are difficult to discipline, which undermines the predictability and usefulness of multilateral rules. One example of this is when weak domestic demand and state-directed investment lead to export-driven surpluses and overcapacity, which then spill over into third and domestic markets across sectors. A WTO reform agenda should therefore modernize trade defense and policy coherence while strengthening the link with macroeconomic monitoring and coordination (e.g., through IMF/G20 processes) in order to address the systemic causes of such imbalances.

5. WTO climate efforts

Climate change cannot be solved by national or EU measures alone. It is a global problem and requires a global solution. Cooperation at the multilateral level must therefore be better coordinated, and WTO-incompatible sustainability legislation should be opposed. If this does not happen, measures to price carbon, subsidize environmentally friendly technologies, and impose standards and regulations can and will increase the costs of the transition to a decarbonized economy, slow it down, and reduce both economic and climate efficiency. In contrast, coordinated approaches that help maintain the integrity of the global trading system would serve climate goals more efficiently.

The WTO must engage in structured discussions to advance global environmental protection and sustainability. These discussions should focus on identifying potential contributions of international trade to a climate-neutral, resource-efficient, and circular global economy, information exchange, transparency, technical assistance for underdeveloped countries, and much more.

The focus should be on achieving the Sustainable Development Goals (SDGs) and supporting international environmental commitments, promoting the conservation, sustainable use, and restoration of biodiversity, the careful use of natural resources, including marine fisheries and land degradation, deforestation, and desertification, climate protection and adaptation to climate change, and the promotion of sustainable production.

In recent years, the EU has pushed ahead with a number of initiatives under the Green Deal, such as the EU CO₂ border adjustment mechanism, which currently applies mainly to European companies. The aim must be to find multilateral solutions for these areas in order to improve the competitive position of European companies.

Negotiations for a WTO agreement on environmental goods and services must also be resumed. While further liberalization is supported, the removal of intellectual property rights for environmental and climate technologies is rejected.

The MC14 declaration must include well-founded elements on environmental and climate protection with a view to achieving a level playing field at WTO level and must already set out a work plan up to MC15.

6. Micro, small, and medium-sized enterprises (MSMEs)

International trade poses major challenges, especially for micro, small, and medium-sized enterprises (MSMEs), which, in their multitude and regionality, drive the economies of countries. They continue to face considerable obstacles (technical and bureaucratic requirements) and are disproportionately affected by the economic impact of the pandemic.

In order to support MSMEs as an important pillar of the economy, all WTO members must quickly adopt the entire package of recommendations for MSMEs developed by the informal WTO working group.

7. Agriculture and food security

Climate change and frequent extreme weather events such as droughts, heat waves, rainfall, and floods are reducing crop yields and exacerbating risks to global food security.

The use of product-specific export restrictions by WTO members in response to extreme weather events exacerbates the impact on global food and agricultural supply bottlenecks. At the 12th Ministerial Conference in Geneva, WTO members approved the landmark Ministerial Decision on the exemption of export bans or restrictions on food purchases by the World Food Programme. Further improvements in the transparency and predictability of export bans and restrictions should be established here.

MC14 should therefore achieve meaningful progress in agriculture, including aspects of global food security.

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