

## Chapter 2.4

# The WTO from a Latin American and Caribbean Perspective: Why Rules Still Matter

---

Gloria Abraham Peralta

### A diverse region structurally exposed to agricultural trade

Latin America and the Caribbean (LAC) occupies a distinctive position in the global agri-food system. The region combines highly competitive agricultural exporters, systemic actors of considerable weight such as Mexico and Brazil, and small Caribbean Island economies that are structurally dependent on food imports. This internal diversity is central to understanding the continued importance of multilateral rules for the region's economic stability (World Bank 2020; FAO 2023).

Agriculture plays a structural—albeit differentiated—role in LAC economies. The Southern Cone economies are deeply integrated into global commodity markets, with well-established competitive positions in oilseeds, grains, meat, and other primary products. Much of Central America has developed export-oriented agricultural sectors in products such as coffee, sugar, tropical fruits, and horticulture, integrated into global value chains. Mexico combines significant export capacity with import dependence in certain staple products, reflecting both consumption patterns and its integration into North American production chains. In contrast, many Caribbean economies are structurally dependent on food imports and are particularly vulnerable to international price shocks, logistical disruptions, and spillovers from third countries' trade policies (FAO, IFAD, WFP, 2023).

This heterogeneity reinforces, rather than diminishes, the relevance of multilateral disciplines. LAC is structurally exposed to international agricultural

trade; export performance depends on predictable market access and rules limiting competitive distortions, while food security in several countries relies on stable and predictable trade flows. Consequently, any weakening of multilateral disciplines poses not an abstract but a direct economic risk, affecting both export competitiveness and internal stability (WTO 2023).

The region's trade integration reflects not only productive structures, but also deliberate public policy and institutional decisions. For decades, LAC countries have anchored their development strategies in legally binding regional and multilateral agreements. Frameworks such as MERCOSUR, the Andean Community, the Central American Integration System (SICA), and the Caribbean Community (CARICOM) reflect a sustained preference for formal legal frameworks that establish clear rights and obligations, institutional coordination mechanisms, and dispute settlement procedures (Bouët and Laborde 2018). This institutional tradition elects a deliberate strategy of international integration grounded in legal predictability to mitigate structural asymmetries and reduce vulnerability to unilateral measures. In a global context of rising geopolitical tensions, regulatory fragmentation, and proliferating unilateral measures, the stabilizing role of multilateral disciplines becomes even more significant. For small and medium-sized economies, multilateral rules not only facilitate trade but also help mitigate structural asymmetries of economic power (Hoekman and Nelson 2020). Even preferential trade agreements operate within the broader multilateral framework under Article XXIV of the GATT, which ensures systemic coherence.

For LAC, therefore, multilateral agricultural disciplines are not merely about market access. They are integral to managing structural exposure to global agricultural trade and ensuring a stable normative environment to address systemic economic risks. In an increasingly uncertain international environment, multilateral rules perform a fundamental stabilizing function, supporting both export competitiveness and regional food security (Hopewell 2016).

From this perspective, the region's relationship with the multilateral system is thus structural rather than circumstantial, and its preservation remains essential to its international economic strategy.

## **Why WTO agricultural disciplines remain essential for Latin America and the Caribbean**

### **A framework in force but incomplete**

The Agreement on Agriculture (AoA), adopted as a result of the Uruguay Round, established a structured legal framework regulating three fundamental pillars of international agricultural trade: market access, domestic support, and export competition (WTO 1994). This framework is complemented by transparency obligations, specific disciplines on export restrictions, and legally binding dispute settlement mechanisms which, although derived from the “Understanding on Rules and Procedures Governing the Settlement of Disputes” contained in Annex 2 of the Agreement Establishing the WTO, are cross-cutting in nature and apply to all WTO Agreements (WTO 1994).

Article 20 of the AoA explicitly recognizes that the outcome of the Uruguay Round constituted only the beginning of a broader reform process, by establishing the mandate to continue negotiations with a view to achieving a “fair and market-oriented” agricultural trading system (WTO 1994). This mandate reflects the recognition that the agreed disciplines represented an initial commitment but did not constitute a complete rebalancing of competitive conditions in international agricultural trade. This acknowledgment, embedded from the outset of the Agreement, confirms the premise that the balance achieved was necessarily transitional and that its consolidation depended on further progress in the reform process (Josling, Tangermann, and Warley 1996).

Three decades later, this normative architecture remains the principal legal framework governing global agricultural trade. While it has contributed to improved transparency and predictability, the reform process has been incomplete and uneven (Matthews 2014). For a region structurally exposed to international agricultural trade such as LAC, this situation has direct economic implications. The central issue is not the formal existence of disciplines, but the extent to which those disciplines effectively fulfill the objective of competitive balance and market orientation established in Article 20 (Orden, Blandford, and Josling 2011).

In the absence of alternative disciplines of comparable scope, the Agreement on Agriculture continues to set the legal and economic framework governing international agricultural trade.

For LAC, any constraint on the system's ability to evolve and address existing imbalances directly affects its prospects for competitive integration into global agricultural trade.

## **Domestic support: asymmetries within an incomplete architecture**

Among the pillars of the Agreement on Agriculture, domestic support remains the most technically complex and politically sensitive. The architecture of the Agreement—structured around the Aggregate Measurement of Support (AMS), the system of boxes (Amber, Blue, and Green), and the de minimis provisions—was designed to discipline trade-distorting support while allowing certain forms of support deemed non- or minimally trade-distorting (WTO 1994; Tangermann 2015).

While historical AMS entitlements have long been regarded as a source of structural asymmetry, the practical importance of de minimis provisions has gained increasing relevance over time (Matthews 2014). Unlike bound AMS commitments, de minimis provisions authorize support up to a specified percentage of the total value of agricultural production. As a result, the absolute level of support permitted under this provision increases automatically as the value of production grows (OECD 2023; Glauber and Laborde 2021).

In practice, this dynamic character has important systemic implications. Without an overall cap, support under de minimis provisions can expand over time without changes to formal commitments, raising concerns among developing countries and agricultural exporters about the shifting balance of rights and obligations in the multilateral agricultural system (WTO 2024a). The issue concerns not only historical support levels but also the potential future growth of authorized support not subject to reduction commitments (Tangermann 2015).

This creates structural and dynamic asymmetries, as Members' policy space for support can diverge according to the size and growth of their agricultural sectors.

For competitive exporters in the Southern Cone and parts of Central America, operating with limited fiscal space and relatively low levels of domestic support, and relying on market signals and their own competitiveness to guide production. The persistence of significant differences in authorized support ca-

capacity may affect competitive conditions and perceptions of fairness in international markets (FAO 2023; OECD 2023)

The current architecture thus not only reflects historical differences but continues to actively shape contemporary competitive conditions, with direct implications for the region's export opportunities.

The limited progress in reforming this pillar largely reflects the debate's technical complexity. Proposals such as overall caps on total support, stronger disciplines, or more proportional reduction commitments have faced deeply entrenched differences, making these technical issues a central obstacle to fulfilling the reform mandate under Article 20 of the Agreement.

Public stockholding for food security purposes (PSH), though technically linked to domestic support disciplines under Annex 2 of the AoA, has become a distinct and politically sensitive negotiating track since the 2013 Bali Ministerial Decision (WTO 2013). It reflects the persistent tension between safeguarding policy space for legitimate food security objectives and maintaining credible limits on trade-distorting support (WTO 2013; WTO 2022; FAO 2023).

The domestic support pillar is structurally relevant for LAC competitive exporters seeking more balanced and predictable competitive conditions, while other countries preserve policy space for development objectives. Advancing a fair and market-oriented agricultural trading system, as envisioned in the AoA, depends on reconciling these interests. Continued lack of substantive progress delays the reform mandate and perpetuates conditions many Members view as inconsistent with the Agreement's original objectives (WTO 1994; WTO 2023).

## **Market access: fragmentation, limits of preferential treatment, and an unfinished agenda**

Market access remains a structural pillar for many LAC economies, particularly those with competitive agro-export sectors integrated into global value chains. The AoA established bound tariffs and tariff-rate quotas (TRQs) as part of the balance achieved in the Uruguay Round (WTO 1994). Yet the effective reduction of applied protection has been uneven across products and markets. Consequently, actual access to agricultural markets continues to be shaped by tariff structures and administrative practices that fall short of the progressive market orientation envisaged in the AoA (WTO 2023; OECD 2023).

High tariffs, tariff peaks, tariff escalation, and quota administration practices persist, affecting sectors that are sensitive to the region, such as meat, sugar, dairy, grains, and high-value horticultural products. While formally consistent with multilateral commitments, these measures have concrete effects on the ability of LAC exporters to compete under predictable and balanced conditions (FAO 2023; OECD 2023).

While LAC countries have built extensive networks of preferential trade agreements to diversify markets, these do not eliminate systemic fragmentation. Today's agricultural trade is characterized by a complex overlap of multilateral bindings, bilateral and regional preferential commitments, and regulatory measures that interact dynamically. This hybrid architecture generates legal uncertainty and transaction costs, particularly when access conditions differ across markets or when multilateral disciplines lag behind productive realities. Such divergence affects investment, production planning, and integration (WTO 2023; IICA, FAO, and ECLAC 2023).

This creates a structural tension: preferential agreements support diversification but cannot replace a coherent multilateral foundation. They do not discipline domestic support in third countries outside the agreement, prevent the proliferation of divergent regulatory measures, or ensure uniform competitive conditions (Hopewell 2021; WTO 2023).

Their effectiveness ultimately depends on the coherence and credibility of the broader multilateral system. Current WTO discussions—focused on TRQ transparency, notification improvements, and non-tariff measures—reflect these constraints. Though technical, they are directly relevant for LAC exporters, whose performance depends on both preferential margins and systemic predictability (WTO 2024b).

The growing prominence of environmental, sustainability, and sanitary and phytosanitary requirements further complicates market access. While stronger multilateral coordination, regulatory divergence risks increasing fragmentation and compliance costs, particularly for medium-sized and small economies with limited institutional capacity (OECD 2023; IICA 2022).

For LAC, market access is therefore not only about tariffs but about regulatory coherence, predictability, and competitive balance. The unfinished reform mandate under Article 20 is evident in this pillar: absent substantive progress, the gap between bound commitments and real access conditions widens (WTO 2023). For a region structurally exposed to global agricultural trade,

credible and fair multilateral market access disciplines remain essential to economic stability and international integration (IICA, FAO, and ECLAC 2023; WTO 2023; IICA 2022; OECD 2023).

## **Export restrictions, food security, and systemic volatility**

If domestic support primarily affects competitive neutrality, export restrictions reveal another dimension of LAC's structural vulnerability to abrupt trade disruptions.

The 2008 food price crisis, the COVID-19 pandemic, and the market disruptions following the invasion of Ukraine showed how export bans and quantitative restrictions can amplify international volatility. Measures adopted as domestic responses to uncertainty cumulatively intensified tensions in international markets, affecting food availability and prices in third countries (FAO 2023; WTO 2023; OECD 2023).

Although Article 12 of the AoA establishes notification and consultation obligations, existing disciplines have proven limited in preventing the simultaneous adoption of measures that, taken together, aggravate systemic instability (WTO 1994; WTO 2023). When multiple suppliers restrict exports—especially in concentrated staple markets—the systemic effects can be significant (FAO 2023). Current rules enhance transparency but lack substantive constraints to prevent parallel measures that undermine stability.

For small island developing states in the Caribbean, which are structurally dependent on food imports and face significant logistical constraints, the sudden imposition of restrictions by major exporters has translated into immediate pressures on domestic prices, food security, and fiscal balances. This vulnerability is shared, to varying degrees, by several net food-importing economies that have played an active role in multilateral discussions aimed at enhancing the predictability of agricultural trade (IICA, FAO, and ECLAC 2023). Food security in the region, therefore, depends not only on physical supply but also on the normative stability of the trading system.

These concerns were reflected in the Ministerial Decision on the WTO Response to the Emergency on Food Insecurity adopted at MC12, where Members reaffirmed that export restrictions should be targeted, transparent, proportionate, and temporary, and should consider impacts on net food-importing and vulnerable developing countries (WTO 2022). While governments require

policy space in exceptional circumstances, system stability depends on preserving predictable trade flows.

For LAC agricultural exporters, the proliferation of restrictions in third markets distorts price signals, introduces commercial uncertainty, and weakens confidence in the reliability of global supply chains. For importing members within the region, it increases exposure to external shocks and constrains response capacity in the face of food crises (OECD 2023; FAO 2023). Accordingly, Members, including LAC countries, have sought to strengthen disciplines, improve transparency, and reconcile flexibility with systemic stability (WTO 2023).

For a region structurally exposed to agricultural trade, strengthening disciplines on export restrictions is an essential element not only for trade predictability, but for managing systemic risk in an increasingly uncertain environment. Both exporters and importers within the region share a structural interest in reinforcing disciplines that help preserve the continuity and predictability of international trade flows.

## **Dispute settlement, effective binding character, and the economic value of commitments**

The architecture of multilateral agricultural disciplines acquires full economic meaning only when its commitments are legally binding and effectively enforceable. With the creation of the WTO, agricultural rules became subject to the cross-cutting Dispute Settlement Understanding (DSU), whose final stage of adjudication, the Appellate Body, has been inoperative for several years (WTO 1994; Wolfe 2021). In the absence of a fully operational appellate mechanism, the predictability underpinning investment decisions, integration into value chains, and export strategies is inevitably eroded. The economic value of commitments thus depends not only on their normative content, but on confidence in their enforceability and justiciability (Bown 2022; Wolff 2020; WTO 2023).

For many LAC economies, the dispute settlement system is not simply an institutional preference but a structural necessity. Medium-sized and small economies lack the market power to counter non-compliance bilaterally; their interest lies in binding, enforceable rules applied under procedural equality (Wolff 2020; Hopewell 2021). In DSU reform discussions, several LAC members have emphasized restoring an appellate function that guarantees jurispru-

dential coherence, interpretative predictability, and timely procedures, avoiding situations where rulings can be indefinitely blocked.

The practice of “appeals into the void,” whereby parties appeal despite the Appellate Body’s paralysis, has in some cases prevented the adoption of panel reports, weakening the binding character of the system and creating uncertainty over enforceability, including in agriculture (Bown 2022; WTO 2023).

To mitigate this gap, some Members established the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) under Article 25 of the DSU. This plurilateral mechanism, currently comprising 55 Members, includes Brazil, Chile, Mexico, Costa Rica, Colombia, Ecuador, Peru, Paraguay, and Uruguay, reflecting LAC’s commitment to maintaining binding review despite institutional paralysis (WTO 2023).

However, the MPIA is provisional and limited to its participants; it cannot replace a universal, fully operational appellate mechanism (Wolff 2022; Baldwin 2023). When major actors weaken their reliance on multilateral disciplines, the stabilizing value of rules for smaller economies becomes more fragile, and the effectiveness of disciplines on domestic support, market access, or export restrictions depends critically on enforceability (Baldwin 2023; Wolff 2023; WTO 2023).

For LAC, restoring a fully functional and legally binding dispute settlement system is not merely an institutional priority. It is a structural condition for preserving the credibility, predictability, and economic value of the multilateral agricultural regime as a whole (IICA, FAO, and ECLAC 2023; WTO 2023). Without this guarantee, even formally existing disciplines risk progressively losing their economic effectiveness.

## **Latin America and the Caribbean in the agricultural reform agenda: negotiating interests and commitment to strengthening the system**

LAC’s structural exposure to global agricultural trade has not led to a defensive retrenchment. Rather, many countries in the region have actively engaged in efforts to update and strengthen multilateral agricultural disciplines. Although positions are not uniform, there is strategic convergence around pre-

-serving a functional, balanced, and credible rules-based system (WTO 2023; Hopewell 2021).

In this context, LAC acts not only as a beneficiary of multilateral rules but as a contributor to their evolution, reflecting both concrete economic interests and recognition that the system's credibility depends on its capacity to adapt to new productive, environmental, and geopolitical realities (Baldwin 2023; Wolff 2022).

Regional engagement is visible across the core pillars of agricultural negotiations and in cross-cutting debates on food security and sustainability, pursued through formal coalitions such as the Cairns Group as well as national initiatives (WTO 2024a; IICA, FAO, and ECLAC 2023). For economies closely integrated into agricultural trade, a stable and effective multilateral system is an essential condition for safeguarding market access, managing external risks, and sustaining competitiveness (OECD 2023; FAO 2023). At the same time, the region's internal diversity—encompassing competitive exporters, countries with sensitive sectors, and structurally import-dependent economies—has fostered a pragmatic reform approach that seeks to reconcile liberalization with food security and sustainability objectives (IICA 2022; WTO 2023).

Thus, LAC's role in agricultural reform reflects not only the defense of specific interests but also a broader commitment to maintaining a system capable of managing distributive tensions through common rules rather than economic power (Wolff 2023; Baldwin 2023). Preserving the effectiveness and credibility of multilateral disciplines remains essential for the region as a whole (IICA, FAO, and ECLAC 2023; WTO 2023).

## **Domestic support: reform initiatives, proportionality, and the search for balance**

Under the domestic support pillar, several members of LAC—within the Cairns Group—have consistently emphasized the need to advance disciplines that address the overall level of trade-distorting support and restore more equitable competitive conditions. For Southern Cone exporters, reducing asymmetries in the fiscal space available for subsidies is a structural priority directly linked to their capacity to compete under predictable market conditions (WTO 2023; OECD 2023).

These concerns reflect a broader diagnosis of the evolution of the multilateral agricultural system. The persistence of high levels of authorized support in

some of the major agricultural economies, combined with the dynamic character of certain support categories, has contributed to consolidating structural asymmetries that affect perceptions of fairness within the system (Hopewell 2021; OECD 2023).

In response, LAC members have sought to introduce approaches aimed at strengthening the coherence and balance of existing disciplines. Among them, the initiative initially presented by Costa Rica and subsequently reflected in Cairns Group proposals (JOB/AG/243) has emphasized the need to establish disciplines ensuring effective proportionality in domestic support reduction obligations, particularly in relation to the overall volume of authorized support and its potential trade-distorting effects (WTO 2024a).

This approach represents an effort to move beyond frameworks based exclusively on historical entitlements, incorporating criteria that reflect the evolution of productive capacities and the relative impact of support on competitive conditions. In particular, the treatment of *de minimis* provisions has attracted increasing attention, given their capacity to expand the volume of authorized support in line with growth in the value of agricultural production (OECD 2023; Glauber and Laborde 2021).

These initiatives reflect a commitment to systemic reform that goes beyond the defense of specific national interests. They seek to contribute to the construction of more balanced disciplines capable of preserving the legitimacy of the multilateral system and its capacity to provide a predictable framework for international agricultural trade (Wolff 2020; WTO 2023).

At the same time, recent proposals linking agriculture and sustainability have broadened the scope of the debate. The initiative presented by Brazil on sustainable agriculture (WT/GC/W869; WT/GC/W875) has sought to articulate environmental objectives with predictable trade disciplines, underscoring the importance of ensuring that the transition toward more sustainable production systems takes place within a framework compatible with the functioning of the multilateral system (WTO 2023; IICA 2022).

Taken together, these initiatives demonstrate that LAC's reform agenda on domestic support goes beyond challenging the status quo. It offers concrete technical contributions designed to foster convergence, strengthen systemic balance, and preserve the credibility and functionality of the multilateral trading system.

## Market access: the persistence of a structural priority

Market access remains a central interest for several LAC members, particularly those with highly competitive agro-export sectors. Paraguay (JOB/AG/229), supported by MERCOSUR partners and other members from different regions, has consistently argued that this pillar must remain central to the agricultural agenda, stressing that systemic balancing cannot be addressed exclusively through domestic support reform, but also requires meaningful improvements in effective market access conditions. Beyond creating specific trade opportunities, market access is integral to maintaining the overall balance of rights and obligations within the multilateral agricultural system (WTO 2023c).

For many exporters in the region, issues such as tariff-rate quota (TRQ) administration, tariff peaks, specific tariffs, persistent non-tariff barriers, and the proliferation of divergent regulatory requirements directly affect their capacity to compete and integrate into global markets. Although preferential trade agreements (PTAs) have expanded access to certain destinations, they do not replace multilateral disciplines that ensure more uniform competitive conditions. The continued presence of these barriers underscores the unfinished nature of the agricultural reform process envisioned under the Agreement on Agriculture (OECD 2023; WTO 2023).

While PTAs provide additional opportunities, they cannot substitute for the multilateral system's role as a common reference framework. The coexistence of multiple preferential regimes alongside incomplete multilateral disciplines has contributed to greater trade fragmentation, increasing adjustment costs, and reducing overall system coherence (Baldwin 2016; Hopewell 2021).

The active participation of members of LAC in these discussions reflects an approach that combines pragmatism with strategic consistency: advancing where possible, without abandoning the objective of broader reform addressing the structural limitations of the current system (WTO 2023c; IICA, FAO, and ECLAC 2023).

Recent developments in agricultural negotiations indicate that, although domestic support has received growing attention, market access remains an essential component of the system's overall balance. For several members of LAC, the absence of progress in this pillar shapes perceptions of reciprocity and fairness in the reform process. This persistence confirms that market access remains a long-term structural interest for the region. Access is not merely an offensive

objective, but a core element of the perception of balance and reciprocity within the system (Hopewell 2021; WTO 2023).

This persistence reflects a structural logic. For economies whose international competitiveness depends heavily on their export capacity, predictability and fairness in market access conditions constitute fundamental elements of their international integration strategy (IICA 2022; OECD 2023).

## **Food security, sustainability, and interregional dialogue**

The coexistence in LAC of competitive agricultural exporters and economies structurally dependent on imports has fostered a nuanced approach to food security. Rather than adopting uniform positions, the region addresses the issue through its multiple trade, productive, and social dimensions affecting food system stability (IICA, FAO, and ECLAC 2023; FAO 2023).

Caribbean members and other net food-importing countries have emphasized strengthening the predictability of agricultural trade, particularly regarding export restrictions and price volatility, while preserving policy space for public food security programs in contexts of high external vulnerability (WTO 2023b; FAO 2023).

Initiatives advanced by countries such as Jamaica (JOB/AG/248) have more explicitly linked the agricultural agenda to food market stability, fostering dialogue beyond traditional exporter–importer divisions. This has enabled convergence with the African Group and other developing members, positioning LAC as a constructive actor seeking balanced solutions that reconcile food security with credible trade disciplines (WTO 2023; IICA 2022).

Recent regional proposals have further aimed to better articulate food security, sustainability, and trade. Brazil’s initiative on sustainable agriculture (WT/GC/W/869; WT/GC/W/875) underscores the importance of resilient food systems within predictable trade frameworks, recognizing sustainability and food security as integral to the legitimacy and functionality of the multilateral system (WTO 2023a; IICA 2022).

Taking together, these positions demonstrate that LAC’s engagement goes beyond defending national interests and reflects a broader commitment to strengthening and updating the multilateral trading system. By linking food security and sustainability to predictable trade disciplines, the region advances an approach that balances policy flexibility with normative stability while en-

hancing the system's capacity to address emerging economic and environmental challenges (Baldwin 2023; Wolff 2022; WTO 2023; IICA, FAO, and ECLAC 2023).

## **Shared leadership, convergences in the evolution of the normative framework, and persistent asymmetries**

The drive to deepen reform emanating from LAC does not develop in isolation, nor does it reflect a closed regional bloc logic. The region forms part of a broader core of members committed to strengthening the multilateral system, including countries such as Canada, Australia, New Zealand, Singapore, and Norway, among others. This convergence is based on a shared assessment: prolonged stagnation in core areas of the agricultural regime is not neutral and carries tangible economic costs, prompting coordinated efforts to preserve the system's credibility and functionality (WTO 2023; Baldwin 2023).

In domestic support, coordination within the Cairns Group has sustained calls to revisit the balance of rights and obligations. For many Latin American members, the lack of reform entrenches structural advantages for countries with greater fiscal capacity to subsidize (Hopewell 2021; OECD 2023).

LAC's engagement has extended beyond systemic concerns to concrete technical proposals aimed at enhancing transparency, strengthening coherence in existing disciplines, and advancing more balanced commitments—an approach focused on reinforcing the system as a whole (WTO 2024a; Wolff 2020).

The region has also played a bridge-building role in sensitive debates on public stockholding, export restrictions, and food security, facilitating dialogue between developed and developing members, particularly NFIDCs (IICA, FAO, and ECLAC 2023; WTO 2023). This reflects a strategic understanding that reform requires proportionate, politically viable compromises rather than rigid alignments (Baldwin 2023; Wolff 2022).

In a context where the risk lies in the consolidation of an unreformed system, sustained engagement is essential to maintaining credibility and adaptability; no single region can rebalance the system alone (Wolff 2023; WTO 2023). LAC therefore combines ambition with pragmatism—advocating substantive reforms where asymmetries persist while fostering convergence among diverse members—recognizing that a functional multilateral system is a fundamental strategic interest

In this sense, the strategy of LAC combines the push for deeper reform with negotiating pragmatism. The region promotes substantive adjustments in areas where the status quo perpetuates asymmetries, while recognizing that the political viability of reform depends on the ability to build convergence and preserve trust among members with diverse interests. This strategy reflects the recognition that preserving a functional multilateral system constitutes a fundamental strategic interest for the region (Hopewell 2021; IICA 2022).

## **Systemic risks, economic costs of paralysis, and the imperative of a fully functional multilateral system**

Agriculture occupies a singular position within the multilateral trading system, as it brings together competitiveness, food security, macroeconomic stability, and, increasingly, environmental sustainability. For a region structurally exposed to global agricultural trade, such as LAC, the effective functioning of the multilateral system constitutes an essential condition for economic stability (IICA, FAO, and ECLAC 2023; WTO 2023).

The principal risk facing the system is not only stalled negotiations, but the prolonged absence of substantive progress in key areas such as domestic support. This paralysis has effectively consolidated the status quo, favoring members with greater fiscal capacity to maintain high levels of support while limiting prospects for more balanced competitive conditions for exporters with narrower policy space (OECD 2023; Hopewell 2021). When widely recognized imbalances remain unaddressed, the system's credibility as an adjustment mechanism erodes. The lack of reform does not preserve equilibrium; it entrenches asymmetries and weakens confidence in the system's ability to ensure fair competition (WTO 2023; Baldwin 2023).

This credibility has systemic consequences. As expectations decline that disciplines will evolve and be effectively enforced, incentives increase to resort to unilateral instruments, regulatory measures with extraterritorial reach, or more restrictive trade approaches. In the absence of a multilateral framework perceived as capable of managing distributive tensions in a balanced manner, the space for protectionist responses tends to expand, weakening the system's role as the central governance framework for agricultural trade (Baldwin 2016; Wolff 2023). Rather than a formal breakdown, this dynamic may manifest as gradual fragmentation, with national measures at the margins of multilateral rules substituting for collective negotiation. For structurally exposed regions such as

LAC, this implies a more uncertain, asymmetric, and potentially more costly trade environment (WTO 2023; IICA 2022).

The cost of paralysis thus extends beyond the absence of new agreements; it entails a gradual loss of the system's stabilizing function at a time of rising geo-economic tensions and heightened demand for predictability (Baldwin 2023; Wolff 2022). Simultaneously, the global context is marked by regulatory fragmentation, divergent standards, and the growing use of trade instruments for non-commercial objectives, trends that further undermine systemic coherence in the absence of multilateral progress (OECD 2023; WTO 2023).

These risks are particularly acute for LAC, which has grounded its international integration in predictable rules, legally binding commitments, and relatively open market access. Greater unilateralism, reduced predictability, and proliferating restrictive measures would generate direct economic costs for both competitive exporters and import-dependent economies (IICA, FAO, and ECLAC 2023). When major actors reduce reliance on multilateral disciplines, medium-sized and small economies face higher uncertainty and fewer effective enforcement mechanisms. (Wolff 2020; Hopewell 2021).

In this context, the agricultural reform agenda acquires a strategic dimension that goes beyond specific technical adjustments. It is about preserving the credibility and functionality of a system that allows distributive tensions to be managed through common rules, rather than through the direct exercise of economic power (Baldwin 2023; WTO 2023). LAC participates actively in this effort, contributing technical proposals, engaging in negotiations, and fostering convergence among members with diverse interests (WTO 2024a; IICA 2022). The region acts not merely as a beneficiary but as a stakeholder in preserving and adapting the multilateral architecture, recognizing that without it, trade would become more fragmented, uncertain, and costly (Wolff 2023; Baldwin 2023).

A fully functional multilateral agricultural system requires not only balanced disciplines on domestic support, market access, and export restrictions, but also a legally binding and operational dispute settlement mechanism capable of ensuring the effective enforcement of commitments undertaken (WTO 2023). For LAC, strengthening this framework is not an abstract institutional objective but a structural condition for predictability, economic stability, and sustainable competitiveness in an increasingly complex global environment (IICA, FAO, and ECLAC 2023; Wolff 2020). Defending effective multilateral

disciplines is therefore a fundamental strategic interest, essential to maintaining the stability and sustainability of the region's international integration.

## References

- Anderson, K. (2019). *Agricultural Trade Distortions Since the Uruguay Round*. Washington, DC: World Bank.
- Baldwin, R. (2016). *The Great Convergence: Information Technology and the New Globalization*. Cambridge, MA: Harvard University Press.
- Baldwin, R. (2023). *The Globotics Upheaval and the Future of Trade Governance*. Oxford: Oxford University Press.
- Bown, C. P. (2022). *The WTO Dispute Settlement Crisis: Implications for Global Trade Governance*. Washington, DC: Peterson Institute for International Economics.
- FAO. (2023). *The State of Agricultural Commodity Markets 2023*. Rome: Food and Agriculture Organization of the United Nations.
- FAO, IFAD, UNICEF, WFP, and WHO. (2023). *The State of Food Security and Nutrition in the World 2023*. Rome.
- Hopewell, K. (2021). *Clash of Powers: US-China Rivalry in Global Trade Governance*. Cambridge: Cambridge University Press.
- IICA. (2022). *Perspectives on Agricultural Trade and Food Security in the Americas*. San José: Inter-American Institute for Cooperation on Agriculture.
- IICA. (2023). *Agri-food Systems in Latin America and the Caribbean: Challenges and Opportunities*. San José: Inter-American Institute for Cooperation on Agriculture.
- Matthews, A. (2014). *Agriculture, Trade and the WTO: The Road Ahead*. *ICTSD Issue Paper*.
- OECD. (2023). *Agricultural Policy Monitoring and Evaluation 2023*. Paris: Organisation for Economic Co-operation and Development.
- Orden, D., Blandford, D., and Josling, T. (2011). *WTO Disciplines on Agricultural Support: Seeking a Fair Basis for Trade*. Cambridge: Cambridge University Press.

Tangermann, S. (2015). The Future of Agricultural Trade Rules. *World Economy*, 38(6), 909–927.

Wolfe, R. (2020). Is the WTO Dispute Settlement System in Crisis? *World Trade Review*, 19(4), 635–656.

Wolff, A. W. (2020). *Reforming WTO Dispute Settlement: Why and How*. Washington, DC: Peterson Institute for International Economics.

World Trade Organization (WTO). (1994). *Agreement on Agriculture*. Marrakesh Agreement Establishing the World Trade Organization. Geneva: WTO.

World Trade Organization (WTO). (2013). *Ministerial Decision on Public Stockholding for Food Security Purposes*. WT/MIN(13)/38. Geneva: WTO.

World Trade Organization (WTO). (2020). *Multi-Party Interim Appeal Arbitration Arrangement Pursuant to Article 25 of the DSU*. JOB/DSB/1/Add.12. Geneva: WTO.

World Trade Organization (WTO). (2022). *Ministerial Declaration on Emergency Response to Food Insecurity*. WT/MIN(22)/28. Geneva: WTO.

World Trade Organization (WTO). (2022). *Market Access Negotiations Proposal*. JOB/AG/217. Geneva: WTO.

World Trade Organization (WTO). (2023). *Domestic Support Reform, Proposal by Jamaica*. JOB/AG/259. Geneva: WTO.

World Trade Organization (WTO). (2023). *Food Security, Submission by Jamaica*. JOB/AG/248. Geneva: WTO.

World Trade Organization (WTO). (2023) *Framework for Negotiations on Domestic Support. Proposal by Brasil and Paraguay*. JOB/AG/230. Geneva: WTO

World Trade Organization (WTO). (2023) *Framework for Negotiations on Domestic Support. Proposal by Australia and New Zealand*. JOB/AG/231. Geneva: WTO

World Trade Organization (WTO). (2023). *Domestic Support Reform Proposal by Costa Rica* JOB/AG/243. Geneva: WTO.

World Trade Organization (WTO). (2023). *Market access*. JOB/AG/229. *Proposal by Paraguay y Mercosur*. Geneva: WTO

World Trade Organization (WTO). (2023). *World Trade Report 2023: Re-globalization and Resilient Supply Chains*. Geneva: WTO.

World Trade Organization (WTO). (2023). *Committee on Agriculture Special Session: Negotiating Documents*. Geneva: WTO. World Trade Organization (WTO). (2023).

World Trade Organization (WTO). (2023). *Strengthening the WTO Contribution to Sustainable Agriculture and Food Systems” Proposal by Brazil* WT/GC/W/869 Geneva: WTO.

World Trade Organization (WTO). (2023). *Fostering Sustainable Agriculture, Resilient Food Systems and Inclusive Trade” Proposal by Brazil* WT/GC/W/875 Geneva: WTO.