

Introduction

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Agricultural trade lies at the heart of development, food security, and sustainability. Over the past several decades, global trade in agricultural products has grown both in volume and complexity. Trade has supported structural transformation, expanded food access, and increased incomes across regions. But in recent years, this system has become increasingly strained. Rising geopolitical tensions, recurring global shocks, and a growing disconnect between trade rules and sustainability goals have left the global trading system at a crossroads.

This book is the fourth in a series of concise, policy-focused publications aimed at supporting agricultural trade reform and food systems transformation. The first volume, titled *Transforming Agriculture in Latin America and the Caribbean: Challenges and Opportunities*, examined how shifting climate, social, and economic pressures were reshaping the region's food systems. The second, *Food Systems at a Crossroads*, explored the political economy of food and agriculture in Latin America, identifying core trade-offs and opportunities for policy innovation. The third volume, *The Road to MC12*, provided timely analysis ahead of the 12th World Trade Organization's (WTO) Ministerial to highlight risks of fragmentation and Latin America's potential to contribute to a reinvigorated multilateral system.

This fourth edition expands the conversation to include Africa, a region with growing importance in global agricultural trade debates. Latin America and the Caribbean (LAC) and Africa face distinct realities, but they also share vulnerabilities and strategic interests. Both regions have significant agricultural potential, are highly exposed to trade-related shocks, and are seeking a fairer, more inclusive trade regime. This book aims to deepen understanding of how these regions are navigating a rapidly evolving global landscape and how they can contribute to shaping the future of agricultural trade.

The erosion of predictability in global trade

Recent years have seen a sharp increase in trade disruptions. The COVID-19 pandemic triggered sudden restrictions on the movement of food and agricultural inputs, exposing the fragility of global supply chains. The war in Ukraine generated cascading effects on grain, energy, and fertilizer markets, while also disrupting key Black Sea trade corridors. At the same time, conflict-related insecurity in the Red Sea significantly reduced traffic through the Suez Canal, forcing vessels to reroute around the Cape of Good Hope, increasing transit times and sharply raising freight and insurance premiums. The disruption of vessel transit through the Strait of Hormuz, resulting from escalating geopolitical tensions in the Middle East, has further intensified global energy market volatility. In parallel, drought conditions affecting the Panama Canal reduced ship movements, limiting capacity and adding further delays and costs to global shipping. Climate extremes have also reshaped production zones and increased output variability. More recently, major economies have adopted increasingly unilateral trade strategies, including aggressive tariff regimes, retaliatory measures, and export bans. Together, these developments have raised logistics costs, extended delivery times, and increased uncertainty across agricultural markets.

Against this backdrop of logistical bottlenecks, climate stress, and geopolitical tension, trade policy shocks have further reshaped agricultural markets. The imposition of new tariffs by major economies and subsequent retaliatory measures did not stop trade but instead redirected it. Alternative suppliers stepped in as flows were reallocated across regions. While some exporters temporarily gained market share, these shifts occurred in an environment of heightened volatility and uncertainty. The broader pattern suggests that unilateral measures are restructuring global trade in ways increasingly influenced by political considerations rather than comparative advantage or efficiency. As policies become more selective and less predictable, risks rise for consumers and importers, as well as for producers and exporters, particularly those with limited capacity to diversify markets, adjust logistics, or comply with evolving requirements. The outcome can be higher prices, reduced access, and greater instability in food systems.

These distortions also leave a lasting mark. Modeling results show that once trade is redirected, it rarely returns to its previous structure (Piñeiro et al. 2025). The case of soybeans during the US–China trade tensions illustrate this clearly: as tariffs were imposed, China shifted its sourcing away from the United States, and alternative suppliers quickly consolidated market share. Even after tensions

eased, trade patterns did not fully revert. New suppliers strengthened their position, supply chains were reorganized, and previous commercial ties were weakened. Short-term gains for some exporters masked deeper costs, including distorted investment signals and greater uncertainty across markets. Countries with limited infrastructure, narrow export bases, or weak adjustment capacity bear the highest costs. In this context, diversification, stronger logistics, and predictable policy frameworks are not secondary issues. They are essential conditions for resilience in a more fragmented and uncertain trade environment.

In recent months, discussions in the WTO Committee on Agriculture have gained visibility and political relevance. Members have revisited the interaction between trade policy, food security, export restrictions, and price volatility, reflecting growing concern about how recent shocks have exposed vulnerabilities in global food systems. International organizations have contributed updated assessments on hunger trends, supply disruptions, and market instability, reinforcing the message that open and predictable trade remains essential for moving food from surplus to deficit regions. At the same time, many delegations have cautioned that frequent and poorly coordinated export restrictions exacerbate uncertainty, particularly for net food-importing low- and middle-income countries. Calls for stronger transparency, improved notification practices, and closer cooperation across institutions have featured prominently in these exchanges.

Parallel to these thematic discussions, late 2025 and early 2026 were marked by a renewed effort by Members to reactivate negotiations in the Committee on Agriculture's Special Session. A new wave of submissions sought to move beyond procedural deadlock and reintroduce substance into the agenda. Proposals revisited core pillars such as market access, domestic support disciplines, and safeguard mechanisms, while also outlining phased or sequenced approaches to guide work beyond MC14. At the same time, several contributions emphasized the importance of preserving policy space for food security, strengthening transparency around export measures, and updating technical parameters that underpin existing commitments. Taken together, these initiatives reflect both the persistence of longstanding concerns and a gradual reframing of the debate toward resilience, development priorities, and the need to align agricultural trade rules with evolving food system challenges.

Geopolitics and the erosion of multilateral norms

Trade and geopolitics are increasingly misaligned with global cooperation. Today's trade tensions are not just about tariffs or subsidies; they reflect a broader crisis in governance. As trust in multilateral systems weakens, countries are prioritizing narrow strategic goals over shared global interests.

The rise of export restrictions, carbon border adjustments mechanisms (CBAMs), and preferential green subsidies illustrates a shift away from WTO-centered rulemaking. Instead, rules are being set in bilateral deals, by regional blocs, or through national regulatory agendas. This fragmentation raises compliance burdens and deepens asymmetries, especially for countries with limited negotiating or institutional capacity.

A key concern is that multilateral trade institutions no longer act as effective safeguards against unilateralism. The weakening of the WTO's dispute settlement mechanism has meant that countries have little recourse when rules are broken or bypassed. Moreover, the paralysis in negotiations over key agricultural issues—such as domestic support and market access—erodes confidence in the system. For the Global South, this impasse has real costs: lost opportunities, higher transaction costs, and a sense of exclusion from decision-making spaces.

This erosion of WTO authority is particularly problematic for low- and middle-income countries, which lack the leverage to unilaterally dictate or influence trade norms. Plurilateral and informal mini deals among major economies have left many outside the negotiating room, even when decisions directly impact their exports or food security. While some emerging economies are trying to engage through new platforms and coalitions, there remains a need for more systematic inclusion, better transparency, and targeted technical assistance.

New regionalism has emerged to fill the void. While some regional trade arrangements offer benefits, they also risk creating parallel systems of governance that are not always aligned or coherent. For African countries, the African Continental Free Trade Area (AfCFTA) offers a chance to deepen regional integration and strengthen bargaining power. But it must be accompanied by support for implementation, harmonization of standards, and investment in institutions.

Similarly, LAC faces challenges in leveraging regional initiatives for global influence. Trade negotiations often remain fragmented among subregional blocs, and the region struggles to present unified positions in global forums. In

the case of LAC, the recently signed EU-Mercosur agreement is an important step. Bridging this gap is critical if LAC and Africa hope to shape new rules that reflect their development priorities.

There is also an urgent need to build capacity to engage in global trade diplomacy. Negotiating new standards, especially in areas such as sustainability, digital trade, or agricultural subsidies, requires not only technical expertise but also sustained diplomatic investment. Many countries still lack dedicated agricultural trade units or sufficient coordination between ministries of trade, agriculture, and environment. Strengthening these linkages will be vital if low- and middle-income countries are to participate meaningfully in reshaping trade governance.

The climate–trade disconnect

Climate variability is already disrupting agriculture through droughts, floods, pests, and shifts in growing seasons. But the global trade system has yet to fully internalize climate goals. Instead, new sustainability standards, climate-linked tariffs, and environmental compliance requirements are being developed unevenly.

Export bans in response to food insecurity or climate events limit global availability and heighten volatility. CBAMs were designed to level the playing field, yet they risk becoming new trade barriers unless transparency and inclusiveness are prioritized.

For small exporters and vulnerable countries, the climate–trade nexus is a double bind. On the one hand, trade is vital for adaptation and resilience. On the other hand, emerging rules often exclude or penalize them. Without financial and technical support, these measures may deepen inequality rather than solve environmental problems.

Trade policy should support climate goals without reinforcing structural disadvantages. Instruments such as climate-resilient trade facilitation, green finance, and technology sharing can help align climate and trade agendas. Technical and financial assistance is crucial to allow least-developed countries to meet climate-related compliance demands.

At the same time, reforming harmful agricultural subsidies, many of which contribute to emissions, overproduction, or resource depletion, must be a central part of trade and climate governance. Redirecting these subsidies toward

sustainable practices would level the playing field and support transformation across the food system.

There is also a growing need for improved transparency. Many climate-linked trade measures are introduced without adequate information sharing, stakeholder engagement, or monitoring. This opacity fuels suspicion and diminishes trust. A rules-based approach that values openness, inclusive consultation, and scientific evidence would go far in restoring legitimacy and fairness.

Just as important is the need to integrate justice and equity into climate-linked trade reforms. Many African and LAC countries argue that they bear the brunt of climate impacts without having contributed significantly to global emissions. Any reform of global trade rules in the name of climate must therefore incorporate transition support, differentiated responsibilities, and recognition of historical inequalities. Without greater alignment and support, climate-related trade policies may reinforce structural disparities.

Local innovation amid global instability

Despite global uncertainty, producers and institutions across LAC and Africa are innovating. Technology-enabled traceability systems, climate-smart farming practices, and regional market integration efforts are creating more dynamic food systems.

From digital tools to measure emissions to cooperative approaches that reduce input costs and improve standards of compliance, these bottom-up initiatives are laying the groundwork for a more inclusive trade system. Mobile-based platforms for price transparency, real-time weather forecasting, and mobile money are enabling smallholders to access market information and respond more quickly to shifts in demand and climate conditions.

In both regions, regional organizations and producer networks are piloting new models for financing sustainable production, aggregating smallholders for export readiness, and investing in agri-logistics infrastructure. These innovations are essential not only for competitiveness but also for resilience in the face of mounting global shocks.

However, such innovations require an enabling environment. Fragmented rules and shifting compliance demands create uncertainty that discourages investment. A reformed multilateral framework can serve to scale promising models, harmonize standards, and share risks more equitably. International cooper-

ation is particularly vital for reducing transaction costs that prevent many small and medium enterprises from engaging in trade.

Institutional innovations matter as well. For example, efforts to reduce informality in cross-border trade—through simplified procedures, digital documentation, and policies that reduce participation gaps across different groups of traders—can dramatically improve efficiency and inclusion. Lessons from pilot programs across Africa demonstrate that targeted interventions in border infrastructure and trader registration can deliver quick and scalable gains.

The integration of digital tools into customs and certification systems is also a growing trend, offering the potential to streamline compliance while improving traceability. Yet many countries lack the infrastructure or financing to implement such systems at scale. Technical assistance from development partners and alignment of international platforms with local needs will be critical.

A Moment of Opportunity: MC14 and Beyond

MC14 in Cameroon offers a timely opportunity: its location in Africa highlights the continent's growing relevance in global food systems while also underscoring the need to translate symbolism into concrete progress. At a moment when geopolitical tensions, climate pressures, and trade fragmentation are reshaping agricultural markets, the Ministerial provides space not only for negotiation but also for reflection and repositioning by low- and middle-income regions.

This book is designed to contribute to that moment. It brings together authors from LAC and Africa to examine how agricultural trade is evolving under rising uncertainty and how a more inclusive, sustainable, and responsive system could be constructed. The volume combines analytical work, empirical evidence, and policy perspectives to assess both the structural shifts taking place in global trade and the specific implications for low- and middle-income regions.

Several chapters examine the broader transformation of the global trading environment. They explore the weakening of multilateral disciplines, the growing role of selective tariffs and retaliatory measures, the rise of mini-deals and regional agreements, and the increasing importance of private standards and climate-linked measures. A global modeling exercise assesses how the current trade environment—characterized by higher tariffs, greater policy uncertainty, and fragmented governance—differs from a more predictable pre-2025 reference

world, quantifying trade diversion, structural adjustments, and welfare impacts across regions, with particular attention to LAC and Africa.

Other contributions focus on regional realities. For LAC, the analysis considers the structure of agricultural trade, recent shocks, competitiveness gaps, and the implications of shifting from traditional protectionism to a more complex combination of tariffs and distortions. For Africa, the discussion examines agricultural trade performance, food import dependence, structural barriers, logistics and trade facilitation challenges, and the continent's position in WTO agricultural negotiations. The opportunities and limitations associated with the implementation of the AfCFTA are also addressed, including its potential impact on intra-African trade, regional value chains, and food security.

Cross-cutting themes run throughout the volume. These include digitalization and its role in strengthening value chains and trade transparency; climate-smart and green trade pathways; the interaction between sustainability objectives and WTO disciplines; and the institutional and legal readiness required to manage reform. The book also examines the importance of coordination—both within regions and across them—to enhance negotiating leverage and ensure that regional integration efforts complement rather than fragment the multilateral system.

Each contribution is concise and accessible, grounded in practical experience and empirical evidence. The objective is not to present a single unified position, but to create space for informed dialogue across regions. LAC and Africa will be more influential if they collaborate—sharing data, aligning priorities, and advocating reforms that reflect their development and food security objectives.

MC14 should therefore be seen as more than a procedural checkpoint; rather, it represented an opportunity to articulate a joint Global South agenda. Transparency in climate-related trade measures, greater flexibility in subsidy reform, support for digital infrastructure, improved trade facilitation, and coherent sustainability certification frameworks all require stronger regional voices. Beyond MC14, sustained partnerships for knowledge sharing and coordinated negotiation strategies can help shape a more balanced and resilient agricultural trade system.

Looking Forward

In the lead-up to MC14—and looking beyond it—it became clear that agricultural trade is operating under two powerful disruptors: geopolitics and weather variability. Geopolitical tensions have reshaped trade routes, increased tariffs, and weakened confidence in multilateral disciplines. At the same time, climate-related events are affecting not only production but also transport corridors and logistics systems, adding new layers of uncertainty to global food markets. Together, these forces have made agricultural trade more volatile, more fragmented, and more costly to navigate. Yet they have also clarified how trade remains central to food security and economic stability.

Addressing the challenges posed by these disruptors requires more than technical adjustments. It calls for renewed commitment to cooperation, stronger institutions, and clearer strategic direction. Countries need to re-engage constructively in the WTO, invest in analytical and negotiating capacity, and create space for leadership from the Global South. Trade disciplines should not be treated solely as tools for expanding market access, but as instruments to strengthen resilience, support development, and ensure accountability. In the current context, coherence between trade, climate, and development policies is not optional; it is essential.

This book seeks to contribute to that effort. It invites a move beyond inertia toward a more deliberate and coordinated approach to agricultural trade reform. A future in which trade advances sustainability in its economic, environmental, and social dimensions is possible. But it will not emerge automatically. It requires open dialogue, sound evidence, and collective action.

References

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