

India may oppose US call to dismantle WTO's MFN rule

New Delhi says Washington demand may multilateralise reciprocal tariffs it has imposed

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India is likely to oppose a US proposal at the World Trade Organisation (WTO) to dismantle the most-favoured-nation (MFN) obligation of member countries that ensures uniform and non-discriminatory tariff regime, with Washington arguing that the multilateral principle has failed to reflect the economic and strategic realities.

"The MFN principle is not just unsuitable for this era; it prevents countries from optimising their trade relationships in ways that would benefit each party in that relationship. Put differently, MFN impedes welfare-enhancing liberalisation. It pushes members to engage in one venue—the WTO—and attempt to develop a one-size-fits-all approach," the US said in a recent communication to the WTO.

Though India has not formally replied to the US proposal yet at the WTO, an Indian government official said New Delhi will oppose any such move. "This goes against the core principles of the WTO. What the US is effectively seeking is to multilateralise the reciprocal tariffs it has imposed on most countries," the official said, requesting anonymity.

WTO reforms is likely to be the most critical issue that will be taken up for discussion at the 14th ministerial meeting (MC14) of the multilateral trade body in Yaoundé, Cameroon scheduled for March 26-29, 2026.

In a statement delivered during the General Council meeting held on October 6-7, India said there should be threshold understanding, not to try to negotiate, the foundational principles of Marrakesh Agreement. "Preserving these fundamentals—consensus-based decision making, the member-driven character of the organisation, and the principle of special and differential treatment—is essential," it added.

The commerce department has also established a Group of Experts on WTO Reform in October, comprising former ambassadors and trade experts, which held its first meeting on November 7 under the chairmanship of the commerce secretary. The discussion emphasised the need for India to sharpen its reform narrative, identify red lines, and shape a coherent strategy.

The US in its submission said given that the distinction between developed and developing status is now blurred, it is time to recognise the necessity of allowing all members to enter into mutually beneficial agreements that may not extend to every member.

The US argued that the MFN principle, meant to prevent discrimination and ensure equal treatment among trading partners, was designed for an era of deep-



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The tussle

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- US has reiterated opposition to special and differential treatment for developing countries like India and China

ening convergence when countries were expected to adopt open, market-oriented trade policies, as reflected in the WTO's founding preamble. That expectation, it said, was naïve and has since passed. According to Washington, the current phase is one of deepening divergence, driven by some countries' refusal to pursue fair, market-oriented competition, others maintaining economic systems incompatible with WTO principles, and many pursuing chronic trade surpluses with adverse economic and political consequences for deficit countries. "To face these challenges, trading nations must be able to treat different trading partners differently," it said.

Washington has also reiterated its opposition to special and differential treatment (SDT) for developing countries such as India and China. "SDT eligibility must be reformed for the WTO to remain credible. Substantively and politically, it is

unacceptable for significant players in the trading system to benefit from preferential treatment. It is also untenable for WTO rules to apply to some members, and not others, in perpetuity. Such a structure even suggests that a developing country is better off not complying with WTO commitments," it added.

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