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EVENT REPORT

MC14 OUTCOMES AND THE FUTURE OF THE MULTILATERAL TRADING SYSTEM

29 APRIL 2026



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CUTS is a leading think-tank working on economic and public policy issues. From its modest beginnings in 1983, CUTS has grown significantly as a local and global research and advocacy group in addressing the challenges to enhance consumer welfare. From a small voluntary consumer non-governmental organisation (NGO) working locally in Rajasthan, a state in North West India, to make consumers aware of their rights and seek resolution of their grievances, CUTS has over time progressed to policy research and network-based advocacy on various public policy issues at state, national, regional and international levels.

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Panel Discussion

MCI4 OUTCOMES AND THE FUTURE OF THE MULTILATERAL TRADING SYSTEM

29 April 2026 | India International Centre, New Delhi



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01 OVERVIEW

The roundtable on “MC14 Outcomes and the Future of the Multilateral Trading System” convened a distinguished group of policymakers, trade experts, former negotiators, and academics to discuss the implications of the 14th WTO Ministerial Conference and the broader trajectory of the global trading system. The discussion occurred at a critical juncture characterised by heightened geopolitical tensions, increasing economic fragmentation, and growing scepticism regarding the effectiveness of multilateral institutions.

The event aimed not only to evaluate the outcomes of MC14 but also to situate them within longer-term structural shifts in global trade governance. Participants examined whether the limited progress at MC14 reflects a temporary impasse or signals a deeper transformation in the nature of multilateral cooperation. In doing so, the discussion transcended a narrow assessment of negotiations to engage with systemic issues such as institutional design, geopolitical rivalries, regulatory divergence, and macroeconomic imbalances.

The roundtable was anchored by a keynote address from Pascal Lamy, whose reflections provided a conceptual framework for understanding current challenges. This was complemented by a high-level panel discussion chaired by Shashi Tharoor, featuring interventions from experienced practitioners, including Shishir Priyadarshi and Montek S. Ahluwalia. The structure of the event allowed for both expert analysis and interactive engagement, enabling a comprehensive exploration of the subject.

02 OPENING SESSION

The opening session, led by Pradeep S. Mehta, established the foundation for the subsequent discussion by offering a balanced assessment of MC14. While acknowledging that the conference avoided a complete collapse, he emphasized that the absence of decisive outcomes raises significant questions regarding the WTO's ability to achieve meaningful progress in a rapidly changing global context.

Mehta underscored the historical importance of the WTO as a cornerstone of the multilateral trading system. He highlighted its role in promoting economic growth, alleviating poverty, and providing a stable and predictable framework for international trade. Particular emphasis was placed on the organisation's contribution to developing countries, both as a platform for participation in rulemaking and as a mechanism for safeguarding their interests.

Simultaneously, he drew attention to the increasing challenges facing the WTO. Chief among these is the growing difficulty of achieving consensus among a diverse and expanding membership. This has led to the emergence of alternative approaches, notably variable geometry, in which subsets of countries advance negotiations in specific areas without full participation by all members. While this approach offers a pragmatic way forward in the face of deadlock, it also raises concerns about fragmentation and the erosion of multilateral principles.

The opening remarks also introduced broader themes that would recur throughout the discussion, including the tension between inclusivity and efficiency, the need for institutional adaptation, and the importance of maintaining the WTO's relevance in a changing global environment. The session concluded by emphasising that the purpose of the roundtable was not merely to critique MC14, but to identify pathways for strengthening the multilateral trading system.

03 KEYNOTE ADDRESS



In his keynote address, Pascal Lamy delivered a comprehensive and forward-looking analysis of the global trading system. His remarks were structured around four key observations, emphasising the underlying structural dynamics rather than specific negotiating outcomes.

3.1 Pessimism versus Reality

Lamy commenced by emphasising the disparity between the dominant narrative of crisis surrounding the World Trade Organisation (WTO) and the actual performance of global trade. While public discourse frequently depicts the multilateral trading system as weakened or ineffective, empirical data indicate that international trade continues to exhibit resilience. He noted that in 2025, global trade volumes expanded at a rate surpassing that of global GDP, signifying sustained dynamism despite various disruptions, including shifts in the United States trade policy and broader geopolitical tensions.

This observation challenges the assumption that the WTO's difficulties necessarily result in a decline in global trade activity. Instead, Lamy contended that the system continues to operate, albeit within a more complex and less predictable environment. He also addressed the impact of unilateral trade measures, observing that while such actions generate uncertainty, they do not fundamentally destabilise the system as a whole. The global trading system remains sufficiently diversified and resilient to absorb such shocks. Looking forward, Lamy suggested that any deceleration in trade growth in 2026 is more likely to be driven by geopolitical factors, such as ongoing conflicts, rather than trade policy itself. This reinforces the notion that many of the challenges confronting the trading system originate outside the traditional domain of trade governance.

3.2 The United States and China

In his second observation, Lamy identified the United States and China as the primary structural challenges confronting the global trading system. He characterised the issue as one of macroeconomic imbalance rather than trade policy per se. The United States, he noted, maintains a significant trade deficit, reflecting its role as a major consumer economy. However, this deficit is sustainable due to the global dominance of the dollar and the attractiveness of the US market, and thus does not pose a systemic threat to the global economy.

In contrast, China's trade surplus was described as both unsustainable and potentially destabilising. Driven by a combination of high production capacity and relatively low domestic consumption, this surplus has significant implications for global industrial competitiveness. Lamy argued that China's economic model, if unchanged, could exert downward pressure on manufacturing sectors in other countries, leading to economic and social consequences. Importantly, he emphasised that the solution to this imbalance lies outside the WTO, requiring domestic policy changes within China, particularly measures to stimulate consumption.

This underscores the limitations of trade policy as a tool for addressing broader macroeconomic issues. Lamy also noted that the focus of the WTO must shift from integrating China into the system to adapting the system itself to accommodate China's economic realities. This represents a significant conceptual shift in how the organisation approaches major global players.

3.3 From Protectionism to Precautionism

Lamy's third observation introduced the concept of precautionism as a defining characteristic of contemporary trade policy. He contended that while traditional protectionism has diminished over time, it is being supplanted by a novel form of trade barrier rooted in regulatory measures. Precautionism, as defined by Lamy, entails the use of regulations to safeguard populations from risks to health, the environment, and safety. This reflects broader societal transformations, including ageing populations and heightened awareness of environmental and health concerns. Although such regulations are legitimate in their objectives, their divergent approaches across countries pose significant challenges for international trade.

Exporters must navigate a complex landscape of varying standards, which increases costs and diminishes competitiveness. This is particularly burdensome for producers in developing countries. Lamy emphasised that these non-tariff barriers are often more impactful than traditional tariffs, yet they largely fall outside the WTO's regulatory purview. The organisation lacks both the mandate and the technical capacity to harmonise such standards, limiting its ability to address this growing challenge. Another important aspect of precautionism is its incompatibility with the principle of special and differential treatment. Unlike tariffs, regulatory standards cannot easily be adjusted based on levels of development, creating a more rigid and less equitable framework.

3.4 WTO Reform and Governance

In his concluding remarks, Lamy emphasised the imperative and inevitability of reforming the World Trade Organisation (WTO). He delineated two principal dimensions of reform: the rulebook and governance structures. While he acknowledged the need to update WTO rules, he placed greater emphasis on governance reform. The consensus-based decision-making process, once a strength of the organisation, is increasingly perceived as a constraint within a fragmented geopolitical environment.

Lamy advocated for more flexible approaches, including plurilateral agreements and variable geometry. He also underscored the underutilised role of the WTO Secretariat, describing it as constrained by procedural limitations that hinder its full contribution to problem-solving and agenda-setting. Enhancing the role of the Secretariat, in his view, would bolster the institution's capacity to address emerging challenges. Overall, Lamy's observations highlighted the need to reconsider both the scope and functioning of the WTO to ensure its continued relevance.

04 PANEL DISCUSSION



4.1 Chair's Remarks: Shashi Tharoor

Shashi Tharoor initiated the panel discussion by contextualising the World Trade Organisation (WTO) within the broader framework of global transformation. He characterised the current period as one of “quiet but consequential churn,” marked by increasing fragmentation, rising economic nationalism, and diminishing trust among nations. Tharoor emphasised that the challenges confronting the WTO are not merely procedural but structural.

The difficulty in achieving consensus reflects deeper divergences in national interests and priorities. Concurrently, emerging issues such as digital trade and climate-related measures are introducing new layers of complexity to the multilateral agenda. He contended that the 14th Ministerial Conference (MC14) should not be dismissed outright as a failure; rather, it should be perceived as a reflection of the

evolving nature of multilateralism. The shift towards more flexible arrangements, including plurilateral agreements, may signify adaptation rather than decline. Tharoor concluded by underscoring that the future of the WTO will depend on the collective political will of its members to reform and revitalise the institution.

4.2 Key Interventions

Shishir Priyadarshi, President, Chintan Research Foundation



Shishir Priyadarshi conducted a comprehensive evaluation of the current state of the World Trade Organisation (WTO), integrating institutional insights with practical experience. He asserted that the WTO remains essential, particularly for developing nations, while acknowledging a significant decline in its credibility. A primary concern identified was the paralysis of the dispute settlement mechanism, which has compromised the enforceability of WTO rules.

In the absence of a functional system, compliance risks become voluntary, thereby undermining the organisation's rules-based framework. Priyadarshi also examined the increasing significance of plurilateral agreements. While acknowledging their utility in sustaining momentum, he cautioned against the potential for fragmentation and the emergence of multiple rule systems. He advocated for a renewed emphasis on core principles such as transparency, predictability, and fairness as a foundation for reform. Furthermore, he stressed the importance of balancing reform with inclusivity, ensuring that the interests of developing countries remain central to the WTO's agenda.

Montek S. Ahluwalia, former Deputy Chairman, Planning Commission

Montek S. Ahluwalia provided an analysis centred on economic policy and the roles of institutions. He contended that certain issues, notably trade imbalances, fall outside the purview of the World Trade Organisation (WTO) and should be addressed by institutions such as the International Monetary Fund (IMF). Furthermore, he emphasised the need to align trade policy with domestic economic strategies.

Through comparative examples, he demonstrated that countries must effectively leverage their policy space to maintain competitiveness in global markets. Ahluwalia also posed broader questions about the sufficiency of current WTO regulations to address contemporary challenges, suggesting that more fundamental reforms may be necessary.

05 KEY THEMES FROM DISCUSSION AND Q&A

The discussion session significantly enhanced the depth and breadth of the analysis by incorporating a wide range of participants' viewpoints. This diversity of perspectives allowed for a more comprehensive understanding of the topic, as each participant contributed unique insights, experiences, and expertise. By engaging in collaborative dialogue, the group identified nuances and complexities that might have been overlooked in a more isolated examination.

Moreover, the interactive nature of the session fostered critical thinking and encouraged participants to challenge assumptions and refine their arguments. This dynamic exchange not only enriched the content but also fostered a more balanced, well-rounded interpretation of the subject matter. Consequently, the analysis benefited from both the collective knowledge and the constructive feedback generated during the discussion, leading to more robust and credible conclusions.

5.1 Shift in Trade Paradigm

The transition from a global integration model to one emphasising economic security marks a fundamental shift in international economic relations, driven by changing geopolitical dynamics. Whereas global integration prioritised the seamless flow of goods, services, capital, and labour across borders to maximise efficiency and growth, the emerging focus on economic security underscores the need to protect national interests, critical industries, and supply chains from external vulnerabilities. This shift reflects concerns over geopolitical tensions, strategic competition, and the risks posed by overdependence on foreign sources for essential goods, such as technology components, energy, and medical supplies.

This evolving paradigm has significant implications for trade policy and multilateral cooperation. Countries are increasingly adopting measures to diversify supply chains, implement stricter investment screenings, and promote domestic capabilities to safeguard economic resilience. Consequently, the spirit of open, rules-based trade is being recalibrated to balance openness with strategic autonomy. Multilateral institutions and trade agreements face challenges in balancing these priorities, as economic security considerations may lead to more selective cooperation, protectionist tendencies, and a redefinition of global economic governance. This transformation demands nuanced policy approaches that reconcile the benefits of integration with the imperatives of security and stability.

5.2 Plurilateralism and Variable Geometry

Participants widely acknowledged the growing importance of plurilateral approaches as a pragmatic response to the persistent challenges of achieving full consensus within the World Trade Organisation (WTO). These approaches enable subsets of willing and like-minded countries to advance negotiations

and implement agreements in specific areas without requiring the participation or approval of the entire WTO membership. By enabling more flexible, targeted cooperation, plurilateralism helps maintain momentum on critical issues where unanimity is difficult to attain due to divergent national interests or priorities.

Despite their practical benefits, concerns remain about the broader implications of plurilateralism for the coherence and inclusivity of the multilateral trading system. Plurilateral agreements risk creating a fragmented landscape of overlapping or competing rules and standards, undermining the WTO's foundational principle of a single, unified rulebook applicable to all members. Such fragmentation introduces complexities that may disadvantage certain countries, particularly developing economies with limited negotiating capacity, by increasing regulatory burdens and reducing predictability in international trade.

Moreover, plurilateralism may exacerbate existing inequalities within the global trading system by privileging more powerful or better-resourced countries that can shape agreements to their advantage, while marginalising others who are excluded or choose not to participate. This dynamic raises critical questions about the legitimacy, fairness, and equitable distribution of benefits in global trade governance. Balancing the flexibility offered by plurilateral approaches with the need to preserve the unity and accessibility of the multilateral system remains a vital challenge for the WTO's future evolution.

5.3 Dispute Settlement Crisis

The ongoing crisis in the WTO dispute settlement system represents a critical challenge that threatens the organisation's foundational role in maintaining a rules-based global trading order. The paralysis of the dispute settlement mechanism has effectively removed the enforceability of WTO rulings, leaving member states without a reliable means to resolve trade conflicts through established legal channels. This situation undermines the credibility and authority of the WTO, as parties may increasingly resort to unilateral measures rather than adhering to agreed rules and procedures. The absence of an effective enforcement system weakens the predictability and stability that the WTO is meant to provide, thereby eroding trust among members and destabilising the multilateral trading framework.

Furthermore, the crisis raises profound questions about the future viability of rules-based trade governance. Without a functioning dispute resolution process, the WTO risks becoming less relevant in addressing trade disputes and upholding international trade norms. This erosion could encourage the proliferation of bilateral or plurilateral agreements outside the WTO framework, potentially fragmenting the global trading system and diminishing the organisation's central coordinating role. Restoring the dispute settlement mechanism is therefore essential not only for preserving the WTO's institutional integrity but also for sustaining a fair, transparent, and predictable environment that supports global economic cooperation and development.

5.4 India's Position

India's approach to WTO negotiations is characterised by a cautious stance on plurilateral initiatives, reflecting its prioritisation of development concerns and the protection of its national interests.

This careful posture is rooted in India's commitment to ensuring that trade rules accommodate the specific challenges faced by developing countries, including poverty alleviation, capacity building, and equitable participation in global trade. By emphasising inclusivity and fairness, India seeks to safeguard its policy space and prevent any erosion of the special and differential treatment provisions that have historically supported its development objectives within the multilateral trading system.

However, this cautious approach also raises strategic questions in a rapidly evolving global trade environment marked by increased fragmentation and the rise of plurilateral agreements. As subsets of countries move forward with flexible, issue-specific coalitions, India's reluctance to engage fully in such initiatives may risk marginalising its influence in shaping emerging trade norms and standards. Balancing its development priorities with the need to remain an active participant in evolving trade architectures poses a significant challenge for India, requiring a strategic recalibration to navigate both the opportunities and risks presented by the changing dynamics of global trade governance.

5.5 Regulatory Divergence

The increasing prominence of regulatory differences as barriers to trade has emerged as a significant challenge in global trade governance. Unlike traditional tariff barriers, these regulatory divergences often stem from differences in national standards for health, safety, environmental protection, and consumer rights. Such differences complicate market access by imposing additional compliance costs and procedural hurdles for exporters, particularly affecting developing countries with limited technical capacity. Although these regulatory issues lie largely outside the WTO's conventional scope, their growing impact on trade flows necessitates greater attention and coordinated responses to mitigate fragmentation and enhance predictability in international commerce.

Addressing regulatory divergence requires innovative approaches that extend beyond the WTO's traditional mandate, involving enhanced dialogue and cooperation among members to harmonise standards or develop mutual recognition arrangements. The complexity of these challenges is compounded by the fact that regulatory measures are often driven by legitimate public policy objectives, making negotiations sensitive and multifaceted. As global trade increasingly intersects with issues such as environmental sustainability, digital governance, and public health, the multilateral trading system must explore flexible mechanisms to manage regulatory barriers while respecting national sovereignty. This evolving dynamic underscores the need for institutional adaptation to maintain the WTO's relevance and support inclusive, rules-based trade.

06 CONCLUSION

The roundtable concluded with a broad consensus that the World Trade Organisation (WTO) is currently navigating a phase of profound transformation. This period is marked by significant challenges, including geopolitical tensions, institutional paralysis, and evolving trade paradigms. Despite these obstacles, the WTO continues to hold a central and indispensable role in the architecture of the global trading system, serving as a foundational platform for cooperation, rulemaking, and dispute resolution among its diverse membership.

Participants emphasised that the present moment should not be viewed solely through the lens of crisis. Instead, it represents a critical opportunity for comprehensive reform and institutional renewal. The WTO's future relevance hinges on its capacity to adapt effectively to changing global economic realities, including shifts in trade dynamics, regulatory complexities, and the rise of plurilateral initiatives. Preserving the organisation's core principles—such as inclusivity, transparency, and a rules-based framework—while embracing necessary flexibility is essential for sustaining its legitimacy and effectiveness.

In this context, the importance of sustained and inclusive dialogue was underscored as a key mechanism for shaping the trajectory of global trade governance. Forums like this roundtable provide vital spaces for exchanging diverse perspectives, fostering mutual understanding, and building consensus on reform priorities. Such engagement is crucial for reconciling competing interests and navigating the tensions between multilateralism and emerging alternative approaches to trade cooperation.

Ultimately, the roundtable highlighted that the WTO's evolution will depend on collective political will and pragmatic leadership from its members. By leveraging opportunities for adaptation and renewal, the organisation can reinforce its position as a cornerstone of international economic cooperation, capable of addressing contemporary challenges while promoting equitable and sustainable growth worldwide.



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