

Policy Note

MFN in the context of WTO reform discussions

27 January 2026

On 21 January 2026, the European Union circulated its formal submission on WTO reform to the WTO General Council ([WT/GC/W/986](#)). On the same day, Commission Vice-President Maroš Šefčovič gave a press interview reflecting the substance of that submission.¹ The interview does not introduce a separate initiative; it reflects issues already set out in the EU's official reform paper. While political statements serve multiple messaging purposes, progress will depend on keeping attention firmly on the concrete negotiating issues.

ICC perspective on the EU proposal

The EU proposal for the first time ever includes a draft ministerial decision for adoption at MC14 and a detailed post-MC14 work programme, setting out the scope of reform, the organisation of work across defined tracks, and indicative timelines extending beyond MC14.

ICC welcomes this effort to move WTO reform from general discussion to an agreed process and sequencing, anchored in a concrete ministerial outcome. While the proposal does not reflect all ICC priorities — including the need for an institutionalised role for business — it represents an important step towards consolidating the WTO reform agenda, consistent with ICC's [MC14 Call to Action](#). The centrepiece of that proposal is the annexed draft ministerial decision, which would kick off the reform process that global business has been calling for since MC13.

On MFN, importantly, the EU is not proposing to abandon the principle. Rather, it is calling for clarification of how MFN will apply in the context of WTO reform discussions, particularly as Members explore new “variable geometry” approaches.² As discussed below, ICC recognises

¹ [EU seeks to reform WTO ‘most favoured nation’ trade rules](#)

² This concept is discussed in ICC's [MC14 Call to Action](#) (p. 9):

Given increasing diversity among Members, both in terms of levels of development as well as trade policy directions, reform of the system requires creative solutions. Therefore, serious consideration should be given to more “variable geometry” that could accommodate diversity while preserving systemic integrity. The concept would entail more customised sets of rights and obligations among members rather than a one-size-fits-all approach to the application of rules. The concept is not entirely new to the WTO system, but it so far has been

the need for such clarification and will be actively engaged on this issue as discussions move forward.

Why clarifying the application of MFN matters

MFN and non-discrimination are core pillars of the multilateral trading system, providing the foundation for predictability, fairness, and equal treatment in global trade. They give businesses of all sizes worldwide the confidence to operate across markets on the basis of common, enforceable rules, significantly reducing regulatory diversity across jurisdictions.³

Historically, MFN has operated in the WTO within the framework of the single undertaking, where a common set of rules and a shared balance of rights and obligations applied to all Members. This context has been central to MFN's credibility and effectiveness.

Today, however, adherence by Members to MFN has become increasingly selective, with violations rising markedly, particularly over the past year replacing rules-based trade with power-based trade.

At the same time, WTO reform discussions are increasingly focused on how to accommodate greater diversity among Members, including through more flexible approaches such as "variable geometry," where commitments may no longer be uniform across all Members.

In this evolving context, clarifying how MFN would apply is not about questioning the principle itself. Rather, it is about preserving its credibility, coherence, and value for business in a changed trade landscape as the WTO evolves.

Absent such clarification, MFN would continue to apply on the basis of the current single-undertaking model. This risks constraining the flexibility needed for WTO reform, accelerating fragmentation, rather than reinforcing a coherent and rules-based multilateral trading system.

limited to the levels of commitment in Members' individual schedules under the GATT and the GATS, plurilateral agreements (Annex 4 to the WTO Agreement), and the ability to launch plurilateral negotiations."

³ [Why the most-favoured nation principle matters for business - ICC - International Chamber of Commerce](#)

What outcome ICC wants to see

As set out in its [Call to Action](#)⁴, ICC supports a reform outcome that:

- reaffirms MFN as a foundational WTO principle;
- clarifies how MFN operates alongside plurilaterals, reciprocity, and differing levels of openness and “variable geometry”, without creating new uncertainty;
- strengthens predictability and reduces incentives for unilateral or ad-hoc departures from WTO disciplines.

What matters most for business at this point in time

In the critical lead-up to the WTO’s 14th Ministerial Conference (MC14), the priority is securing agreement among Members on the process and sequencing of WTO reform (cf. Annex to the [Call to Action](#)).

These issues must be addressed through a structured, time-bound WTO reform negotiation, not through unilateral reinterpretation or piecemeal approaches. **MC14 must serve as the kick-off for this reform process**, within which questions related to MFN, reciprocity, and systemic balance can then be examined. This is urgently needed to restore predictability for businesses, at a time when stable and reliable trade rules are more important than ever.

Bottom line

- MFN must remain a cornerstone of the WTO.
- Clarifying its application is necessary to preserve predictability and business confidence.
- The immediate focus should be on launching structured, time-bound WTO reform discussions at MC14.
- Discussions on MFN will then be taken forward as part of that reform process following MC14.

⁴ [MC14 Call to Action – ICC – International Chamber of Commerce](#)