

A plan to revitalise the World Trade Organization

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Executive summary

THE WORLD TRADE ORGANIZATION (WTO) is experiencing a serious crisis arising from tensions that are internal to the global trading system and other tensions rooted in domestic political constraints in the United States and China and the geopolitical rivalry between them.

IN THIS CONTEXT, four critical areas for WTO reform can be identified: joint action to support sustainable development, improving disciplines on subsidies, facilitating the integration of plurilateral agreements into the WTO framework and, as a culmination of the reform process, reforming dispute settlement. WTO reform will require willingness on the part of the European Union to lead in establishing a coalition of middle powers based on its network of free trade agreements. Because of uncertainty about the extent to which the US and China are prepared to engage, the EU and its partners should also be ready to take plurilateral initiatives outside the WTO, provided these contribute to the reinforcement of the rules-based trading system.

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1 Introduction

The failure of the March 2026 World Trade Organization Ministerial Conference (MC14) in Yaoundé, Cameroon, with no agreement on reform and no final declaration, was an illustration of the deep crisis affecting multilateral institutions¹. The most significant factor behind the failure was the difficulty in striking political compromises at a time of geopolitical fragmentation and increasing trade tensions.

This raises questions about the role of the WTO in the future global trade regime. Is the rules-based trading system based on the principle of non-discrimination ending? Or is there scope to build on the system by agreeing targeted reforms that will continue to enable rules-based cooperation?²

In this context, three main attitudes to the future of the global trading system can be identified:

The United States no longer wants a hegemonic role in support of the rules-based trading system

- The United States no longer wants a hegemonic role in support of the rules-based trading system, of which it was the main architect. The administration of President Donald Trump has decided to maximise bilateral leverage to seek to correct perceived trade imbalances and to develop a managed trade approach, particularly but not exclusively in relation to China. The aim is balancing trade flows rather than adhering to common rules³. In that worldview, the WTO is no longer relevant to the US and can at most play a modest role in support of broader US objectives⁴. While it is unlikely that a future US administration will continue Trump's focus on tariffs and bilateral balances, influential Democrats share a deep scepticism about the WTO and may not be inclined to revive it (Froman, 2025; Harrell, 2026).
- China's government sees value in maintaining the *status quo* (non-discrimination rules and binding dispute settlement) and supports modest reform, including through participation in open plurilateral agreements that are consistent with China's overall trade strategy. But because of its mercantilist approach to trade and industrial policies, China is unable to play a leadership role in WTO reform⁵. In any event, China considers it is well-equipped to defend its interests through a managed trade approach.
- The European Union and small and middle open economies have an interest in maintaining a rules-based trading order. This does not mean they are satisfied with the

1 Ignacio Garcia Bercero, 'EU policy on the World Trade Organization in the wake of the March Ministerial', *First Glance*, 2 April 2026, Bruegel, <https://www.bruegel.org/first-glance/eu-policy-world-trade-organization-wake-march-ministerial>.

2 On future scenarios for global trade, see Garcia Bercero (2025a).

3 This is best articulated by Lighthizer (2026) and by US Trade Representative Jamieson Grier, 'Another Fish Story From the WTO', *Wall Street Journal*, 7 April 2026, <https://www.wsj.com/opinion/another-fish-story-from-the-wto-97f53246>.

4 Despite this scepticism, the US has been ready to engage in WTO reform discussions and has put forward proposals. See Communication from the United States of 23 March 2026, 'Further perspectives on WTO reform', WT/GC/W/998, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/GC/W998.pdf>.

5 The Chinese contribution on WTO reform is carefully calibrated, expressing support for reform discussions and reaffirming the MFN principle but avoiding taking a clear stance on level playing field issues. See 'China's position paper on WTO reform under the current circumstances', WT/GC/W/89, 18 February 2026, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/GC/W989.pdf&Open=True>.

status quo. Deep-seated concerns persist the absence of a level playing field in trade relations with China, about US protectionism and about coercive US and Chinese policies. Despite the potential for the EU and other economies to align, different interests and levels of development have so far prevented the emergence of a cohesive pro-reform coalition. The EU could have the capacity to lead a coalition of middle powers, but has not been politically willing to do so. The argument could be made that the EU is punching below its weight in WTO reform discussions.

In this context, this policy brief argues that the EU has an interest in developing a trade strategy to strengthen its network of free trade agreements (FTAs) while establishing a middle-power coalition to support WTO reform (Garcia Bercero, 2025b). An exclusive focus on FTAs would be shortsighted because in themselves, these are not an answer to the tensions affecting the global trading system, in particular those linked to competitive distortions and coercive threats. A potential coalition of middle powers could influence both the US and China to participate more in discussions on a restructured but still rules-based global trading system. Even without US/Chinese engagement, the coalition could develop plurilateral rules that complement WTO disciplines. The coalition could also coordinate the response to possible disruptive actions coming from the US or China.

The formation of a middle-power coalition would, however, only be possible if the EU leads and develops trust. This implies sensitivity to the interests and concerns of other coalition members. The EU should engage on politically sensitive issues including agricultural reform and the trade impact of EU climate and industrial policies.

The next section analyses the main sources of tension affecting the global trading system. The paper then discusses the continued relevance of the most-favoured nation (MFN) principle, sets out a strategy for EU engagement with the main players in potential WTO reform and proposes how debate on WTO reform can be stimulated post-MC14.

2 The main tensions affecting the global trading system

The current crisis of the WTO is rooted in five sources of tension, mentioned here in chronological order⁶.

2.1 The development divide

Since its creation, there has been friction within the WTO from an economic development perspective. This has reflected the concerns of developing countries about their limited capacity to implement some WTO obligations, and their demands for greater 'policy space' in support of industrialisation. A response to capacity constraints

⁶ For a longer analysis of the crisis of the rules-based trading system, see Garcia Bercero (2020).

was eventually provided through the Aid for Trade initiative⁷ and special and differential treatment (SDT)⁸ provisions in new agreements, notably the Trade Facilitation and Investment Facilitation Agreement, which link SDT treatment to capacity constraints. But a response to policy-space concerns has been hampered by different views on the effectiveness of industrial policies and a lack of criteria to identify which developing countries could benefit from greater leeway in the implementation of WTO rules (see for example Bacchus and Manak, 2021).

With the benefit of hindsight, the Doha Development Agenda generated unrealistic expectations

2.2 The failure of the Doha Development Agenda (DDA)

With the benefit of hindsight, the DDA, which was launched in 2001 and was a broad attempt to reduce trade barriers globally for the benefit of poorer countries, generated unrealistic expectations. A less ambitious and sequential approach might have been more productive (Blustein, 2009). The DDA failed in 2008, further aggravating the development divide (section 2.1) and leaving many developing countries frustrated by the lack of response to their policy-space demands. It also gave rise to two additional problems that have proved intractable: a stalemate on agriculture reform and a lack of coherence between market-access commitments – or pledges by countries to reduce tariffs and other obstacles to imports – and commercial realities.

Current market-access commitments essentially remain stuck as they were in 1995, or in China's case 2001, when its WTO accession negotiations were concluded. The market-access issue has however become less important since most countries, with the exceptions of the US and China, have negotiated comprehensive FTAs that cover high proportions of their total trade.

2.3 The erosion of US support for open trade

Chronic trade deficits in the US have been aggravated by the absence of a sufficiently robust welfare state (Alden, 2016). The lack of supportive policies for workers impacted by negative external shocks resulted in a backlash against both bilateral and multilateral trade opening. To this must be added US concerns about the impact of dispute settlement rulings on the use of trade defence instruments, and the increased lack of balance in trade with China.

In his first term, President Trump blocked appointments to the WTO's dispute-settlement tribunal, the Appellate Body (Poitiers, 2019). He also withdrew the US from all FTA negotiations apart from the North American Free Trade Agreement (NAFTA), which was transformed into the United States-Mexico-Canada Agreement (USMCA). The Biden administration continued those policies.

Now, the legacy of Trump's second administration is likely to be high tariffs for some traditional manufacturing sectors in which the US is not competitive internationally and a set of WTO-incompatible arrangements that combine managed trade and asymmetrical commitments. These arrangements are unlikely to provide the stability

7 See WTO, 'Aid for Trade', https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm.

8 See WTO Briefing Note on special and differential treatment, undated, https://www.wto.org/english/Tratop_e/dda_e/status_e/sdt_e.htm.

and predictability that is essential for US companies in agriculture, services and many parts of the manufacturing sector that depend on external markets.

2.4 China's manufacturing dominance

In a functioning rules-based trading system, all participants need to feel they benefit from trade integration. The rise and size of China's trade surplus and its link to active industrial policies undermines this sense of shared benefits and has eroded international support for the principle of non-discrimination. Structural current account surpluses originate in macroeconomic imbalances, particularly an exorbitantly high savings rate in China (Weder di Mauro and Zettelmeyer, 2026). However, Jean (2026) and Garcia-Macia *et al* (2025) have suggested that industrial policies have also contributed significantly to China's current account surplus. IMF (2026a) concluded that macro industrial policies, such as foreign reserve accumulation or financial repression, combined with capital-flow management, can have a material effect on external imbalances at the cost of suppressing domestic consumption and increasing external deficits elsewhere. This describes well the current Chinese economy.

But concerns about the Chinese economic model predate the increase in the trade surplus. For some time, the importance of the state in China's economy has raised question about the effectiveness of global rules in maintaining a balance of benefits (Wu, 2016). The increasing tension around China's export-led growth model supports the argument that the Chinese economy would benefit from diverting resources from wasteful subsidy policies in the provinces towards greater expenditure on domestic welfare (IMF, 2026b), though it is not clear if China's leadership will take this path (García-Herrero *et al*, 2026).

2.5 Trade and national security

The US-China clash, initially defined in trade and economic terms, has expanded into geopolitical competition, with each side seeking to limit dependencies on the other. This has a profound implication for multilateral institutions. It implies that any reform of multilateral trade institutions will have to accept that economic security concerns might limit the scope and depth of rules-based disciplines. From being a marginal concern that could be handled under rarely-used exceptions from WTO commitments, security concerns now impact a growing proportion of trade.

The long-term significance for the global trading system of security, along with waning US support (section 2.3) and Chinese manufacturing (section 2.4) depend on the evolution of US and China domestic economic policies and the level of intensity of their geopolitical competition. These three exogenous factors outweigh development issues and DDA failure in explaining the crisis of the rule-based trading system. The challenge is whether it is possible to agree on reforms that adapt to these constraints while preserving rules-based cooperation to the maximum extent. A best-case scenario would imply action to reduce external imbalances and geopolitical tension. Without this, only modest WTO reform may be agreed, and continuation of rules-based trade must rely on coalitions of the willing outside the WTO.

The size of China's trade surplus and its link to active industrial policies undermines the sense of shared benefits from trade integration

3 Is MFN worth preserving?

The core requirement of the most-favoured nation (MFN) principle is that any tariff or service concession should be extended unconditionally to all WTO members, unless certain agreed exceptions apply. It also implies treating all WTO members equally in the application of different types of trade-related regulations, and it is combined with the principle of national treatment for behind-the-border regulations (and hence regulatory sovereignty). The more important exceptions to the MFN principle are that free-trade areas or custom unions can be established, unfair trade can trigger antidumping and countervailing duties, and trade restrictions can be adopted for non-trade objectives or essential security purposes. The fundamental value of the MFN principle and non-discrimination/national treatment is that it protects trading partners against power-based dynamics and favours simple and efficient regimes for tariffs and other trade regulations⁹.

The MFN principle has been a cornerstone of US trade policy since the mid-1930s (Irwin, 2017). However, the Trump administration advocates a revision of MFN to legitimise tariff policies based on unilateral assessments of the trade policies of other countries and on the economically unjustified premise that countries should maintain balanced trade (even bilaterally).

The EU supports a review of the role of MFN for three reasons. First, the current balance of rights and market-access commitments, including in particular tariff levels, does not ensure there is reciprocity and fails to take into account respective levels of openness. Second, current remedies to respond to the negative spillover effect of subsidies and weaponised dependencies are not effective. Third, the WTO should accommodate plurilateral and club approaches in which benefits are only available to participants on a reciprocal basis¹⁰.

It is certainly true that the current level of market-access commitments – the EU's first point – does not properly reflect the role many emerging economies play in trade in goods and services. However, the failure of the DDA negotiations was the collective responsibility of all WTO members. The EU and many other members have established a balance of commitments through the negotiation of WTO-compatible FTAs. The US also followed an active FTA policy until President Trump abandoned all FTAs other than the USCA (section 2.3). Since there is no prospect of a comprehensive market-access negotiation in the WTO, it is unclear what objective the EU is pursuing by linking MFN and market-access commitments. Despite the EU emphasis on the need for predictability and functioning dispute settlement, the lack of a clear rationale for the questioning of MFN risks confusing EU policy objectives with those of the Trump administration.

It is unclear what objective the EU is pursuing by linking MFN and market-access commitments

9 For a robust defence of the MFN principle by a former US trade negotiator, see Dawn Shackelford, 'MFN – Not dead yet!' The International Trade Association, 16 December 2025, <https://www.wita.org/atp-research/mfn-not-dead-yet/>.

10 See 'EU submission on WTO reform', WT/GC/W/986, 21 January 2026, <https://ec.europa.eu/newsroom/trade/items/928645/en>.

The EU is on firmer ground when arguing that trade remedies are not sufficient to deal with distortions linked to extensive subsidisation or to the high degree of concentration in certain value chains that raises economic security concerns. There is also a legitimate question of whether unconditional MFN prevents the negotiation of market-opening agreements because of concerns about free riding. The relationship between the WTO framework and different plurilateral agreements is indeed one of the priority issues that needs to be tackled in WTO reform discussions. But discussing those issues should not put MFN, which remains one of the foundations of the WTO system, in question.

The EU needs strategic clarity on how it wants the trade regime to evolve. Any confusion between its position and that of the Trump administration would become a fundamental obstacle to the emergence of a WTO reform coalition.

4 A strategy for engagement and a plan for WTO reform

This section provides recommendations on how to make progress on the more difficult aspects of WTO reform. Any balanced and workable reform plan must respond to the five sources of tension affecting the global trading system (section 2). It is critically important to address development issues and tackle industrial and agriculture subsidies. More policy space is also needed for the development of public policies, including active industrial policies and the pursuit of economic security, while improving the level playing field and contributing to sustainable development.

Actions could be undertaken within the WTO either multilaterally or plurilaterally, but coalitions of countries outside the WTO could also take initiatives, as part of a rules-based strategy. We first discuss how the EU should engage with the main players – the US, China, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) bloc and the BRICs/G20 emerging economies – before setting out areas for cooperation.

4.1 Engage with the main players

The US

The scope for cooperation with the Trump administration on WTO reform is limited and likely to focus on transparency and the functioning of WTO committees. Nevertheless, any WTO reform proposals put forward by an EU-led coalition should respond to longstanding US concerns. These include the jurisprudence of the Appellate Body (see section 2.3), the impact of Chinese non-market practices and the need for China to accept full WTO commitments. The more the EU, likeminded countries and major emerging economies support these proposals, the harder it will be for the US (or China)

to ignore them. This may create an opportunity for a more solid basis in the future for the transatlantic relationship through the negotiation of a WTO-compatible EU-US FTA and through WTO reform cooperation.

China

The question for the EU in relation to China is whether China is ready to move from its comfort zone and engage in serious negotiations on level playing field issues. At the 2025 United Nations General Assembly, China signalled it was prepared to not claim special and differential treatment in future trade negotiations. In its February 2026 position on WTO reform (see footnote 5), China indicated readiness to discuss subsidy rules provided its system is not targeted. Rules on state-owned enterprises (SOEs) are in the suspended EU-China Comprehensive Agreement on Investment¹¹ and China has applied to join CPTPP, which includes SOE rules.

There is, however, well-justified scepticism about whether China would accept significantly stricter disciplines on industrial subsidies, or make the same commitments as advanced economies in support of low- and middle-income countries. Nevertheless, the EU needs to maintain a dialogue with China to explore the extent of its readiness to tackle the core reform priorities.

CPTPP

The EU and the CPTPP made a substantial statement on WTO reform in the margins of the March 2026 MC14¹². By the end of 2027, the EU is likely to conclude FTAs with all CPTPP members except Brunei¹³. The EU and CPTPP bloc could develop a two-track approach that includes both cooperation on WTO reform and negotiation of plurilateral agreements (Garcia Bercero, 2026) – EU-CPTPP plurilaterals could play a strategic role in support of rules-based trade. A digital trade agreement would complement the common digital trade rules agreed in the E-Commerce Agreement (ECA), which was concluded at MC14 in Yaoundé¹⁴ (see section 4.4), by including rules on sensitive issues such as data flows or localisation requirements, and by reinforcing cooperation on digital regulation, including artificial intelligence. An agreement on 'competitive neutrality' that reinforces transparency on subsidies and disciplines on SOEs could become a template for a future critical-mass agreement in the WTO.

11 The agreement dates from 2020 but has not been ratified because of EU concerns about human rights in China. See, for example, Jan van der Made, 'Chinese investment in Europe hits seven-year high but recovery may be short', *RFI*, 21 May 2026, <https://www.rfi.fr/en/international/20260521-chinese-investment-in-europe-hits-seven-year-high-but-recovery-may-be-short>.

12 See 'Joint Ministerial statement from the EU and the CPTPP at the 14 WTO Ministerial Conference', 27 March 2026, https://policy.trade.ec.europa.eu/news/joint-ministerial-statement-eu-and-cptpp-14th-wto-ministerial-conference-2026-03-27_en.

13 See European Commission, 'Negotiations and agreements', undated, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements_en.

14 See WTO news of 28 March 2026, 'Members adopt a pathway to bring E-Commerce Agreement into force via interim arrangements', https://www.wto.org/english/news_e/news26_e/mc14_28mar26_341_e.htm.

BRICs/G20

The EU has concluded FTAs with four leading BRICs/G20 emerging economies: South Africa, Brazil, Indonesia and India. These countries have often played critical roles in the WTO from perspectives that are different to those of the EU. They do not share a common position on WTO reform: India and Brazil are far apart on agriculture reform and India is the only country opposing the integration of even MFN plurilaterals into the WTO (Manak, 2025). The existential threat to the rules-based trading system and the conclusion of FTAs with the EU may however facilitate more cooperation on WTO reform.

The best strategic approach for the EU would therefore be to combine proactive engagement in WTO reform discussions with the strengthening of its FTA network as an insurance policy, in case multilateral discussions fail (Posen, 2025).

4.2 A sustainable development compact

A fundamental objective of the WTO is to facilitate better integration of developing countries into global value chains and help them benefit from the digital economy. The driving force for trade integration is the capacity to attract foreign investment that contributes towards domestic value addition and technology transfer. This requires appropriate domestic policies (including well-targeted industrial policies) and favourable access to export markets. The fact that many advanced economies are now applying industrial policies, and that the World Bank has recognised that industrial policies can contribute to development if well designed (Fernandes and Reed, 2026), may provide a better basis to address policy-space concerns (section 2.1).

The response to policy-space concerns could in principle benefit all low- and middle-income economies (LMIs)¹⁵. It could take the form of a compact giving LMIs some time-limited flexibility, and through which high-income countries, including China, agree to take supportive action. To garner political support, the compact should contribute towards global sustainable-development and decarbonisation objectives – facilitating the climate transition in a way that contributes to economic security through more diversified global value chains.

Flexibility for LMIs could include.

- Export restrictions on raw materials to the extent necessary to allow domestic processing, providing the exporting country has no dominant position in the market. This would require consultations and an early warning mechanism in case of distortions in global markets.
- Requiring well-targeted local-content requirements in some green sectors as a condition of receiving investment. Such requirements should be time limited and not apply to products for which a country is already a substantial exporter.
- Subsidies for capital investment in new environmental technologies.

¹⁵ Some vulnerable high-income countries may be highly dependent on a limited set of resources, and some flexibility may be needed to cater for their situations.

Support from high-income countries, including China, could include:

- Duty-free treatment and access to domestic incentives and procurement markets for an agreed list of climate-related products, provided there is sufficient value addition in LMIs.
- Financial incentives to derisk clean investment in LMIs.
- Countries that apply border carbon measures should provide sufficient assistance to facilitate compliance by LMIs, and be ready to consider trade facilitating steps.
- A commitment to avoid export restrictions that disrupt supplies necessary for the production of the climate-related products covered by preferential market access.

The compact would be subject to monitoring and transparency requirements. LMIs benefitting from flexibility should be ready to explain the rationale and time-limited nature of measures, and show how these are consistent with the overall openness of their trade and investment regimes. High-income countries should also notify their supportive measures and accept monitoring of their implementation. A WTO committee should review these notifications.

Notified measures could benefit from a 'peace clause' protecting them from legal challenges and the application of countervailing duties. This clause could last for five years, during which consideration could be given to permanent rule adjustments or to a more formalised waiver. The WTO could work with the World Bank and United Nations to assess the impact of the compact.

4.3 Improved disciplines on subsidies

Tensions over China's trade surplus (section 2.4) – with financial repression and preferential lending to industrial sectors contributing to an increasing current account balance at the cost of suppressing domestic consumption – need to be managed in the short term through the application of WTO-compatible trade-defence instruments: antidumping, countervailing duties and safeguards. However, a more structural solution is needed that recognises that subsidy-based industrial policies are harming international trade.

A new approach to reinforcing discipline on support for industrial sectors could combine four elements:

1. A substantially reinforced transparency regime that requires large subsidisers to provide sufficient information on all forms of industrial support, including support from SOEs. For transparency to work, there would have to be a common understanding that SOEs are fully subject to the WTO subsidies agreement¹⁶, and information about the support they provide would have to be sufficiently detailed at sectoral level. Information should be provided whether the notifying country considers the support to constitute a subsidy or not. There should also be counternotifications and a procedure to deal with discrepancies in the information

16 See WTO, 'Agreement on Subsidies and Countervailing Measures ("SCM Agreement")', https://www.wto.org/english/tratop_e/scm_e/subs_e.htm.

provided. Failure to notify should create a presumption that the non-notified support is a prohibited subsidy.

2. A targeted remedy could be available to respond to import surges in a particular sector from the largest providers of public support, provided that domestic producers are experiencing injury. This remedy would be easier to apply than countervailing duties, which only a limited number of countries have the capacity to apply in practice, particularly when subsidies are non-transparent¹⁷. The remedy could take the form of a temporary tariff rate quota that facilitates adjustment and creates incentives for the phasing out of subsidies. For instance, the remedy could be subject to review if the impacted country provides evidence that it has terminated subsidy programmes. Alternatively, the remedy could be based on an International Monetary Fund determination that a country is experiencing a persistent current-account surplus that cannot be justified by fundamentals.
3. A new category of permitted subsidies that fulfil important public policy objectives and have minimal negative spillover effects: this could include research and development subsidies or subsidies for capital investment in new environmental technologies. These subsidies would be subject to specific notification requirements and to a fast-track procedure to determine whether the conditions are met. Permitted subsidies could benefit from countervailing duty exemptions or at least a 'due restraint' clause.
4. Because of the critical importance of capturing subsidies allocated via SOEs, there should also be rules that require SOEs to act in accordance with commercial considerations. These disciplines could build on the provisions in a number of FTAs and on OECD work on 'competitive neutrality' (OECD, 2024). Since many economies have SOEs, including the EU and the US, the negotiation of rules would allow a balanced approach in the interests of all parties. Beyond disciplines on SOEs, the rules could also include competition policy and regulatory transparency principles.

These four elements should be accompanied by a reform of trade-distorting agriculture support. The current agriculture stalemate arises from large agricultural exporters, including Brazil, conflicting with countries with large domestic agriculture sectors that benefit from administered prices, such as India. The first group favours comprehensive negotiations to reduce trade-distorting support; the second argues protection of public stockholding programmes should be prioritised¹⁸. A balanced package would need to include substantial reductions of trade-distorting support and the introduction of agreed disciplines on public stockholding programmes that recognise their contribution to food security, while avoiding export market distortions.

The EU should seek to reconcile the conflicting positions of India and Brazil and

17 According to the WTO database, only 30 countries have applied countervailing duties, with the US the largest deployer with 197 notified actions. See WTO, 'Database of countervailing measures', <https://trade-remedies.wto.org/en/countervailing/measures>.

18 See Peter Ungphakorn, 'Timeline of the WTO agriculture negotiations from 2021', Trade β Blog, 9 December 2025, <https://tradebetablog.wordpress.com/2025/12/09/updates-wto-agriculture-talks/>.

other agricultural exporting countries. This would also require the EU to accept substantial reduction of its own agriculture support. A standstill agreement in which countries agree not to increase the level of trade-distorting support as negotiations on agriculture proceed could increase mutual confidence.

Improving disciplines on subsidies is by far the most difficult challenge in restructuring the global trade regime. Because an effective subsidies regime would require the full commitment of the US, China and major emerging economies such as India, reaching a critical-mass agreement may prove challenging. In any event, launching negotiations within a WTO framework will take time. The EU should therefore already start work with a subset of FTA partners to lessen the impact of competitive distortions linked to subsidies. This work could include intensified cooperation in the application of trade-defence instruments and new EU-CPTPP negotiations on a plurilateral agreement on competitive neutrality, which would cover at least the transparency SOE and competition policy aspects of the proposed disciplines.

4.4 The WTO and plurilateral agreements

The WTO has a rigid institutional structure under which consensus is needed to incorporate plurilateral agreements into the WTO agreement. The absence of a more flexible route is a design flaw that should be corrected urgently, as numerous WTO members have now agreed two plurilateral agreements – on investment facilitation for development (IFD)¹⁹ and e-commerce (ECA)²⁰ – and have requested the integration of these agreements into the WTO legal structure. The main opponent of integration, India, has said it might lift its objection, provided legal guardrails are developed to protect the interests of non-members²¹.

India's signal could provide the basis for discussions on the identification of guardrails. These could relate to, first, an inclusive negotiation process, second, the participation of countries at different levels of development, third, the right of nonparticipants to observe proceedings and join under the same conditions as original members, and fourth, a clarification that the agreements would not limit the WTO rights of non-participants, unless such limitations are agreed with non-participants.

There can be little question that the IFD agreement complies with any possible criteria for WTO integration on the basis of its MFN foundation, very broad participation and extensive special and differential treatment provisions. The situation is more complex for ECA: participation in it is more limited and the agreement is formulated in a manner that does not require MFN implementation. A period of provisional implementation may therefore be needed before deciding on the integration of the ECA in the WTO.

Plurilateral agreements can also be incorporated into the WTO if they amount to

19 See WTO, 'Investment Facilitation for Development (IFD)', https://www.wto.org/english/tratop_e/invfac_public_e/invfac_e.htm.

20 See WTO, 'Electronic commerce', https://www.wto.org/english/thewto_e/whatis_e/tif_e/bey4_e.htm. See also section 4.1.

21 See India Ministry of Commerce and Industry press release of 31 March 2026, 'The 14th Ministerial Conference of the WTO concluded on March 30, 2026 in Yaoundé, Cameroon', <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2247341®=3&lang=2>.

'critical-mass' agreements that could be inscribed in the schedule of tariff or services concessions²². Moreover, even agreements concluded multilaterally may end up as plurilateral agreements if certain countries fail to ratify them. This could provide an option in certain cases for countries not to oppose a consensus in concluding negotiations on a multilateral agreement, while noting their intention at that stage to not ratify. This could potentially provide an alternative route to integrate in the WTO MFN based agreements in which participation is very broad.

Plurilateral agreements that limit benefits to participants can be concluded by parties to an FTA in a manner consistent with WTO provisions, or can be concluded outside the WTO provided that trade measures that affect nonparticipants can be justified under relevant WTO exceptions.

To correct the flaw of WTO rigidity, the WTO General Council should develop criteria that would create incentives to integrate open plurilateral agreements into the WTO but would not limit the right to conclude plurilateral agreements outside the WTO. Should consensus on this not be possible, countries should be ready to continue the *de-facto* implementation of agreements such as IFD or ECA with the WTO Secretariat support. The future trade regime will have to be based on multilevel governance with groups of countries being ready to develop rules plurilaterally inside or outside the WTO. This implies some important plurilateral agreements will be developed outside the WTO framework, but the risks of fragmentation could be mitigated through a reinforced WTO monitoring function.

4.5 Reform of WTO dispute settlement

Multilateral agreement on the reform of WTO dispute settlement cannot be dissociated from the updating of the rules on subsidies or a common interpretation of WTO provisions in critical areas including trade defence and security exceptions. Pending agreement on such substantive issues, the Multi Party Interim Arbitration Agreement (MPIAA), which is in effect standing in for the WTO Appellate Body and which has 34 members, including the EU as a bloc and China²³, provides a functioning dispute settlement amongst its parties. Multilateral dispute settlement reform is likely to be the culmination of the reform process rather than an issue to be addressed in the short term.

The main source of US dissatisfaction with WTO jurisprudence (section 2.3) has been trade defence instruments. At a time of growing concern about maintaining a level playing field, negotiations should aim to agree on the interpretation of critical provisions in the WTO Agreement on Subsidies and Countervailing Measures (section 4.3)²⁴, greater flexibility in the application of safeguard measures and the establishment

22 For different paths to WTO rule-making, see Gabrielle Marceau and Jian Ling Teo, 'The World Trade Organization Belongs to the Future — But How Do We Get There?' *CIL Dialogues* blogpost, 25 March 2026, <https://cil.nus.edu.sg/blogs/the-world-trade-organization-belongs-to-the-future-but-how-do-we-get-there/>.

23 See WTO, 'Alternative Dispute Resolution Procedures', https://www.wto.org/english/tratop_e/dispu_e/altds_e.htm.

24 Of particular importance is clarifying that SOEs should be considered as 'public bodies' subject to subsidy disciplines.

On national and economic security, what constitutes an 'emergency in international relations' under WTO rules could be interpreted more flexibly

of a deferential standard of review of the determinations made by national authorities in trade remedy investigations. This could be based on an MPIAA interpretation of the standard of review under the Antidumping Agreement²⁵, which could also be extended to safeguards or countervailing duty investigations²⁶. A common interpretation of another agreement, the Safeguards Agreement²⁷, would be particularly urgent since safeguards appear to be more appropriate as a tool to respond to current trade disruptions.

On national and economic security, what constitutes an 'emergency in international relations' under WTO rules could be interpreted more flexibly to include responses to coercive threats or threats to critical infrastructure. The extent to which preventive policies to reduce critical dependencies can be justified under either 'essential security' provisions or the general exceptions could also be discussed. In any event, the interpretation of WTO exceptions on essential security is a matter of great political sensitivity and an effort needs to be made to find an acceptable solution. Countries are unlikely to accept a substantial review of measures they consider to be justified on security grounds, but protectionist abuses need to be prevented and the balance of concessions needs to be maintained in cases of broad recourse to security exceptions.

Agreement on a common interpretation of rules on critical areas could be combined with the implementation of improvements in dispute settlement procedures²⁸. In terms of appellate review, countries may opt out of second-tier review under modalities to be negotiated, but this should go together with a reinforcement of the legal authority of panels in such disputes.

Agreeing on the interpretation of certain trade-defence rules will not be easy. The EU could however start work with a subset of MPIAA members to agree on some critical aspects of the interpretation of the rules on antidumping, subsidies and safeguards. Participants in that discussion could then agree to abide by that interpretation in their own trade-defence practice, and to defend that interpretation in the case of WTO litigation.

4.6 The EU: taking the leading role

For the EU, investing in a coalition to support WTO reform would demonstrate leadership and complement the consolidation and strengthening of its network of FTAs. The core of this coalition could be the CPTPP countries (section 4.1), but efforts should be made to include other EU FTA partners, in particular large emerging economies.

The EU should take the following steps in the near term:

- Lead in ratifying the IFD and ECA agreements (section 4.4). Both agreements have a significant value in promoting EU interests and contributing towards development

25 See WTO, 'Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994', https://www.wto.org/english/docs_e/legal_e/adp_e.htm.

26 See European Commission news of 17 March 2026, 'Access to Colombia's frozen fries market restored for EU exporters', https://policy.trade.ec.europa.eu/news/access-colombias-frozen-fries-market-restored-eu-exporters-2026-03-17_en.

27 See WTO, 'Agreement on Safeguards', https://www.wto.org/english/tratop_e/safeg_e/safeint_e.htm.

28 On the process of discussions on dispute settlement reform, see Molina Tejada (2025) and Ji (2024).

objectives and should be implemented regardless of what happens to the rest of the reform agenda.

- Prioritise dialogue with India and Brazil on WTO reform²⁹. This would include as a first step identifying a way forward on IFD. As a signal of good will, India could lift its objection to the integration of the IFD into the WTO rulebook at the same time as the WTO General Council starts deliberations on legal guardrails for the incorporation of open plurilateral agreements. An agreement could also be reached on the extension of the e-commerce moratorium³⁰ and the reform work plan – the two main issues on which agreement could not be reached at MC14 in Yaoundé. Reaching agreement on those issues would signal confidence in the value of the WTO as an institution.
- Convene an informal group of Geneva Ambassadors to explore ideas on the three components of the level playing field agenda: agricultural subsidies, industrial subsidies and policy space for development. The readiness to engage on all three components is critical to generate the trust that is the essential condition to make progress on WTO reform.

The next WTO Ministerial (MC15) needs to be well prepared and deliver a meaningful outcome in terms of WTO reform³¹. To facilitate this, it would be preferable to hold it in 2029. A special meeting of the General Council in 2027 could agree a first package of institutional reforms, focused on transparency and the monitoring function³², building confidence on the reform process and allowing work to concentrate on the preparation of a more ambitious MC15, which should ideally endorse the start of level playing field negotiations. With this timeline in mind, the EU should promote regular discussions amongst senior officials and ministers. A small group of ministers could begin to explore the parameters for negotiations on the critical aspects of the reform plan, especially level playing field issues. This small group would have to include the US, China, EU, India and Brazil.

The level of detail in post-MC15 negotiations would depend on how much convergence among key players has been achieved through the preparatory process. Issues of dispute-settlement reform and the interpretation of key WTO rules would also need to be tackled, though possibly in a second stage.

On market access, it is too early to consider what options a future US administration may pursue in connection with the WTO-incompatible arrangements concluded by the Trump administration. It is therefore advisable not to tackle that question in the reform discussions before a new US administration is in place. In any event, the EU should make clear that it does not intend to continue with an asymmetrical and WTO-incompatible

29 For the argument that India should take a more proactive approach to WTO reform discussions, Aggarwal *et al* (2026).

30 See WTO, 'Work Programme on E-Commerce, Moratorium', https://www.wto.org/english/tratop_e/ecom_e/ecom_work_programme_e.htm.

31 Saudi Arabia has proposed itself as host of the next Ministerial. See Emma Farge, 'Saudi Arabia proposes to host WTO meeting in 2028', *Reuters*, 18 December 2025, <https://www.reuters.com/world/middle-east/saudi-arabia-proposes-host-wto-meeting-2028-2025-12-18/>.

32 This is an important area of WTO reform not discussed in this Policy Brief since it is less politically sensitive. It is also an area in which US engagement can be expected.

agreement beyond the current US administration. It should also signal its readiness to negotiate with the US a balanced and WTO-compatible FTA, and to cooperate with the US on WTO reform.

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