



WTO REFORM: FURTHER REFLECTIONS ON THE WTO'S GOVERNANCE

COMMUNICATION FROM THE EUROPEAN UNION

The following communication, dated 10 July 2026, is being circulated at the request of the delegation of the European Union.

1 INTRODUCTION

1.1. This paper builds on the EU submission on WTO reform of 21 January 2026 ([WT/GC/W/986](#)) and contributes to the ongoing reflections between Members following the fourteenth session of the Ministerial Conference (MC14) in Yaoundé in March 2026 on the issue of decision-making.

1.2. First, it considers avenues to strengthen political engagement and Members' commitment to a WTO that functions more effectively and has the capacity to deliver results at this challenging time for global trade. The paper suggests possible improvements to the institutional set-up and engagement structures at political and senior levels. Second, the submission identifies possible practical tools and instruments within the existing framework of rules to operationalise the principle of consensus-based decision-making with the objective of facilitating effective outcomes and overcoming persistent blockages.

1.3. Questions of decision-making were discussed in pillar 1 on Governance and Institutional Issues under the WTO reform process facilitated by Ambassador Ølberg. Ministers also discussed decision-making in various breakout sessions on WTO reform at MC14. The ministerial debate highlighted universal recognition of the practice of consensus-based decision-making as a cornerstone of the WTO. However, the debate also demonstrated a growing sense that decision-making is not functioning effectively. Many Members underscored that consensus is distinct from unanimity and from veto power.

1.4. Members indicated their willingness to continue this important debate and explore mechanisms to improve decision-making as part of the broader WTO reform discussions after MC14.

2 INSTITUTIONAL REFORMS

2.1 Strengthening ministerial engagement

2.1. Today's constantly evolving international environment and trade landscape calls for enhanced political engagement to ensure strategic guidance and ministerial oversight of the Organization. Strengthened high-level involvement could contribute to making the Organization more effective and responsive to developments in international trade and trade policy. The membership could also consider more strategic WTO discussions at the level of Leaders (heads of State and government) beyond the current exchanges in the G20 to provide clearer political direction on systemic issues.

2.2. Possible instruments to achieve this objective could be to conduct sessions of the Ministerial Conferences (MCs) on a more regular and annual basis as is the case for the other Bretton Woods institutions (IMF and World Bank). Experience shows that the current practice of biannual MCs leads

to overloaded agendas for ministerial engagement. Annual meetings would allow for shorter and business-like ministerial dialogue and offer the potential for more timely exchanges and effective decision-making.

2.3. Second, convening MCs in Geneva would very significantly reduce the complex logistics associated with MCs held outside Geneva. Logistical arrangements are well-established in Geneva thanks to the hospitality of the Swiss Federation and the Canton of Geneva, the Organization's hosts. Most Members have permanent missions in Geneva. The practice of the Minister of one rotating WTO Member acting as MC Chairperson could be maintained.

2.4. A further consideration is whether Geneva-based exchanges could be complemented by more regular involvement from capital-based Senior Officials Meetings (SOM). This could help generate the necessary technical and political attention in capitals and ensure better integration between Geneva and the capitals.

2.2 General Council

2.5. The General Council (GC) acting as the WTO's highest decision-making body between MCs currently functions at a level below its potential and has structural and operational weaknesses. It is important that the GC operates more effectively to drive the needed reform and advance the Organization's trade agenda. Some practical steps to improve the predictability and effectiveness of the GC could include an annual calendar with fixed dates, a more streamlined process of setting the agenda and more focused agendas with fewer standing agenda items and an emphasis on discussion items of political, economic and systemic importance. The GC could convene in more informal and dedicated formats to focus on blocked files and allow for more interactive exchanges that are less scripted. In addition, the GC should reassert its strategic role by providing forward-looking political guidance. Strengthening the facilitation role of the GC Chair – supported by a consultative body (see below) – would further enhance the Council's ability to resolve blockages.

2.3 Consultative body

2.6. Unlike other international organizations that have a more layered architecture, the WTO's institutional set-up offers fewer developed mechanisms to forge compromise and prepare decision-making. The WTO architecture is characterised by a formal structure in the shape of the GC coupled with various informal ad hoc structures and mechanisms. The institutional set-up could be revisited with the establishment of an informal representative small body with a consultation, bridge-building and problem-solving function. The body could be managed by the GC Chairperson who would rely on it to improve the Chair's ability to steer the GC. Decision-making would continue to rest with the GC. The body's composition would need to ensure overall balance in terms of economic development, geographical representation and other indicators such as share in global trade. The membership could also consider a rotating membership in the body that gives various groups and smaller Members an opportunity to be part of the group. A key question to consider is whether the body would be composed of capital-based Senior Officials or Geneva-based Heads of Delegation. In any case, to address concerns about legitimacy and openness, appropriate transparency and reporting mechanisms would need to be ensured.

3 OPERATIONALISING CONSENSUS-BASED DECISION-MAKING IN AN OUTCOME-ORIENTED MANNER

3.1 Context

3.1. The WTO reform debate shows that the value of consensus-based decision-making is recognised. However, the key issue is its operation and the misguided equation of consensus with unanimity. Consensus is understood under Article IX of the Marrakesh Agreement to mean lack of a formal objection and thus allows for operationalising the concept of consensus in a more result-oriented manner. However, the way consensus currently functions has resulted in protracted deadlocks – including instances of persistent blocking by a single or a very limited number of Members opposing – thereby contributing to the Organization's paralysis.

3.2. It has also been observed that the 'one-Member-one vote' rule in practice translates into a system whereby the larger Members and trading powers possess more leverage and ability to veto

a decision (and to face the ensuing political isolation and pressure from others) than smaller Members – irrespective of whether they are developing or developed Members. This recognition was also reflected in some of the discussions in the breakout sessions on decision-making at MC14 where smaller – both developed and developing – Members called out the disproportionate use of veto power underlining that smaller Members rarely made use of their veto power.

3.2 Way forward: possible tools and instruments

3.3. In the event of a persistent blockage that cannot be overcome, and all efforts have been exhausted in achieving consensus during an extended period, there could follow a more outcome-oriented phase and explore alternative tools and instruments. Experience shows that the blockages are often due to one single Member or a small minority of Members opposing a decision.

3.4. The current rules provide for some degree of flexibility in decision-making without treaty change. Furthermore, a number of precedents exist in WTO rulemaking and practices. This could provide the necessary assurances to the membership to make greater use of them and explore variations of them as they demonstrate a degree of political and technical feasibility. The ideas outlined below are intended to stimulate a fresh debate and identify relevant parameters in the consideration of such tools and instruments. Some are of more political nature while others are instruments in treaty-making.

3.3 Raising the political cost of blocking decisions

3.5. In the WTO reform discussions, several Members have pointed out that there is no mechanism in place and no political cost incurred in the event of one Member blocking a decision even when an overwhelming majority supports a decision. The membership could consider establishing a process whereby an opposing Member would be expected to commit to and engage in dialogue demonstrating in a written communication to the membership how a decision harms its vital national interests and bear the burden of proof to justify its veto. This would enhance transparency and political accountability.

3.4 Opt-out mechanisms

3.6. Mechanisms for opt-outs could be explored in exceptional and well-justified cases to overcome continuous blocking by one or a very limited number of Members to allow the membership to move forward with the conclusion of an agreement or the adoption of a decision. In terms of scope, the opt-out could apply to the application of the entirety of a new agreement or only to certain disciplines. Such opt-outs could be proposed to a blocking Member subject to certain conditions. The conditions would need to be further defined and would depend on the case at stake but could, *inter alia*, include considerations such as:

- a compelling national interest and justifying circumstances;
- the impact of the opt-out by the Member does not significantly reduce the economic value of the agreement for the participating Members both from a market access and regulatory point of view.

3.7. It would also need to follow a qualification to trigger the consideration of this option such as the duration of the blockage and the systemic importance of the issue. Necessary safeguards would also be needed to avoid abuse and proliferation of use of this option. The opting-out Member would not be bound by the agreed rules and obligations under the new agreement or decision.

3.8. An alternative version of an opt-out could be for the opposing Member(s) in question to allow consensus to emerge without supporting the decision and issue a political declaration at the time of the adoption of the decision. When certain conditions are met, Members could commit in advance that they would employ this avenue. Such conditions could include that the outcome does not harm their economic interests, nor will the opting-out Member have to apply the rules and obligations. That Member would state that it does not block the adoption of the decision, explain the reasons for its substantive opposition and make clear that it must not and will not be requested, also in the future, to opt in and apply and implement the decision. This should protect, also for the future, the

freedom of the Member in question to subject itself to new rules only when it wishes to do so, and without pressure generated from the existence of the new rules between other Members.

3.9. Another form of an opt-out could be temporary application of an agreement on a "trial" basis by one Member during a limited period of years with no automatic extension at the end of the period subject to the modalities to be further defined. Such options would only be offered in very limited and justified cases.

3.5 Grace periods

3.10. A further tool could be the granting of grace periods in new agreements to provide adaptation time, and the grace period should be long enough to generate the necessary assurances. There are precedents in WTO rulemaking for this tool such as the exemptions from dispute settlement for developing countries and least-developed countries during a transition period in the Trade Facilitation Agreement (TFA).

4 DIFFERENTIATED DECISION-MAKING PROCEDURES FOR PROCEDURAL ASPECTS

4.1. The WTO reform discussions have shown a readiness to consider differentiated decision-making for procedural and operational day-to-day matters to avoid blockages over procedural questions. This would also be in line with the practice in most international organizations where a different decision-making procedure is applied for daily operations based on majorities.

4.2. The scope for differentiated decision-making could include matters such as agenda-setting, the adoption of agendas or the blocking of an individual agenda item, ad hoc participation in meetings and possibly aspects related to the deliberative and monitoring function. One option could be to amend the relevant rules of procedure accordingly. Another more pragmatic option could be to introduce a new practice ('reform by doing') where a chairperson tests if there is a majority among the membership in favour of the agenda or issue. If there is, then the objecting Member is expected to withdraw its objection. One could consider subjecting this novel practice to a trial period for the membership to gain experience.

5 NEXT STEPS

5.1. The European Union looks forward to further engaging with Members in an open and constructive manner on the above suggestions, tools and instruments in the WTO reform process with a view to developing operational and effective decision-making.

5.2. In support of this objective, the membership could consider requesting the Secretariat to compile, for Members' background and future reference, a compendium on past practice and tools for overcoming blockages in decision-making.

5.3. The membership could also explore inviting other international organizations for an information session on sharing their decision-making practices and experiences, notably as regards procedural and operational aspects, with WTO Members.
