An Agentic WTO

Thoughts on WTO reform in the face of a divided WTO membership and China's role

expressed at the launch of the Chinese language edition[1] of

Revitalizing the World Trading System

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Abstract

The multilateral trading system was a vision of post-World War II Allied planners for all nations living in harmony within a system of liberalized trade and agreed rules. The organization they envisaged, the International Trade Organization (ITO) went too far and was not created. What replaced it was a contract, the General Agreement on Tariffs and Trade (GATT), an arrangement which governed for almost fifty years. To this ad hoc structure, in 1995 was added, an agreement on trade related intellectual property (TRIPS), a General Agreement on Service (GATS), a dispute settlement system and a nominal World Trade Organization (WTO). The largest trading nations make sure that this organization is weak. India lately joined by an apostate United States are open in doing so. The European Union and many others, through underinvestment in the common multilateral project, and resort to contingent protective measures, contribute to this result through inadvertence.

These remarks are in three parts: the value of the multilateral trading system (the WTO), a practical way to endow the system with agency, (inspired by Canadian Prime Minister Mark Carney's World Economic Forum remarks) and, given that the occasion of these remarks is the launch of the Chinese edition of my book, Revitalizing the World Trading System, the choices faced by China. For the WTO, the steps recommended for resuscitating the multilateral trading system are nothing short of a revolution from within. As for China, it is potentially at a crossroads as to what role it will have in saving or undermining the trading system, whether its position is fully recognized, however, is open to question.

Drift is not a good option as the sound of the falls grows louder.

Preface

I was invited by Xiankun Lu, President of the Friends of Multilateralism Group (FMG) to join in addressing the subject of WTO reform on the occasion of the launch of the China edition (translation) of my guidebook to the WTO, entitled *Revitalizing the World Trading*

System, published by Cambridge University Press in 2023. In some ways this is a different world of trade relations than the one in which I wrote the book three years ago. The chief difference: the United States has since declared that it was remaking the world trading system (Greer, the Turnberry system, op ed[2]) and to a degree has done so, as least insofar as US participation in international trade is concerned. In many other ways, the world of trade policy is the same. Most countries treat each other as they had before the "rupture", as Canadian Prime Minister Mark Carney has described the US attempt at upsetting the trading system.

This is a companion piece to my book rather than an exploration of it. It stands alongside my two essays *Europe of the Future 2050—Trade Policy*[3] written for Olivier Blanchard, Enrico Letta, and Beatrice Weder di Mauro, and *Can middle powers rescue the world trading system?*[4] written for the Korean International Trade Association (KITA), also posted by the Peterson Institute of International Economics (PIIE). This essay is about enhancing multilateral cooperation for the conduct of international trade. Reform is required, but I have not considered myself confined by the list of WTO reform topics that were under consideration at Yaoundé at MC 14 and that continue to be discussed in Geneva at present.

The need and basis for WTO reform

There is a general consensus in Geneva and in capitals that the WTO needs reform. There is, however, no consensus on what the reforms should be. These remarks focus on what is of most value in the WTO, what needs improvement, what needs replacement and

[2] *Trump's Trade Representative: Why We Remade the Global Order*, New York Times, Aug. 7, 2025, https://www.nytimes.com/2025/08/07/opinion/trump-trade-tariffs.html.

[3] https://www.piie.com/publications/policy-briefs/2026/europe-future-2050-trade-policy.

[4] https://www.piie.com/commentary/speeches-papers/2026/can-middle-powers-rescue-world-trading-system.

on areas where new rules are needed, and how to achieve change as a practical matter. The discussion with myself and three Chinese WTO experts is taking place on the occasion of the launch of the Chinese language edition of my book, Revitalizing the World Trading System, Cambridge University Press, (2023).

The book

The text was written as guidebook for those who are coming to the WTO for the first time, whether a trade minister, a new ambassador accredited to the organization, or a member of his or her country's WTO mission or an official in the ministries back home, newly charged with working with the organization. It is also for the veteran, who may have sat in on an accession working party, or a Trade Policy Review, but not a standards (technical barriers to trade (TBT) meeting or some one of the other myriad of WTO activities. No matter how well-versed in the ways of the WTO one is, no one can have familiarity with it all, nor necessarily with its history, what its 13 ministerial conferences produced or on occasion failed to produce. Few will be conversant with the hopes expressed for the future of the organization by the heads of state attending the third WTO ministerial conference in 1998, the only such gathering in the history of the WTO or of the General Agreement on Tariffs and Trade (GATT) before it. It is informative to get a feeling of how Nelson Mandela, Bill Clinton or the President of the European Council viewed the fifty years of the GATT that went before or the prospects each held for the nascent WTO years that lay ahead. Besides being a useful guidebook, sort of a trade organization Baedeker, in this book I wanted to convey where the WTO came from, the areas in which it functioned well, and some of the ways it could be improved.

The value of the WTO we have

It would be foolhardy to embark on WTO Reform, an objective most if not all WTO members agree is imperative, without an evaluation of what elements of the world trading system as it currently exists that are of value and should be retained. Only then can one talk usefully of improvements and additions.

Primarily, what the WTO provides is transparency and, in general, stability of market access. It does the former through the Trade Policy Review Mechanism, notifications, discussions among its members, and through WTO Secretariat reports. It accomplishes stability of trading relationships through schedules of concessions, a body of rules including MFN (more on this later), and dispute settlement. The key rules consist of maintaining tariffs at agreed levels, and limitations on the use of measures that interfere with trade, such as quantitative restrictions, protectionist standards, misuse of essential security controls, and resort to injurious subsidies. Most important is the basic rule of nondiscrimination (most-favored-nation and national treatment). The WTO rulebook is largely about what governments are not allowed to do -- of limits, rather than permissions.

Over the course of eight great rounds of multilateral trade negotiations during the GATT years (1948 – 1994), the global trading system has brought trade barriers down, first tariffs and then nontariff barriers. Agreements were reached on telecom and financial services. World trade has as a result of these advances been allowed to grow by 45 times since 1950 to the present, and global GDP by eight times. For most of its history, the WTO's rules were enforceable through dispute settlement, but the rules were and are largely adhered to by most of the members through self-restraint, with some very large exceptions.

There are additional bright spots in international cooperation since the WTO was founded in 1995 –duty-free trade for information technology goods, progress in facilitating trade across borders, a prohibition on agricultural export subsidies, and the beginnings of some disciplines on fisheries subsidies, to name the most prominent examples. Informally, a way forward has been found to reach some few new agreements through joint statement initiatives (JSIs). There are also areas of outstanding cooperation, such as through the voluntary notification of product standards, a good sanitary and phytosanitary standards record, and some specialized activities such as the Director-General's Forum on Cotton Development Assistance to help several least developed cotton-producing countries, particularly in West Africa. In addition, not heralded but important, the WTO is a forum in which all can be heard, from the largest and most formidable to the smallest, equally. This being a China-related occasion, I will mention that I made this point in a Six plus One meeting of the heads of the multilateral economic institutions with Chinese Premier Li Kiquiang in the 2019 meeting in Beijing – the importance of permitting even the smallest, the least developed, to contribute, to have a voice, which he singled out as something he agreed was of value.

Challenges

The most obvious shortcoming of the WTO is that by far most of the trade liberalization and progress in setting the rules for trade took place many years ago during the GATT era, 1948 -1994, and not during the WTO timeframe, 1995 up to the present. There are multiple causes of this shortfall in performance. The problem lies in part with a lack of leadership. The three largest trading economies -- the United States, China and the European Union -- share most of the blame. But underinvestment in the multilateral trading system by WTO member governments is more widespread, extending to all countries and economies, large, medium and small. Many WTO experts have expressed the thought that going to capitals would make a difference for obtaining reform. That is not enough. The WTO and with it multilateral trade cooperation are not currently priorities in any capital. It is, however, a priority in many, perhaps most, missions in Geneva, but they are not sufficiently supported by their capitals. The sections of the relevant ministries that deal with multilateral trade relations do not garner much attention within their own governments. International cooperation is not seen to be important enough, nor the WTO (the collective of the members) of sufficient capability. In addition, in the world of trade policy today, most governments are busy in their reactive, defensive mode. It is understandable that thinking about improvements in the trading system is given little attention.

Informal institutional reforms

The Uruguay Round did not originally contemplate the creation of a world trade organization. It was a multilateral trade negotiating round with one purely institutional objective: to adopt binding dispute settlement to curb United States' unilateralism (which the US delivered largely through use of section 301) and European agricultural unilateralism through operation of its Common Agricultural Policy (CAP). The major substantive and institutional objectives were to expand the scope of the treaty system to cover services and IP protection. Another important institutional change was to enhance surveillance and monitoring of trade policies, which led to the creation of Trade Policy Reviews.

China was not yet a factor in world trade. By the mid-1990s, Japanese trade had become less disruptive.

The Uruguay Round negotiation was not a constitutional convention. It was nothing like the meetings of countries seeking to found the International Trade Organization (ITO) in the mid-1940s. No attention was paid to how the members would organize themselves for future negotiations (the legislative function) nor what some sort of executive the organization should have, other than a Director-General with an uncertain mandate.

For the first fifteen years, the institutional deficiencies were not very obvious. The launch of the Doha Development Agenda, adopted in the aftermath of 9/11 was an exercise of hope for a bright future for the WTO (whether the DDA was the right choice is a separate matter.) The result at present, however, is a World Trade Organization where the very term itself is inaccurate. It has no agency. It is not an organization that is recognizable as such given the importance of the issues at hand. It is at present a collection of nation-states that meets for various purposes on trade issues. It is not an organization designed consciously to achieve efficient global governance, as it has no executive at all and no reliably effective legislative function.

Its166 members cannot make steady progress meeting only as a committee of the whole, at the permanent representative (ambassadorial) level and biannually at the ministerial level, with an annual change of officers and a Director-General with hardly any assigned duties. No real institutional cures are being contemplated under in current reform efforts. Nevertheless, practices can change without any formal member decision and change with potentially marked effect.

Transparency.

The WTO secretariat can provide as complete transparency as is possible. It has member notifications, a skilled secretariat, and AI. It can seek to verify or at least seek member comment on measures attributed to that member. Otherwise, it can proceed on the basis of "facts available" given the fact that members' trade measures are no longer reliably notified. However, transparency, not necessarily of a reliable kind, is more available than ever in history due to the advent of AI.

The WTO should be a central trade knowledge hub. It need not and cannot be a repository of all trade information, but it can at least help catalogue where trade information exists. The Global Trade Alert, various think tanks, official notices, as well as the press can be combed to gather the best possible complete information on measures in detail, as collectively these measures alter trade flows. No political screening by members would be allowed if the resource is to have maximum utility.

Subject matter Trade Policy Reviews (TPRs). TPRs are now conducted by country. They could be conducted, on an ongoing basis, if necessary, on subjects of current concern to the membership, such as AI developments including regulatory plans of members. The subjects of interest may be very varied, including for example, attempts to secure supplies of rare earths.

Secretariat studies. New rules need a basis, a practical predicate. The Secretariat should be empowered to exercise its own judgment, and to advise the membership, as it chooses subjects. Its reports proved very valuable during the pandemic to supply members with needed information.

Trade Negotiation Committee (TNC). WTO reform should be conducted under the auspices of the TNC, chaired by the WTO Director-General, which should be a principal activity of the WTO outside of ministerial conferences.

CG-15. The Director-General should be aided in her functions as TNC chair by a consultative group of fifteen (CG-15) members (the EU counting as one). The 15 would consist of five members each drawn from three tiers of membership as measured by trade volume – the largest, the middle powers and the less and least developed. The five largest members would be designated as measured by their share of world exports, five medium-sized trading members would be chosen by group members, and five small members chosen as measured by GDP (also chosen by their peers). The consultative body will decide by majority vote if a vote is required to reach a decision, each CG-15 member having one vote.

Decision making. The Director General, on advice of the CG-15 would put questions to the membership as a whole, including approval of agendas, etc., in the following format: "Resolved that ________ is adopted, unless disapproved by a consensus of the membership present and eligible to vote." Thus, a negative consensus would be required to reject a decision thus submitted to the membership (much like the ill-fated Dispute Settlement Body operated).

Members should regard the withholding of consensus for listed categories of decision-making a decision by that member to opt out from the obligations and benefits of that decision or agreement. A member's dissent would have no effect on whether the activity proceeds, which will be a decision in the sole discretion of the Director-General, in consultation with the consultative body hereby established. A negative vote by a member will not be considered as blocking the decision.

Adoption of agreements. New agreements will be adopted under the negative consensus voting arrangement specified above, provided that the Director-General considers that members accounting for over half of world trade favor the proposed agreement. Agreements would be binding only on signatories.

The substantive reform agenda

A generation ago, the primary trade negotiating priorities might have consisted of unfinished business: improving the rules governing agricultural trade, and its further liberalization, and the same for services. These objectives remain very important but new subject areas requiring attention have emerged.

New reform priorities.

At the broadest level, there are three potential calamities that can overwhelm and engulf humankind to which the multilateral trading system is relevant. These are pestilence (pandemic), famine (food insecurity), and the approach of artificial super intelligence. Where multilateral cooperation is most needed, is in dealing with food insecurity exacerbated by climate change, safeguarding world health as there is no assurance that global pandemics are distant, and the regulation of Artificial Intelligence. Other reform priorities pale when compared with these subjects, and they remain largely unaddressed

A number of large members also consider to be of importance dealing with gross trade imbalances and avoiding over-dependence on too limited a range of suppliers of key commodities or markets. Not often listed but felt, is dealing with trade coercion where trade is weaponized. Initial reflections on each of these subjects follow.

Food insecurity. Climate change is as certain a threat to wide swaths of humanity as are pandemics, but more predictable and possibly nearer. One part or the answer to food scarcity must lie in assured sharing of food stuffs by producing countries. The WTO members' response to this problem to date was a limited agreement to avoid restricting commodities destined for purchase by the World Food Programme. Sharing in times of scarcity is a complex but not an unsolvable problem. The appropriate conditions must be created to enhance the willingness of agricultural exporters to commit supplies in times of food scarcity. An inducement could be to provide better market access for producers when supply exceeds demand at remunerative prices. The current rules for agriculture generally are inadequate. This needs to be part of the negotiating agenda.

Global health. Trade was essential in dealing with the pandemic, from the cross-border supply of essential goods -- from masks, mechanical ventilators, protective garments, to supplies of vaccines and diagnostics. By happenstance, as COVID-19 was not anticipated, the WTO was fortunate to have as a new Director-General someone with key experience in dealing with medical emergencies of this sort. She used the convening power of her office and her experience to bring together assets that could facilitate the movement across borders of what was needed. For its part, the WTO had convened one good internal meeting of the General Council to assess the situation, and the WTO ministers later adopted a waiver of intellectual property rules that played no practical role in meeting the crisis.

But for Secretariat's reporting on trade measures, the WTO and its members collectively will be as ill-prepared for the next pandemic as it was for the last. The flow of essential goods must be assured, along with reporting and assurances of transparency. Some agreement on the sharing of scarce resources is needed.

Artificial intelligence. The degree to which AI is a threat to humanity is unknown but is felt broadly to exist, with the use of computing power to replace the use of the human intellect. Serious risks include loss of privacy, massive infringement of intellectual property rights, and weaponization of AI which can take many forms, including biosecurity; automated and hyper-targeted warfare, attacks on social organization; and loss of control (which already has been in evidence) all tending toward human disempowerment. As with food insecurity and being prepared for future pandemics, the issues arising from the growth of importance of AI are not benefitted from being ignored or put off on the basis that national positions are not well-developed.

Imbalances. This term is not defined nor are specific WTO cures identified by those who point to this issue as something to be addressed. In the view of the EU and the US, imbalances in the trade account are caused by trade distortions brought about by non-market practices, state capitalism and industrial subsidies deemed pervasive. The EU among others call for a "level playing field". Position papers originating in the global south see the Uruguay Round Agreements as imbalanced (there never was a level playing field in this view), but that is not the basis for the reference in the US and EU statements to imbalances. A discussion at the WTO under the heading of "WTO Reform" of either set of these identified imbalances at the WTO is unlikely to yield a clear path to resolution.

The remedies to imbalances referred to by the major trading countries are inevitably going to be unilateral and *ad hoc*. This is taking place already for relations with key developed countries and certain products, for the US, the tools chosen are tariffs and export controls, for the EU it is trade defense instruments. Nor are there uniformly applied multilateral remedies on offer for issues raised at present by the Global South. The EU uses unilateral preferences in the form of GSP (Generalized System of Preferences) and for the US AGOA (Agrican Growth and Opportunity Act, for the present) for substantive special and differential treatment (S&D). There is no widespread agreement over where S&D treatment is to fit in the system other than for the least developed.

There are macroeconomic causes to imbalances which are beyond the remit of the WTO and more suitable to being addressed at the International Monetary Fund. Major economies will, however, find agreement in any forum very difficult. Adjustments to trade flows are likely to continue to be made on an *ad hoc* basis through tariffs (the US) or resort extensively to contingent protection (the EU and others), rather than through adjustments to the rules of the trading system.

The question of imbalances has, however, become confused with whether MFN (nondiscrimination) can be maintained. The use of selective tariffs or trade defense measures does not require ending MFN as a general rule.

Safeguards, too, although often mentioned, are not designed to meet the problem of imbalances. A safeguard is an adjustment measure. If adjustment is not desirable because a competing country used industrial policy to obtain and maintain a dominant position in World Trade and production of a particular commodity, a safeguard, a transitional measure, is of no particular relevance, either as a matter of domestic politics or more generally making economic sense. [5]

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[5] Note: The desire to remedy imbalances should not be confused with the WTO safeguard tool. The latter is reserved for addressing a competitive problem in a single industry that results in import-caused injury. Too quick a reading of the 2026 G7 Economists Memo on Global Imbalances submitted by Chong-En Bai, Gita Gopinath, Hélène Rey, Axel Weber, https://www.g7.utoronto.ca/finance/G7-economists-memo-on-global-imbalances.pdf, could lead to the erroneous conclusion that the use of safeguards can remedy trade and

Most-favored nation (MFN)/ nondiscriminatory treatment. The organizing principle of the WTO, and the GATT before it, was nondiscrimination, MFN. There is no satisfactory substitute. The Trump Administration has chosen power as the basis for trade relations. The first Trump Administration and the Biden Administration chose MFN for all except China, where a higher tariff was maintained. The equilibrium point in the bilateral China-US relationship has yet to be found. Efforts at rebalancing are taking the form of exchanges of trade restrictions, not international cooperation.

Scrapping MFN for most trade relations has been heralded by the US during the second Trump administration and alluded to for reassessment by the EU Trade Commissioner, Maroš Sefcovic. Assessing whether reciprocity has been achieved by country by country individually is not possible. Even counting the EC as a single country, there are over 11,000 bilateral relationships to be assessed. Rather, dropping MFN is a mask for basing trade relations on relative power.[6] The assessment can constantly shift, as the Trump administration has demonstrated. MFN provides stability. Its abandonment does not.

Finding a New Equilibrium

A question is whether a new equilibrium can be reached among particularly the three largest trading members – the EU, China and the US. In the past, when there were disequilibria (at the time including a need for adjustment in exchange rates) , the solution was for finance ministers and central bankers to play a decisive role, with trade ministers providing support. This was true with the US import surcharge resolved temporarily with the Smithsonian Agreement on December 18, 1971, and the Plaza Accord on September 22, 1985. The present differs in several respects. In the floating exchange rate era, currency misalignments are not looked to as central. But fiscal policies, including

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current account imbalances. Solving sectoral problems are not a cure for gross imbalances. In addition, the out of place microeconomic suggestion that the Appellate Body ought to be restored, is not only not a cure, but also at cross purposes with the idea of safeguards reform in that the Safeguards Agreement was rendered largely inoperative by the Appellate Body. https://www.wita.org/atp-research/ustr-report-on-the-appellate-body-of-the-world-trade-organization/.

[6] See Prying open Pandora's box by scrapping MFN. https://www.piie.com/blogs/realtime-economics/2026/prying-open-pandoras-box-scrapping-mfn.

domestic tax policies and economic stimulus can again play a role. This time, industrial policies, including subsidies, are also seen as directly relevant. The conclusion: the IMF and the WTO both have interests and could play a role. Central bankers and finance ministers as well as trade ministers, and industry ministers, should be involved. French President Emmanuel Macron and a group of leading economists explicitly warned that *"mismatches between global trade and capital flows have reached... 'unsustainable' levels."* There seems to active international cooperation at G-7 or with China variety, and little consultation with other key countries, such as India.

Dispute settlement (DS).

The appetite apparently for making progress on restoring to some degree binding dispute settlement at the WTO seems to have waned. There are a variety of ways in which some progress might be made, however. Those who wish to do so could adopt with respect to panel proceedings as among themselves reforms of the sort that were attempted in the Molina process. Those who can agree to improvements, would adopt them in the manner of the JSI on E-commerce. While the MPIA is imperfect and was not a cure to the deficiencies of the Appellate Body, it can be serviceable and proved to be so in the two cases that did formally process to a positive conclusion.

A more ambitious approach would be to attempt to restore two stage binding dispute settlement (not with a standing Appellate Body of the type that failed at the WTO) agreement by agreement, starting perhaps with the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) and including each new agreement that reaches general acceptance (whether or not incorporated into the WTO as a formal matter).

There cannot be a complete return to broad binding dispute settlement without two conditions being met. There needs to be a legislature to set the rules and an executive to propose them. A judiciary without functioning legislative and executive branches will simply become once again a kritarchy, a "gouvernement des juges" and be once again unsustainable. The second condition is that if the rules are insufficient, as was the case in subsidies, that area of disciplines cannot be managed by adjudication alone. Negotiation of improved more complete set of rules is needed.

In areas where the rules are more complete, all dispute settlement participants must agree to be bound by a panel decision, unless an agreed method of appeal is agreed to by the litigants to a dispute. WTO dispute settlement (DS) is not designed to give advisory opinions. In any future DS system, no appeals would be permitted to the defunct Appellate Body, which ceased to exist in 2019. Nonparticipants may freely opt out of WTO dispute settlement but then could not use it. There is no reason not to attempt to achieve binding dispute settlement that includes the US in specific areas, such as sanitary and phytosanitary (SPS) standards or technical barriers to trade (product standards).

That WTO dispute settlement was abused is clear from the record as well as individual Appellate Body (AB) decisions. A major difference between the AB and its temporary replacement, the Multi-Party Interim Arrangement (MPIA) is that the AB could change the law (i.e., had precedential value), whereas the MPIA decisions settle the case at hand only. The absence of any kind of oversight by Members on the AB allowed it to overreach and fill gaps in WTO law. During its five years, the AB, had received new appeals an average of 11.0 appeals per year. The 61-member MPIA has processed two appeals to conclusion in its six years of existence.

Subsidies disciplines.

A major deficiency of the trading system is its failure to have developed sufficient rules to provide current subsidy disciplines. A question is whether common ground can be found upon which major countries will agree to more extensive and deeper disciplines. State support is a major factor in key areas of international competition, industrial and agricultural. There have been some attempts to refine the rules by product sector. The semiconductor industry, for example, and its governments took the discussion of state support to a further level.[7] Key policy question will include the extent to which official support will be deemed acceptable internationally for green industries as well as for "pre-competitive" R&D, which can be given lighter discipline or exempted from disciplines altogether.

The Essential Security Exception. GATT Article XXI.

The current provision does not work. It has become a substitute for imposing safeguards without any limits, and its decisions are considered non-reviewable in dispute settlement by the United States and Russia, current major states engaged in the deployment of armed forces. Its use has, however, been found by a WTO dispute settlement panel to be justifiable when states are in armed conflict. Thus, an aggressor could have WTO-certified legitimacy for its measures, as long as it also used armed force against that country. That is a ludicrous result.

Definitions and conditions contained in GATT Art. XXI can and should be reviewed, but Occam's Razor is applicable here, the simplest solution is the best. Under a revised essential security provision, a WTO member could invoke Art. XXI, but it should not be a self-judged free pass. It ought to operate much like article XXVIII - the same as withdrawal of concessions and will give those whose trade is adversely affected a right to compensation or an equal right of withdrawal of concessions. The balance of concessions is maintained without going through dispute settlement unless the amount of concessions withdrawn is questioned. See *Saving the WTO from the national security exception*[8]

[7] https://www.piie.com/sites/default/files/2022-10/2022-10-18-wolff.pdf.

[8] Warren Maruyama (Hogan Lovells) and Alan Wm. Wolff (PIIE), https://www.piie.com/publications/working-papers/2023/saving-wto-national-security-exception. See also "Essential Security Interests and the Future of the World Trade Order - Including Japan's Potential Role" https://www.piie.com/sites/default/files/2024-06/wolff2024-06-04speech.pdf.

Trade coercion.

Trade coercion is not always easy to prove. It may come in veiled forms -- boycotts, difficulties clearing customs, sudden antidumping cases not thoroughly investigated. It should be recognized for what it is, an assault on the system. Collective action may be warranted. This is within the ambit of GATT Article XXXIII.2 as written but not utilized to date. The section contemplates referring the matter to others as a group

> If no satisfactory adjustment is effected between the contracting parties concerned within a reasonable time, . . . the matter may be referred to the CONTRACTING PARTIES. . . . If the CONTRACTING PARTIES consider that the circumstances are serious enough to justify such action, they may authorize a contracting . . . parties to suspend the application to any other contracting party or parties of such concessions or other obligations under this Agreement as they determine to be appropriate in the circumstances.

Seasoned trade experts examined the question of what should be done about trade coercion.[9] They did not go this far, but they published their concerns in the fall of 2021. Trade coercion has become an even more pronounced problem since then.

China's role in world trade and the trading system

Much of the global growth can fairly be accredited to the world trading order that the victors in the Second World War established. It was in that setting that well over 95% of China's remarkable improvement in its trade performance occurred from the time it began to adjust its economy to the WTO's rules in 1986 when it applied to join the WTO and began its fifteen-year accession process.

[9] See *Responding to trade coercion*. Perth. Wendy Cutler, Roberto Zapata, et. al.
https://perthusasia.edu.au/research-and-insights/publications/responding-to-trade-coercion-a-growing-threat-to-the-global-trading-system/

The China that I and my family first visited in the summer of1988 was vastly different than the China of today. It was two years since China had applied to join the WTO. The China of 1988 was not technologically advanced despite the fact that China had often led the world in innovation during prior epochs, largely from 14th century BCE through the 14th century CE. It did not participate fully in the first industrial revolution. At the time of the visit, to deliver a lecture on trade policy at Fudan University, there were only an estimated 60,000 automobiles for personal use in all of China, compared with 134 million registered in the US. The general conveyance in the south of China was the bicycle.   5.6 million bicycles were registered in Beijing alone. Today, China produces one of every three automobiles that are made worldwide, and accounts for approximately 70% to 75% of global electric vehicle (EV) production.

High speed rail was not introduced in China until the 2008 Olympics (120 km ran from Beijing to Tianjin). Today, the total of installed high speed rail in China stands at 50,000 km. The US still has just 0.0 km installed high speed rail.

Bob Noyce, later of Intel, and Jack Kilby, of Texas Instruments, invented the integrated circuit in 1958. By 1988, the world market was just under $60 billion. Japan, the US and the EU dominated the world market. China's share was well under 1%. Today, China is the largest consumer and producer of mature-node semiconductors, and moving up to leading edge products, although the US is in the overall lead in design.

In 1988, China accounted for about 1.7 % of world merchandise exports. Today, China is the largest trading nation, with a share of about 15% of world exports, and 28% of global manufactures. Beyond standard gross trade numbers, counting China's intermediate inputs embedded in other countries' exports (Trade in Value Added or global value chains), China accounts for roughly 40% of the world's global manufacturing value-added embodied in foreign final demand.[10]By these measures, China's economic rise, its gains in trade and manufacturing have been unequaled in history.

[10] (2022 estimate by the US International Trade Commission).

The reason for the recitation of China's economic strides is that China now has wide latitude to conduct a trade policy not built upon self-advancement which every country in large measure seeks to pursue, but on an understanding that global benefits redound to one's own national benefits. Call it enlightened self-interest. The United States and the West understood this in the 1940s, in the aftermath of the Second World War, when they planned the world's multilateral economic institutions. They did not lack self-confidence and there is no reason for China to exhibit any now.

China's influence in shaping the trading system will be very large, no matter what choices it makes. The path chosen deserves careful consideration. Almost a decade ago, Harvard Law School Professor Mark Wu theorized that the multilateral trading system constructed by the US and like-minded market economies could not accommodate both the West's and China's approach to organization of their economies, and this finally seems to be being borne out. [11] It is equally evident in the path that US-China trade relations have taken over the last decade.

International trade cooperation, rulemaking, has largely paused over the last generation, coincident with the time the WTO has been in existence. It is not impossible to envisage a time not that long from now that trading arrangements could be vastly different, but how, more advanced, or more fragmented?

Facing a slate wiped clean of international arrangements by the Second World War, the United States, with the help of others, shaped the current system. China withdrew from the GATT in 1949, not rejoining for over a half century. The world economy was vastly different then than today. The need for international cooperation to make the trading system work smoothly to the extent possible is at least as great now as it was for supporting postwar recovery in 1948, and the problems are perhaps as complex. A difference is that today the need for international cooperation is far less well-recognized

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[11] Wu, Mark, The 'China, Inc.' Challenge to Global Trade Governance (May 13, 2016). Harvard International Law Journal, Vol. 57, 1001-1063 (2016), Harvard Public Law Working Paper No. 16-35, Available at SSRN: https://ssrn.com/abstract=2779781

See also https://borderlex.net/2026/08/26/opinion-how-managed-trade-can-save-the-eu-china-relationship/.

and is accorded far less priority in capitals. As one consequence, the level of international cooperation is now wholly inadequate. There is no acknowledged leader. Finally, Atlas shrugged. The US hegemony, whenever it ended, is not certainly over.

It is now necessary for all members of the WTO to contemplate whether planning for a more positive future will take place or more drift will ensue. The role of China in determining the shape of world trade governance is an open question, and one that not free from concern. Whether there is a grand bargain, one involving the US, China, the EU, and others, will ultimately be sought is unknown. It is not yet even contemplated.

The system for international trade cooperation that the United States founded in 1948 has a lot to recommend it, but it is currently underutilized, far less effective than it should be, and most worrisome, fragile. It may not survive. Circumstances await a resurgence of positive leadership from the WTO’s members and their renewed commitment.