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**DAILY EDITORIAL  
ANALYSIS**

**TOPIC**

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**WTO'S RELEVANCE IN AN ERA OF  
GEOPOLITICS**

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## WTO'S RELEVANCE IN AN ERA OF GEOPOLITICS

### Context

- The **WTO's 14th Ministerial Conference (MC14)** is scheduled to take place **from 26 to 29 March 2026 in Yaoundé, Cameroon** to discuss the challenges and opportunities facing the multilateral trading system and to take action on the future work of the WTO.

### WTO in Crisis: Structural and Functional Challenges

- **Paralysis of Dispute Settlement Mechanism:** The WTO's **Appellate Body crisis** has weakened rule enforcement.
  - ♦ Without binding dispute resolution, rules lose credibility and compliance declines.
  - ♦ It threatens the very foundation of multilateralism.
- **Stagnation in Rule-Making:** WTO negotiations have failed to keep pace with **digital trade expansion**, and **e-commerce governance gaps**.
  - ♦ Existing rules reflect a **20th-century trade structure**, inadequate for modern global value chains.
- **Decision-Making Deadlock:** Consensus-based decision-making among **166 diverse members** leads to slow negotiations, and diluted outcomes.
  - ♦ This institutional rigidity hampers timely reforms.
- **Rise of Protectionism and Geopolitics:** Increasing use of unilateral tariffs, economic coercion, and bilateral trade arrangements.
  - ♦ It signals a shift from **rules-based to power-based trade**.

### Changing Nature of Global Trade

- **Transformation of Production and Trade:** Because of the emergence of the **digital economy**, and **technology-intensive exports from emerging economies**, the global supply chains are now network-driven rather than linear.
- **New Trade Issues:** Climate-linked trade measures (e.g., carbon border taxes); data governance and digital flows; and investment facilitation.
  - ♦ These developments highlight the mismatch between **existing WTO rules and current realities**.
- **Transactional Politics:** The global order is shifting toward '**transactional politics**', where short-term gains override institutional commitments.
  - ♦ A weakened WTO risks dominance of powerful economies, and marginalization of developing countries.
  - ♦ WTO's core role is to ensure **trade is governed by rules, not coercion**.

### Need for WTO Reform

- **Restoring Dispute Settlement Credibility:** Re-establish a **binding and universally accepted dispute mechanism**; reduce politicization of trade conflicts; and essential for rebuilding trust.
- **Ensuring Fairness Alongside Predictability:** Address long-standing concerns ie agricultural subsidies, market distortions, and unequal market access.
  - ♦ Reform **Special and Differential Treatment (SDT)** to reflect current realities.
  - ♦ Developing countries emphasize that WTO must ensure not just **rule of law, but rule of justice**.
- **Enhancing Transparency and Accountability:** Better reporting on subsidies; mechanisms to address unfair trade practices; and strengthened monitoring functions.
- **Institutional Flexibility:** Encourage **plurilateral agreements** (e.g., e-commerce, services); and ensure they remain inclusive, transparent, and integrated into the WTO framework.
  - ♦ Flexible approaches can promote progress without fragmenting the system.

**Conclusion & Way Forward**

- The WTO stands at a decisive juncture. Reform is not merely technical but **systemic and normative**. It requires political will, shared responsibility among members, and balance between flexibility and unity.
- If MC14 succeeds, it can reaffirm the WTO's role as the **anchor of global trade governance**. Failure, however, may accelerate the shift toward a fragmented, power-driven trading system, undermining stability, especially for developing nations.

**Daily Mains Practice Question**

[Q] Discuss the challenges faced by the WTO in the current global order. Examine whether WTO reforms can ensure its continued relevance in maintaining a rules-based trading system.

Source: TH

