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World Trade Organization

The World Trade Organization (WTO) was established in 1995 following the ratification of the Uruguay Round Agreements, and today includes 164 members. It succeeded the 1947 General Agreement on Tariffs and Trade (GATT), created as part of the post-WWII effort to build a stable, open international trading system. The WTO has three basic functions: (1) administering its agreements; (2) serving as a negotiating forum for trade liberalization and rules; and (3) providing a mechanism to settle disputes. The multiple WTO agreements cover trade in goods, agriculture and services; remove tariff and nontariff barriers; and establish rules on government practices that directly relate to trade (e.g., trade remedies, technical barriers to trade, intellectual property rights (IPR), and government procurement). The agreements are based on the principles of non-discrimination—most-favored nation treatment, national treatment, fair competition, and transparency of trade rules and regulations. WTO rules allow for exceptions, such as preferential treatment and flexibilities for developing countries and trade agreements outside the WTO.

The GATT/WTO system over time has led to a significant reduction of trade barriers, supported trade expansion and economic growth, and helped manage trade frictions. At the same time, the WTO faces serious challenges. One key concern raised by experts is that the WTO is losing relevance due to its inability to adapt to the modern global economy. For decades, members struggled to negotiate a successful round of major trade liberalization since 1994. More recently, many have increasingly resorted to measures that may violate core trade rules. Recent challenges, such as the Coronavirus Disease 2019 (COVID-19) pandemic and Russia's 2022 war in Ukraine have disrupted global trade and supply chains and prompted trade-related responses. WTO members have proposed various reforms to the institution in attempts to safeguard and improve it.

Congress has recognized the WTO as the “foundation of the global trading system,” and plays a legislative and oversight role over WTO agreements. Some Members have expressed support for WTO reforms and U.S. leadership. The Biden Administration committed to renewed U.S. support for multilateralism and WTO reform. Amid debates over the WTO's future, several issues may be of interest to Congress, including WTO agreements' effects on the U.S. economy, outcomes of reform and negotiation efforts, and the value of U.S. membership and leadership.

The Doha Round

The Doha Development Agenda, the latest “round” of multilateral negotiations, was launched in 2001, but ended in stalemate, with no clear path forward (**Table 1**). The WTO's large diverse membership and the “single undertaking” approach made consensus on the broad Doha mandate difficult, and these aspects continue to beset ongoing talks today. Doha was characterized by persistent differences among the United States, European Union, and

developing countries across major issues. Developing countries sought the reduction of agriculture tariffs and subsidies by developed countries, nonreciprocal market access for manufacturing goods, and protection for services industries. Developed countries sought reciprocal trade liberalization, especially access to advanced developing countries' industrial and services sectors, while retaining some protection for agriculture. Agriculture, where multilateral solutions arguably remain ideal, is among the thorniest issues left on the Doha agenda. In 2015, members agreed to limited deals, including on export subsidies and measures for least developed countries. Doha's legacy may be the successful negotiation of the 2013 Trade Facilitation Agreement, which removes customs obstacles at the border.

Table 1. GATT/WTO Rounds

Year	Name	Subjects covered	Members
1947-1961	Geneva, Annecy, Torquay, Geneva II, Dillon	5 rounds of tariff reductions	23 (1947); 26 (1961)
1964-1967	Kennedy	Tariffs and antidumping measures	62
1973-1979	Tokyo	Tariffs, antidumping, subsidies, TBT, government procurement	102
1986-1994	Uruguay	Tariffs, nontariff measures, rules, services, IPR, dispute settlement, textiles, agriculture, WTO institution	123
2001-2015*	Doha	Tariffs, nontariff measures, agriculture, services, trade facilitation, trade remedies, and development	142 (2001); 164 (current)

Source: WTO.

Note: *In 2015, WTO members failed to reaffirm Doha's mandates.

MC12

Ministerial Conferences (MC) are generally seen as action-forcing events for the WTO. After prolonged delay, WTO members held the 12th MC in June 2022, with outcomes on several initiatives, including a limited multilateral agreement on fisheries subsidies. The agreement, subject to prolonged talks since 2001, commits to curb certain harmful subsidies. The deal was notable as the only current multilateral negotiation and the first to cover sustainability issues. Members are to continue negotiations on key issues left out of the final deal—see CRS In Focus IF11929. Other decisions include extending a moratorium on e-commerce duties and a package on WTO responses to emergencies, covering food security, a World Food Programme exemption from export prohibitions, and pandemic responses, including an IP waiver (see below). Observers viewed MC12 outcomes as boosting the WTO's credibility, while urging continued progress on outstanding critical issues, such as on agriculture, subsidies, and WTO reform. WTO leadership framed the deals as demonstrating that the

multilateral trading system “can respond to some of the most pressing challenges of our time.”

Plurilateral Initiatives

While multilateral efforts have generally progressed slowly, several plurilateral talks among subsets of members are underway. Agreements with U.S. membership cover key sectors and are viewed as potential models for other efforts.

- **Government Procurement Agreement (GPA).** Provides market access for various nondefense government projects to its 48 signatories. The revised 2014 GPA expanded market access and covered entities.
- **Information Technology Agreement (ITA).** A subset of members in 2015 expanded the 1996 ITA product coverage for tariff-free treatment, eliminating tariffs on 201 new goods, applied on a MFN basis to all members.
- **Joint Initiative on Services Domestic Regulation.** Concluded in December 2021, 67 members agreed to facilitate services trade by improving transparency on domestic processes and addressing regulatory barriers.

Ongoing plurilateral talks with U.S. participation include the Joint Initiative on E-commerce with over 80 members. U.S. priorities include disciplines on cross-border data flows and bans on data localization and forced technology transfer. The Trade and Environmental Sustainability Structured Discussions (TESSD) among more than 70 members aims to advance a work plan on trade-related climate measures and environmental goods and services. The United States and others point to plurilateral deals as a key way forward to address new issues. Some members raise concerns that plurilaterals, while useful, could potentially marginalize nonparticipating countries or allow for free riders who benefit from others’ commitments.

Ongoing Challenges

Since the Doha Round, intractable issues and active debate have characterized the WTO. While MC12 appeared to reenergize efforts and optimism, others point to significant issues left aside. Many WTO members concur that the WTO must reform its negotiating, monitoring, and dispute settlement (DS) functions to remain an effective institution. The impact of new WTO agreements reached and prospects for ongoing talks remain key oversight issues for Congress. Some Members have expressed views on WTO negotiating priorities and reforms through resolutions and directed the executive branch to increase U.S. engagement in specific areas. Congress could hold oversight hearings or submit letters to ask USTR about specific actions or plans.

Negotiating Agenda. Some issues left on the Doha agenda remain contentious and appear intractable, e.g., attempts to discipline agricultural subsidies or resolve concerns on public stockholding programs. Further, since 1995, new trade barriers, technology advances, and other issues have emerged, prompting countries to seek to address issues, such as digital trade, state-owned enterprises, and climate change that pose challenges to the trading system. MC12 provided an opportunity for decisions on new rules and taking stock of the evolving agenda. The WTO Director-General emphasized the importance of continued progress by MC13, building on this groundwork. U.S. officials also contend that WTO rules were not designed to effectively handle the challenges of countries like China that are not fully-fledged market economies and where the state plays a

major role. U.S.-EU-Japan talks, recently restarted, aim to strengthen rules on such issues, including on subsidies.

COVID-19. A key focus of MC12 was the global trade and economic disruptions due to COVID-19, which tested coordination in global trade policies, upset supply chains, and resulted in trade protectionism. At the onset, the WTO committed to work to minimize disruptions to trade, and encouraged WTO members to notify new trade measures. At the same time, many countries reaffirmed the trading system, lifted temporary restrictions, and viewed the WTO as playing an important role in tackling trade policy challenges of the pandemic. Some members advocated for a plurilateral deal on medical goods. Delay in production and distribution of vaccines led to calls by some countries to waive certain IPR rules. Such proposals, while contentious, gained momentum following the Biden Administration’s support. The MC12 decision provides for a five-year waiver and clarifications of certain WTO requirements concerning patents and compulsory licenses for COVID-19 vaccines. (For more information, see CRS Report R47231.)

WTO Reform. At MC12, WTO members did not announce concrete solutions, but agreed on a process for addressing reforms. They committed “to improve all [WTO] functions” and emphasized the process “shall be Member-driven, open, transparent, inclusive.” The Biden Administration has supported WTO reform so that the institution “empowers workers, protects the environment, and promotes equitable development.” Many U.S. frustrations with the WTO are shared by past U.S. administrations, some Members of Congress, and other WTO members, but approaches to solutions among WTO members differ. Several U.S. and other proposals remain under debate, including on WTO transparency and notification requirements, and extent of special and differential treatment for developing countries.

Dispute settlement also has been a major focus of reform. To supporters, the DS system is considered a WTO success. Others are concerned about the system’s legitimacy absent reforms and if no new WTO agreements are reached, thus preventing key issues from being adjudicated. Successive U.S. administrations and some Members of Congress have voiced DS concerns, including over perceived “judicial overreach” in panel decisions, especially on trade remedies. The Trump Administration’s blocking of appointments to the Appellate Body (AB)—which the Biden Administration continued—led to the AB ceasing to function in 2019. In 2020, the EU and others put into effect an appeal arbitration arrangement to hear their cases. At MC12, members committed to “having a fully and well-functioning dispute settlement system accessible to all Members by 2024.”

Unilateral Enforcement Actions. Some observers are concerned that U.S. tariffs imposed by President Trump and maintained under Biden, and counter-tariffs by other countries have further strained the WTO and DS system. Concerns include that unilateral measures, some pursued in the name of national or economic security, may undermine the WTO’s credibility and lead to new trade restrictions. While WTO rules offer flexibility for temporary measures justified by national security or health crises, the spread of pandemic-related trade restrictions amplified such concerns.

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