



## World Trade Organization

The World Trade Organization (WTO) is an international organization 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 U.S. and Europe-led post-WWII effort to build a stable, open international trading system. The WTO’s basic functions are: administering its agreements; serving as a negotiating forum for trade liberalization and rules; and 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 relating to trade (e.g., trade remedies, technical barriers to trade, intellectual property rights (IPR), and government procurement). The agreements are based on the core principles of nondiscrimination—most-favored nation (MFN) and national treatment, fair competition, and transparency. WTO rules also allow for exceptions, such as preferential treatment/flexibilities for developing countries.

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 observers 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. In recent years, many have increasingly resorted to measures that may violate core trade rules. Moreover, 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 are considering 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 it plays a legislative and oversight role over WTO agreements. Some Members have expressed support for WTO reforms, new rules, and U.S. leadership (e.g., S.Res. 202, S. 446). The Biden Administration committed to renewed U.S. support for multilateralism and WTO reform, and remains engaged in ongoing negotiations. Amid debates over the WTO’s future, several issues may be of interest to Congress, including the effects of WTO agreements on the U.S. economy, outcomes of reform and negotiation efforts, and the value of U.S. membership and leadership within the WTO.

### The Doha Round

The Doha Development Agenda, the most recent “round” of multilateral negotiations, was launched in 2001, but ended in stalemate in 2015 with no clear path forward (Table 1). The WTO’s 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 developed and developing country members across major issues. 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, Ancey, Torquay, Geneva II, Dillon	5 rounds of tariff reductions	23 (1947); 26 (1961)
1964-67	Kennedy	Tariffs, antidumping measures	62
1973-79	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: CRS based on the WTO.

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

### MC13 Prospects

WTO members held their latest ministerial conference—the WTO’s top decisionmaking body and generally seen as an action-forcing event—in June 2022 and achieved several outcomes, including a limited multilateral agreement on fisheries subsidies. The fisheries deal, subject to prolonged talks since 2001, commits members to curb certain harmful subsidies. It was notable as the only current multilateral negotiation within the WTO and first to cover sustainability issues. WTO members have continued talks on key issues left out of the deal, notably subsidies related to overfishing and overcapacity—see CRS In Focus IF11929. Other decisions included 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 restrictions, and IP-related pandemic responses (see below). Many observers generally viewed MC12 outcomes as boosting the WTO’s credibility. WTO leaders framed the deals as demonstrating the global trading system “can respond to some of the most pressing challenges of our time,” while emphasizing it is critical to build on this groundwork by the next ministerial.

The 13<sup>th</sup> Ministerial Conference (MC13) is set for February 26-29, 2024. Members face decisions on priority issues leftover from MC12, including whether to again extend the e-commerce moratorium (set to expire in March 2024),

opposed by some countries like India; bridge differences in the second phase of fisheries talks and in agriculture; and clarify roadmaps toward WTO reform including on dispute settlement (DS). Members are also set to formally endorse the accessions of Comoros and Timor-Leste, increasing WTO membership to 166. Some observers have tempered expectations for a substantive package of MC13 outcomes, but expect decisions that take stock of incremental progress.

## Plurilateral Initiatives

While multilateral efforts have generally progressed slowly, various plurilateral talks among subsets of members are underway. The United States and others point to plurilateral deals as a key means to address priority issues on the global trade agenda. Some WTO members raise concerns that plurilaterals could marginalize non-participating countries, or allow “free riders” to benefit from others’ commitments. Agreements with U.S. membership cover key sectors, e.g.,

- **Government Procurement Agreement (GPA).** Revised in 2014, provides market access for various nondefense government projects to its 48 signatories.
- **Information Technology Agreement (ITA).** In 2015 members expanded the 1996 ITA product coverage for duty-free treatment (applied on an MFN basis).
- **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. In late 2023, U.S. trade officials reversed long-standing U.S. support for certain digital trade rules in the negotiations, citing the need for policy space and internal consultations on sensitive areas like data flows. The move prompted reactions of both support and frustration in Congress and from stakeholders. Other talks among 76 members under the Trade and Environmental Sustainability Structured Discussions aim to advance a work plan on trade-related climate measures and environmental goods and services.

## Ongoing Challenges

Since the Doha Round, intractable issues and active debate have characterized the WTO. Many WTO members concur that the WTO must reform its negotiating, monitoring, and DS functions to remain effective. While MC12 appeared to reenergize efforts and optimism for some, others point to key issues left aside and incremental progress made in advance of MC13. The impact of WTO agreements and prospects for ongoing talks remain oversight issues for Congress. In February 2024, the House Ways and Means Trade Subcommittee held a hearing on advancing U.S. interests at MC13. Members of Congress have expressed views on WTO negotiating priorities in legislation and urged U.S. engagement and leadership in specific areas.

**Negotiating Agenda.** Members’ ability to negotiate rules is central to WTO legitimacy, but “hostage-taking” tactics and elusive consensus are often prevalent. Some leftover Doha agenda issues remain contentious and seem intractable, e.g., attempts to discipline agricultural subsidies or resolve concerns over public stockholding programs. Further, with emergence of new trade barriers, global supply chains, and technology advances since 1995, countries have sought to address “21<sup>st</sup> century” issues like digital trade, state-owned

enterprises, and climate change that pose challenges to the trading system. Amid this backdrop, U.S. officials contend that WTO rules were not designed to effectively handle the challenges of China’s statist economic policies. U.S. talks with the EU and Japan have explored ways to strengthen or create rules on such issues, e.g., industrial subsidies.

**COVID-19.** A focus of MC12 was COVID-19 related global trade and economic disruptions, which tested coordination in trade policies, upset supply chains, and spurred trade protectionism. Many countries viewed the WTO as playing an important role in tackling the trade policy challenges of the pandemic. Members agreed at MC12 to a five-year waiver and clarifications of certain WTO provisions concerning patents and compulsory licenses for COVID-19 vaccines, amid concerns over delays in their production and distribution—see CRS Report R47231, *World Trade Organization: “TRIPS Waiver” for COVID-19 Vaccines*. They also committed to a future decision on whether to extend the waiver to COVID-19 diagnostics and therapeutics. Ahead of MC13, WTO members affirmed “consensus could not be reached” on extending the waiver.

**WTO Reform.** WTO members agreed on a process for reform efforts at MC12. They committed “to improve all [WTO] functions” emphasizing the process “shall be Member-driven, open, transparent, inclusive.” U.S. priorities include improving WTO transparency and members’ compliance with notification requirements, and reforming use of special and differential treatment for developing countries. Many U.S. frustrations are shared by other WTO members, but approaches to solutions differ and remain contentious, particularly for DS reform. Many are concerned about the DS system’s legitimacy absent any reforms and negotiation of new agreements, thus preventing key trade issues from being adjudicated. Successive U.S. Administrations and some Members of Congress have voiced DS concerns, including over alleged “judicial overreach” in panel decisions. The U.S. blocking of Appellate Body (AB) appointments 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. WTO members aim to have “a fully and well-functioning” DS system “accessible to all Members by 2024”; reform discussions have progressed but remain in informal stages.

**Trade Enforcement.** Some observers are concerned that tariffs imposed by President Trump and largely maintained by President Biden, and counter-tariffs by U.S. trading partners have strained the WTO and DS system. In this view, unilateral measures, some pursued in the name of national or economic security, could undermine the WTO’s credibility and lead to new 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. In 2022, the United States and some countries invoked national security justifications in revoking Russia’s MFN status after it invaded Ukraine. U.S. officials maintain that a country’s “essential security interests” is self-judging and not reviewable by DS panels, despite recent adverse decisions.

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