



The Multilateral Trading System: Resilience, Erosion, and the Role of Middle Powers

Ralph Ossa, February 2026



Overview

- The multilateral trading system is more resilient than is often assumed. Most trade is still conducted on the basis of WTO rules.
- This resilience masks growing weaknesses. Major reforms – of substance and process – are needed for the WTO to remain relevant.
- The system can no longer rely on great powers to underwrite cooperation. It will increasingly depend on the collective action of middle powers.

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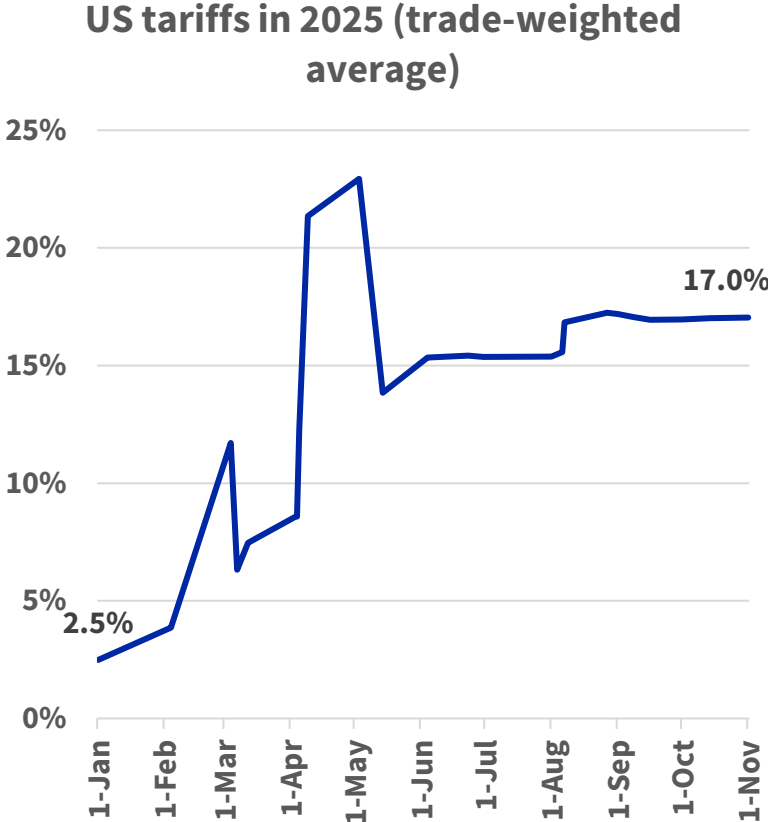
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The state of the multilateral trading system

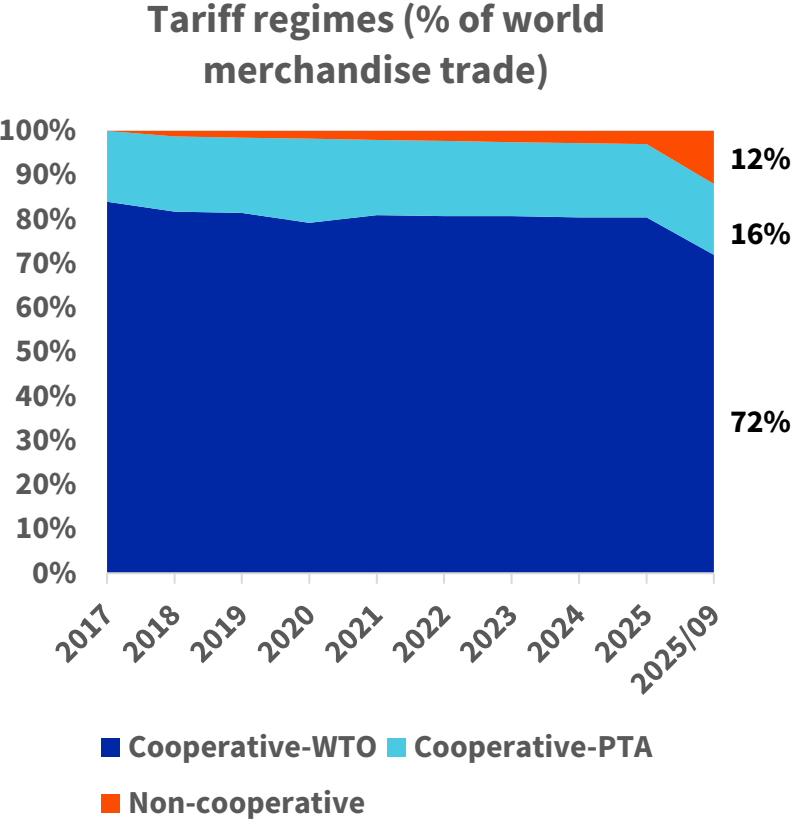
The average US tariff rate has risen sharply in 2025.

Most of global trade is still rules-based and not power-based.

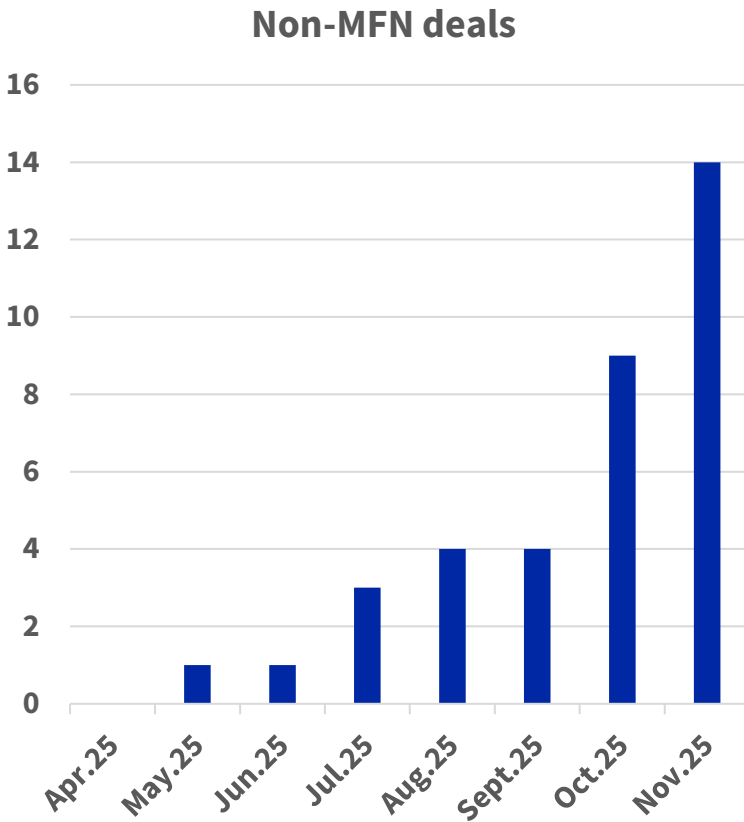
Recent US bilateral challenge key multilateral principles.



Source: WTO-IMF



Source: WTO



Source: Own calculation

Why the system is under strain today

Unfinished business of development

- The failure of the Doha Round left many unresolved legacy issues and eroded trust in the system. Moreover, developing countries did not participate in the reciprocal bargaining among advanced economies.

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The rise of China and the return of power politics

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Sustainability and regulatory spillovers

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Digital trade and the scope of multilateral rules

- Digitalization has transformed how trade is conducted shifting attention beyond traditional border measures. Multilateral rules have not kept up with these developments - with the exception of the e-commerce moratorium.

Some examples of substantive reform ideas

Reframing the development bargain

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Preserving market access in digital trade

- A quick win would be to make the e-commerce moratorium permanent rather than letting it expire at the upcoming 14th Ministerial Conference.

Key takeaways

- The multilateral trading system is more resilient than is often assumed.
- Major reforms – of substance and process – are needed for the WTO to remain relevant.
- The system will increasingly depend on the collective action of middle powers.

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