



Impulses for a New World Trade Order

Preserve the WTO – Secure Supply Chains



German Chamber of
Commerce and Industry

Imprint

German Chamber Commerce and Industry

Breite Straße 29
D-10178 Berlin
Telephone +49 30 20308 0
Email info@dihk.de

DIHK Online

[Homepage](#) | [Facebook](#) | [X \(Twitter\)](#) | [LinkedIn](#) | [Instagram](#) | [YouTube](#)

Editor: Klemens Kober

Graphics: Friedemann Encke, Sebastian Titze, DIHK

Status: January 2026

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The new high-tariff policy of the United States, which clearly violates its WTO commitments, along with WTO-incompatible U.S. trade deals, marks a turning point for the global trade system. For Germany's export-oriented economy, this is a dangerous development: alongside the WTO system, a parallel trade reality is emerging—characterized by uncertainty, protectionism, and the law of the strongest. The internationally interconnected German economy depends on open markets, fair and transparent rules, and their enforcement. All of this is provided by the World Trade Organization (WTO). Even though the organization is increasingly paralyzed by member blockades, WTO achievements such as harmonized tariff codes, bound tariffs, and global protection of intellectual property remain irreplaceable. At the upcoming 14th WTO Ministerial Conference in March 2026 in Cameroon, the EU must make every effort to preserve the WTO. In addition, the WTO must be prepared for future geoeconomic and technological challenges through a strategic reform agenda. The EU should focus on the following priorities:

1. **Preserve and reform the WTO**
2. **Forge a coalition for free trade and fair rules**
3. **Prevent digital tariffs**
4. **Advance sustainability globally rather than unilaterally**
5. **Think Small First**

1. Preserve and reform the WTO

The WTO provides the fundamental framework for foreign trade with 166 countries, accounting for 98% of global trade. Within the WTO, these countries have committed to maximum tariff levels, which offer indispensable planning security for international trade. Over the past decades, WTO negotiations have significantly

reduced global tariff levels and facilitated global trade in goods.

In addition, the WTO regulates market access in services trade and procurement markets, the protection of intellectual property, the handling of non-tariff trade barriers, subsidies, the simplification of customs procedures, and dispute settlement procedures between members.

The WTO rests on three pillars:

1. **Negotiation forum** for further trade liberalization,
2. **Monitoring** of WTO agreements and national trade practices,
3. **Dispute settlement** in cases of violations of WTO rules.

Despite ongoing blockades—such as those by the U.S. in the dispute settlement system or by individual members in the negotiation agenda—this multilateral framework remains indispensable.

To preserve the WTO, the EU should assume greater responsibility. This includes supporting the functionality of the WTO Secretariat. The MPIA (Multiparty Interim Appeal Arbitration Arrangement), initiated by the EU, serves as a plurilateral interim solution for dispute settlement until the WTO's appellate body is restored. So far, it consists of the EU and 30 other WTO members and should be expanded to include additional key trading partners such as Argentina, India, Indonesia, South Korea, Nigeria, South Africa, and Turkey.

At the same time, returning to a fully functioning WTO dispute settlement system with an appellate function remains a central goal—especially in the interest of Germany's export-driven economy. Between 1995 and 2024, 112 WTO members used the dispute settlement system in 631 cases; the compliance rate is around 90%. The U.S., with 115 cases initiated, is still the largest user, ahead of the EU (97).

Furthermore, the accession of neighbouring countries such as Serbia, Bosnia and Herzegovina, and Kosovo, as well as other candidates like Uzbekistan and Ethiopia, is important to ensure that WTO rules cover an even larger share of global trade.

The WTO advisory bodies with representatives from business should be more strongly institutionalized and take inspiration from the OECD. This would allow input from the private sector to be better integrated into ongoing negotiations. Furthermore, WTO processes should be made more transparent, for example by making meetings accessible to the public. The WTO Secretariat should also be financially empowered to more actively support the further development of the WTO rulebook.

Negotiations on global tariff reductions remain crucial, particularly for tariff peaks and key import and export goods.

At the 13th WTO Ministerial Conference in 2024, India in particular blocked the inclusion of the plurilateral agreement on investment facilitation into Annex 4 of the WTO Agreement, thereby preventing its entry into force—despite support from 126 out of 166 countries. In 2024, India, South Africa, and Turkey repeated this blocking stance six times, arguing that all WTO negotiations must be decided unanimously. This institutional blockade by individual countries should be overcome by an EU-led coalition in order to advance plurilateral agreements on economically relevant issues within the WTO.

Additional countries—particularly the G20 states China, Brazil, India, and Turkey—should join the WTO Government Procurement Agreement. Likewise, the Agreement on Trade in Civil Aircraft should be extended to major production countries such as China, Brazil, and India, as well as to the dynamically growing New Space sector. To proactively shape international trade rules for new economic activities in outer space, a new Space Working Group should be established within the WTO.

At the 14th Ministerial Conference, formal WTO reform negotiations should be launched with a concrete work program that, in line with consultations by WTO Facilitator Petter Ølberg,

prioritizes WTO governance, new agreements on the “issues of our time,” and the question of a global level playing field. In the absence of consensus, the EU should take the lead with a coalition of the willing—particularly regarding plurilateral agreements on economically relevant topics.

2. Forge a coalition for free trade and fair rules

Many experts expect that the new U.S. high-tariff policy—and the uncertainty it brings—will persist for the foreseeable future. Even without a U.S. withdrawal from the WTO, this weakens the multilateral, rules-based trading system. From the perspective of most businesses, the EU and its trading partners should avoid entering into WTO-incompatible agreements that would further accelerate the erosion of the WTO. Instead, the EU should promote commitments to constructive cooperation within the WTO. As a community of states built on rules, the EU must defend the strength of law—the very foundation of its internal market.

Despite the ongoing blockade of the WTO Appellate Body and temporary suspension of contributions, the U.S. has appointed a new WTO ambassador, remains highly active in WTO committees, and strongly advocates for maintaining the WTO e-commerce moratorium. Given the systemic importance of the U.S. for global trade, other WTO members should not close the door to a long-term U.S. return to a more constructive role within the WTO. In the meantime, it is crucial to prevent other countries from following the U.S. example. The remaining 165 WTO members, which account for 87% of global imports, should act out of their own strong interest to preserve the rules-based trading system.

To achieve this, a coalition for free trade is needed, led by the EU together with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), without undermining WTO rules. A standstill agreement in which participating countries commit to continue applying WTO law and principles such as Most-Favored-Nation treatment and national

treatment, as well as agreed tariff levels, would provide businesses with crucial planning certainty.

Equally important would be an agreement to refrain from export restrictions and economic coercive measures, along with stronger transparency and notification obligations for governments regarding export controls, for example in the form of an Export Control Code of Conduct.

Given the accelerating global subsidy race and the increase in industrial policy interventions, closing gaps in WTO rules on industrial subsidies is even more urgent. The WTO Agreement on Subsidies and Countervailing Measures should be modernized and stronger rules against market distortions should be developed. This should include a broader definition of subsidies, greater transparency requirements for subsidies, stricter reporting obligations for state-owned enterprises, coverage of additional types of subsidies, and prohibitions on forced technology transfer.

Finally, an evidence-based approach to the special and differentiated treatment of developing countries in the WTO is long overdue. In particular, WTO advantages granted to these countries should no longer be available to G20 or OECD countries.

The inflationary use of trade restrictions justified by the GATT Article XXI exception for national security must be curbed. To this end, the procedures and transparency obligations provided for should be defined more clearly.

To deter and counter the globally increasing use of economic coercive measures by third countries, the EU should ultimately promote a plurilateral WTO declaration renouncing economic coercion. This declaration should also include a prohibition on the deliberate withholding of products that are of fundamental importance to other states and cannot be substituted, such as food, energy, and raw materials.

3. Prevent digital tariffs

One of the most important goals of the 14th Ministerial Conference is to ensure that the WTO moratorium on customs duties for electronic transmissions does not expire in March 2026 but is instead established as a permanent trade rule. The cross-border flow of data must be guaranteed; otherwise, companies face the possible introduction of digital tariffs, which could significantly increase the burden on trade in products (Industry 4.0) and services. Intellectual property should be protected, and standards and norms for digital trade should be harmonized wherever possible.

The WTO negotiations on an e-commerce agreement must be concluded to reflect the increasing digitalization of global trade. In particular, technological progress in the field of artificial intelligence is advancing many times faster than WTO negotiations. Therefore, a dedicated working group should be established for new key technologies such as AI, blockchain, and quantum applications—technologies that not only depend on rules-based global trade and investment but can also fundamentally transform them. For the share of services incorporated into the production of physical goods ("Mode 5"), modern trade rules are more necessary than ever. The promotion of open standards and interoperability should enable international compatibility of digital systems. Successful WTO agreements such as the Information Technology Agreement (ITA), which eliminates import duties on various IT products such as computers, smartphones, and software, demonstrate the value of multilateral trade rules. These agreements should be further developed and extended to additional products and participating countries.

4. Advance sustainability globally, not unilaterally

Unilateral measures instead of global cooperation are less effective and carry the risk of economically damaging trade conflicts and increased protectionism. WTO-incompatible sustainability legislation should be opposed. Regulations in the areas of sustainability, climate, and environmental protection should instead be

promoted internationally in dedicated forums. For these approaches to succeed, the EU should support developing countries with technical assistance and help build the necessary administrative capacities.

In particular, the crucial issue of effectively curbing climate change requires global solutions and coordinated action by all major CO₂-emitting countries. Following the introduction of the EU Carbon Border Adjustment Mechanism, a coordinated multilateral approach to the climate-trade nexus within the WTO should be advanced quickly, including discussions on the circular economy and implementation of the Paris Climate Agreement. In addition, the international Climate Club—a cooperation forum on minimum standards for meeting climate targets—should be implemented in binding form with relevant trading partners to avoid trade conflicts and competitive disadvantages.¹ From a business perspective, it is also advisable to revive negotiations for a WTO agreement on environmental goods and services. This could open new market opportunities for German companies.² The lifting of intellectual property rights for environmental and climate technologies—as demanded by India, for example—is, however, rejected by most German businesses. In addition, a WTO-wide ban on subsidies for the extraction and use of fossil fuels should be examined. To reduce international competitive distortions, WTO members should explore discussions on due diligence obligations, for example in the areas of sustainable supply chains and environmental standards, fair labour norms, and sustainable procurement criteria.

5. Think Small First

WTO members should agree on an SME agenda to facilitate the integration of small and medium-sized enterprises into global value chains. The guiding principle should be: "Think Small First." In various concept papers since 2017, DIHK has made detailed proposals on individual aspects of a WTO SME initiative, such as a WTO SME work

¹ DIHK Impuls 2022 <https://www.dihk.de/de/aktuelles-und-presse/aktuelle-informationen/q7-praesidentschaft-nutzen-um-einen-klimaclub-voranzubringen-75444>

program, a WTO SME committee, a WTO SME representative, the Global Trade Helpdesk, a global de minimis agreement, and government transparency obligations toward SMEs.

All WTO members should join the WTO SME working group and expand existing agreements so that reviewing the bureaucratic burden on SMEs from new trade regulations becomes a global standard. The Trade Facilitation Agreement (TFA) sets the rules between customs administrations and businesses. It should be consistently strengthened and improved and serve as a guideline for customs administrations—even in industrialized countries. Fragmentation of non-preferential rules of origin should also be addressed. The implementation of customs measures must become more SME-friendly, particularly in processes and implementation timelines.

Who we are:

Under the umbrella of the Association of German Chambers of Industry and Commerce (DIHK), 79 Chambers of Industry and Commerce (IHKs) are united. Our common goal: creating the best conditions for successful business.

At the federal and European level, DIHK represents the interests of the entire commercial sector vis-à-vis politics, administration, and the public. Several million companies from trade, industry, and services are statutory members of an IHK—from small kiosk owners to DAX-listed corporations. DIHK and the IHKs thus provide a platform for the diverse concerns of businesses.

Our positions are based on DIHK's economic policy positions and adopted policy papers, taking into account the comments received from IHKs and their member companies up to the submission of the statement.

In addition, DIHK coordinates the network of 150 German Chambers of Commerce Abroad, delegations, and representative offices of German business in 93 countries.

² DIHK-Hearing in the Bundestag 2022 <https://www.bundestag.de/dokumente/textarchiv/2022/kw41-pa-klima-energie-partnerschaften-913812>