

## **The crisis of the multilateral trade system: gradual disintegration or natural evolution?**

### **Description for the general public**

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The multilateral international order appears to be in a serious crisis. Multilateralism, in its idealized form, denotes a process of organizing relations among states (three or more) on the basis of generalized principles of conduct, without regard to particularistic interests of the participants or strategic exigencies that may exist. Multilateralism has served as a basis for international cooperation over past several decades, particularly after the end of the Cold War when it extended into the broader global system of governance. Lately, however, an increasing number of countries seems to be disappointed with the existing multilateral arrangements. The great powers see uni- and bilateral strategies, which maximize their political leverage rather than diluting it in multilateral fora, as more effective ways of controlling the course of international affairs. Paradoxically, less powerful nations are also frustrated with functioning of international organizations and arrangements, believing that they fail to deliver on their declared goals, and suffer either from power or ideological biases. Notable examples of on-going disintegration of the multilateral international system include a decision of the United Kingdom to leave the European Union, states' withdrawals from international institutions and arrangements (e.g. International Criminal Court, UNESCO, Paris Agreement), or difficulties in ratifying important international agreements (e.g. UN Global Compact for Migration). International trade order particularly suffers in this context, mainly due to different actions taken by the United States that have undermined the credibility, legitimacy, and relevance of the World Trade Organization (WTO).

The objective of this project is to use the case of the multilateral trading system – as embodied by the WTO – to illuminate the discussion on the crisis of multilateralism, its character, potential consequences, and the possible ways in which it may be dealt with. In this context, the project intends to address the following general research questions: (a) what is the nature of the current crisis of the multilateral trade system (i.e. the WTO)? How serious is it in terms of the various functions that are performed by the WTO? (b) What are the reasons behind the crisis? Is it a reflection of the shift in American trade policy, some deeper geopolitical reconfiguration that is taking place at the international level, or rather dysfunctionalities that exist within the system, or some combination of all three? (c) How can the crisis be addressed? How does one deal with the deeper process of the progressive regionalization of international trade relations within the multilateral system?

The topic addressed by the project is important for several reasons. It touches upon issues that are of fundamental importance from the point of view of public international law and international relations. Multilateralism is a concept that has significantly shaped the developments in these two areas in the last several decades and forms the ideological foundation of the current system of global governance. This is particularly true for the international trading system, with the WTO being a central element of it. Thus, it is vital to understand the nature of the changes that are currently taking place as they will have a direct impact on the shape of the governance structures in the future. The significance of the project is not, however, limited to this theoretical dimension, but also extends to the practical operation of the system. International trade constitutes a foundational pillar of the contemporary globalized world. Trade flows, global value chains, and investment decisions are greatly determined by the legal architecture of the system. Consequently, it is not possible to understand certain global economic processes without first enquiring into the legal framework that creates the system (and which is currently evolving). Last but not least, the project relates to an area which is currently a subject of significant changes. Due to the recent and on-going character of these developments, the field remains under-investigated, with many lacunae to be filled in, thus creating very interesting intellectual challenges and opportunities for scholars.