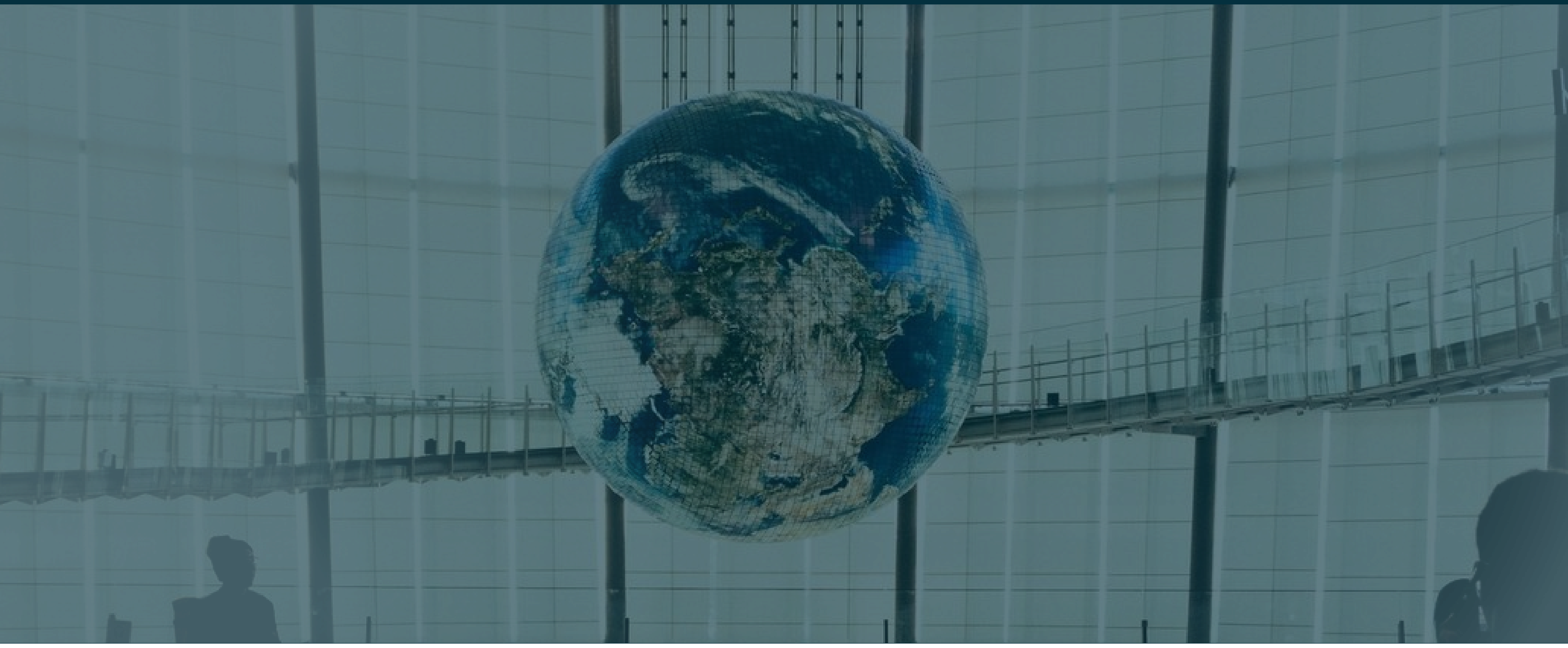

Trade & Inequality

Why does it matter?

Global trade and tax systems struggle to adapt to rising geopolitical tensions. Disagreements among major powers hinder agreement on World Trade Organization (WTO) reform and new rules and weaken core functions like dispute settlement.

For the EU, this has direct consequences. European exporters rely on predictable trade rules. When these weaken, businesses face higher tariffs, greater legal uncertainty, and fewer protections against unfair practices.

Gaps in global tax governance also allow multinational companies to shift profits across borders, reducing national tax revenues.

Where is reform possible?

Across trade and tax governance, geopolitical divides make major structural reform unlikely. The most realistic way forward is to make incremental improvements within existing frameworks.

For global tax policy, progress will depend on whether the two parallel initiatives by the OECD/G20 and the UN can come together in a way that is both effective and inclusive.

In global trade, reform is more likely to happen through informal and non-binding approaches – such as information sharing, best practices, or voluntary guidelines – rather than new binding rules. This is particularly true in areas where WTO members can see clear benefits.

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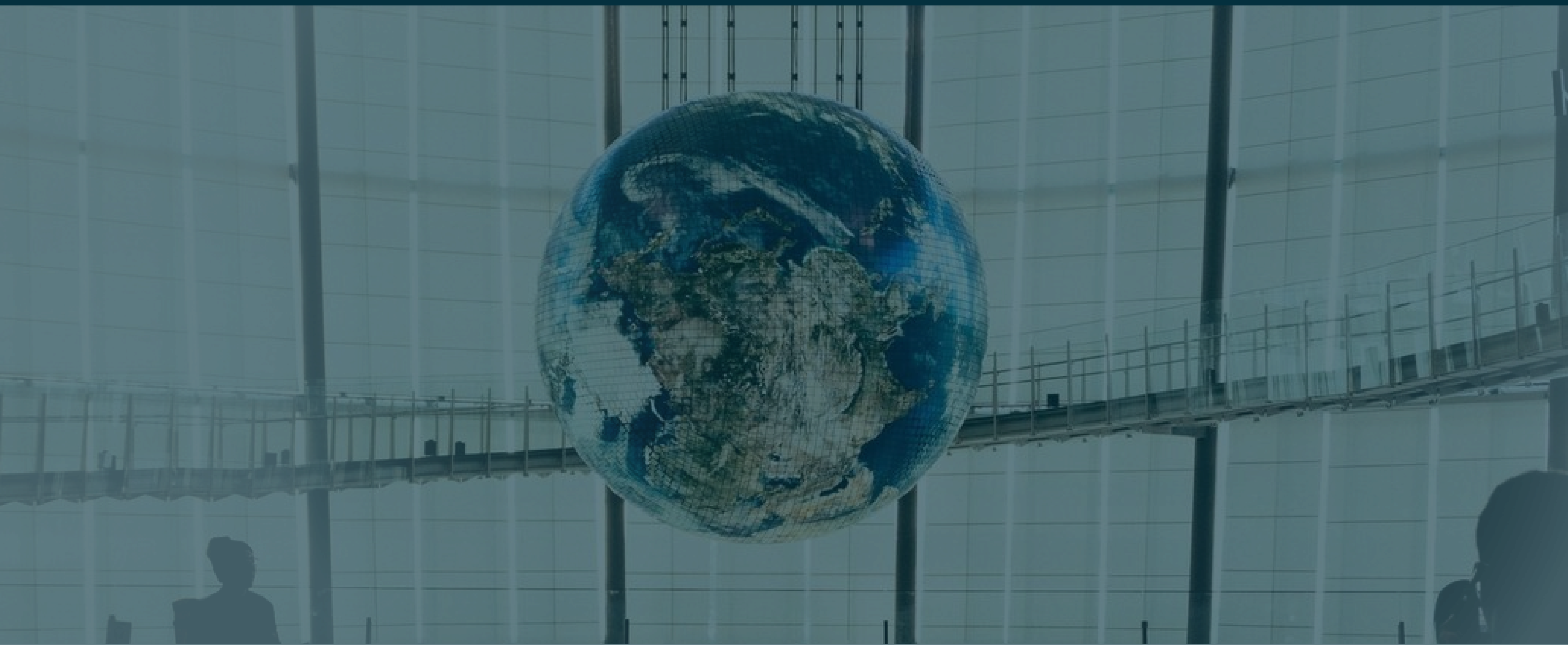
Shaping cooperation
for a world in transition



What can the EU do about it?

- Acknowledge the trade-offs between strategic autonomy and WTO rules, and prioritise coalition-building within and outside the WTO.
- Expand the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) and improve developing countries' access to WTO dispute settlement, to preserve the rules-based trading system's core functionality under pressure.
- Engage constructively with the UN-led tax process and address Plural South concerns about representation and fairness.

Key Outputs

- "Revitalising and Reforming the World Trade Organization in an Age of Geopolitics" by Michal Parizek, Clara Weinhardt
- "Expanding the WTO's Scope in a Shifting Geopolitical Landscape: An Appraisal of Development, Environment, and Inclusiveness Agendas" by Clara Weinhardt, Michal Parizek, Jayati Srivastava
- "Reforming Global Tax Governance: OECD and UN Paths to Effective and Participatory Tax Reform" by Tomáš Boukal, Petr Janský, Miroslav Palanský, and Michal Parízek

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