

The World Trade Organization and Erosion of Institutional Authority from a Realist Perspective

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ABSTRACT

The World Trade Organization (WTO) was established to provide a stable, rules-based framework for international trade, ensuring predictability, transparency, and the peaceful resolution of trade disputes among its members. However, in recent years, the WTO has experienced a significant erosion of institutional authority, most notably reflected in the paralysis of its Appellate Body and the increasing resort to unilateral trade measures by major powers. This study critically examined the extent to which the contemporary weakening of the WTO is better explained by the reassertion of great power politics rather than by internal institutional or procedural deficiencies. Anchored in realist theory, the analysis emphasized the primacy of state power, strategic interests, and shifting power asymmetries within the global political economy. The paper argued that the erosion of the WTO's authority is fundamentally driven by the strategic behavior of dominant trading states, particularly as emerging powers challenge established economic hierarchies. As major economies prioritize national interests and geopolitical competition over multilateral commitments, compliance with WTO rules became increasingly selective. The dispute settlement mechanism, once the cornerstone of the organization's credibility, has been constrained by great power resistance, limiting the WTO's ability to enforce compliance effectively. This reflects a broader pattern consistent with realist expectations that international institutions function only insofar as they align with the interests of powerful states. Furthermore, the study demonstrated how strategic rivalries and asymmetric power relations undermine the WTO's enforcement capacity, marginalizing smaller and developing economies that relied heavily on multilateral dispute resolution mechanisms. Rather than signaling institutional failure, the WTO's current challenges highlighted the limits of liberal institutionalism in a system dominated by power politics. The paper concluded that while institutional reform alone cannot override great power interests, restoring the functionality of the Appellate Body is a critical step toward reasserting the WTO's authority. Strengthening dispute settlement would constrain unilateralism, enhance predictability, and partially rebalance power within the multilateral trading system. Ultimately, the future effectiveness of the WTO depended on reconciling institutional rules with the realities of contemporary great power competition.

Keywords: Appellate Body, Dispute Settlement, Global Trade Governance, Great Power Politics, Multilateralism, Power Asymmetry, Realism, World Trade Organization

INTRODUCTION

The establishment of the World Trade Organization (WTO) in 1995 marked a pivotal moment in the evolution of global economic governance. Emerging from the Uruguay Round of negotiations and replacing the General Agreement on Tariffs and Trade (GATT), the WTO embodied the triumph of liberal institutionalism in the post-Cold War international order (Hoekman & Kostecki, 2009). It was conceived as a cornerstone of a rules-based multilateral trading system designed to promote predictability, stability, and cooperation in global commerce. By embedding trade relations within a comprehensive legal framework characterized by binding dispute settlement mechanisms, the principles of most-favored-nation treatment and national treatment, and a commitment to trade liberalization, the WTO aimed to depoliticize international trade and insulate it from the vagaries of power politics. In doing so, it reflected a broader optimism that international institutions could mitigate anarchy, constrain state behavior, and foster mutually beneficial cooperation in an increasingly interdependent world (Keohane, 1984). As an intergovernmental body dealing with the rules of trade between nations, it has at its core

the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to ensure that trade flows as smoothly, predictably, and freely as possible. The WTO operates a global system of trade rules, acts as a forum for negotiating trade agreements, settles trade disputes between its members, and supports the needs of developing states (World Trade Organization, 2015). By lowering transaction costs, enhancing transparency, and providing credible enforcement mechanisms, the WTO aligns state incentives toward cooperation and reduces the likelihood of unilateral or protectionist behavior.

The dispute settlement system, in particular, was hailed as one of the most advanced quasi-judicial mechanisms in international relations, offering smaller and weaker states a formal avenue to challenge the trade practices of more powerful actors (Jackson, 1997). This institutional design appeared to challenge the realist assumption that power asymmetries inevitably dominate international outcomes, suggesting instead that law and rules could meaningfully shape state conduct. Yet, nearly three decades after its founding, the WTO faces a profound crisis of relevance and effectiveness. The paralysis of the WTO Appellate Body, the proliferation of unilateral trade measures, the rise of preferential and regional trade agreements, and the increasing use of trade as an instrument of geopolitical strategy all signal a marked departure from the organization's founding ideals (Bown, 2019). Major economies have openly circumvented WTO rules through the imposition of tariffs, export controls, and industrial subsidies justified on grounds of national security or strategic competition. Rather than serving as a neutral arbiter of global trade, the WTO has increasingly been sidelined in favor of ad hoc arrangements and power-based bargaining. These developments raise fundamental questions about the capacity of international institutions to govern state behavior in an era of intensifying great power rivalry (Hopewell, 2021).

From a realist perspective, however, the erosion of the WTO authority should not be understood primarily as an institutional failure or a breakdown of cooperation norms. Instead, it reflects the reassertion of underlying structural forces that liberal institutionalism has long underestimated or downplayed. Realism asserts that the international system is defined by anarchy, the absence of a central authority capable of enforcing rules independently of state power (Waltz, 1979). Within this system, states remain the primary actors, driven by concerns for survival, relative gains, and the distribution of power. Institutions, in this view, are not autonomous agents capable of constraining states but are instead instruments created and sustained by powerful actors to serve their interests (Mearsheimer, 2001). From this standpoint, international law and institutions can at best moderate state behavior when they align with national interests, but they cannot override them. Structural realism further argued that the behavior of states is shaped less by domestic preferences or institutional commitments than by the structure of the international system itself. Under conditions of anarchy, states must prioritize self-help and relative power, limiting the constraining effect of international institutions (Waltz, 1979). Offensive realism extends this logic by asserting that great powers are compelled to maximize their relative power whenever possible, rendering sustained cooperation inherently fragile (Mearsheimer, 2001).

Applying the above perceptions to the WTO reveals that its current predicament is not anomalous but predictable. The organization functioned most effectively during a period of relative hegemonic stability, when the United States which is its principal architect and enforcer, had both the capability and the incentive to uphold the liberal trading order (Ikenberry, 2001). As long as the WTO's rules aligned with US economic and strategic interests, Washington supported its dispute settlement mechanisms and adhered, at least broadly, to its constraints. However, as the distribution of global power experienced a shift, particularly with the rise of China as a major trading power and strategic rival, the incentives sustaining US commitment to multilateral trade governance began to erode (Hopewell, 2021). The United States' obstruction of WTO Appellate Body appointments and increasing reliance on unilateral trade measures exemplify a realist logic in which institutional commitments are abandoned when they are perceived to undermine national advantage.

Moreover, the WTO's formal commitment to sovereign equality among its member states masks profound asymmetries in economic and political power. While the rules are ostensibly uniform, their interpretation, enforcement, and consequences are deeply shaped by the capabilities of dominant states. Smaller and developing countries may possess formal legal standing within the WTO, but their capacity to retaliate against violations or to influence agenda-setting remains limited (Narlikar, 2005). From a realist standpoint, this asymmetry underscores the extent to which the WTO reflects, rather than transcends, the existing power hierarchy within the international system.

This article advances a realist critique of contemporary global trade governance by examining how the WTO's declining authority illustrates the enduring primacy of state interests and power politics. Rather than attributing the organization's erosion solely to design flaws, institutional rigidity, or norm erosion, the analysis situates the WTO within the broader context of shifting power relations and strategic competition. It argues that the resurgence of unilateralism, the instrumentalization of trade for security objectives, and the marginalization of multilateral dispute settlement mechanisms are not deviations from the logic of international politics but manifestations of it. By grounding the analysis in realist theory, this article contends that the WTO remains contingent on the interests of powerful states and is vulnerable to decay when those interests diverge. Its current crisis thus reflects the reassertion of a realist world in which power, not law, ultimately determines outcomes in an increasingly multipolar and contested international system.

Statement of the Problem

The World Trade Organization (WTO) was established as the central pillar of a rules-based multilateral trading system, premised on the assumption that international institutions can constrain state behavior and foster sustained cooperation through legal norms and dispute resolution mechanisms. Designed to depoliticize trade relations and mitigate power asymmetries among states, the WTO was expected to provide stability and predictability in global commerce by subordinating national trade policies to collectively agreed rules. However, nearly three decades after its creation, the WTO has faced an acute crisis of effectiveness and legitimacy, calling into question the foundational assumptions upon which it was established. The central problem addressed in this study is the growing disconnect between the WTO's institutional design and the realities of contemporary global trade politics. Despite its formal rules and enforcement mechanisms, the organization has proven increasingly unable to regulate the behavior of its most powerful member countries. Since December 2019, the Appellate Body has been unable to function effectively due to the blocking of new appointments by the United States, which has raised concerns over judicial activism and the interpretation of trade rules. As a result, the Appellate Body lacks the necessary quorum to hear appeals, effectively paralyzing the dispute resolution process. This situation has led to increased disregard for trade rules and a rise in protectionist measures among member countries justified on national security grounds which demonstrate the limits of institutional authority in constraining state action. Rather than resolving disputes through multilateral legal processes, major economies have increasingly bypassed the WTO framework, undermining the credibility and relevance of the organization.

This problem is particularly evident in the context of intensifying great power competition. The rise of China as a major economic and strategic actor has altered the distribution of power within the international system, generating tensions that the WTO was not designed to manage. Existing rules have struggled to address state-led development models, industrial subsidies, and technology-driven competition, while powerful states have selectively complied with or openly contested WTO rulings when they conflict with national interests. These developments reveal a structural weakness in the WTO as reflected in its dependence on the continued consent and support of dominant states whose interests may no longer align with multilateral trade governance. From a realist perspective, this crisis is not simply a technical or procedural failure but a manifestation of deeper systemic forces. Realist theory challenges the liberal expectation that institutions can meaningfully constrain sovereign states under conditions of international anarchy. Instead, it posits that institutions reflect the prevailing balance of power and remain subordinate to state interests, particularly those of great powers. The WTO's inability to enforce its rules against powerful members underscores this logic, exposing the limits of legalism in a system defined by power asymmetries and strategic rivalry. The problem, therefore, lies in the tension between the WTO's normative aspirations and the enduring realities of power politics. As states increasingly instrumentalised trade for strategic and security objectives, the WTO's role as a neutral arbiter has been eroded. This raises critical questions about the viability of rules-based global trade governance in an era marked by geopolitical competition, economic nationalism, and shifting power distributions.

Objectives of the study

The general objective of the study is to examine the current state of the WTO through a realist lens. Nonetheless, the study aims to specifically determine:

- i. To what extent the contemporary erosion of the World Trade Organization's authority reflected the reassertion of great power politics rather than institutional or procedural failure?

ii. How shifting power asymmetries and strategic rivalries among major trading states constrain the ability of the World Trade Organization to enforce compliance with multilateral trade rules?

REVIEW OF RELATED LITERATURE

Naseem, Wang and Leary (2026) in a study titled *Geopolitical power shifts and global trade dynamics* contended that global trade is undergoing significant transformation driven by intensifying geopolitical rivalries, the resurgence of economic nationalism, and the weakening of multilateral institutions. The study explored how both established powers and emerging blocs were responding to an increasingly fragmented trade environment characterized by conflict-induced disruptions and shifting alliances. Anchored in the Geopolitical Trade Realignment Framework (GTRF) and Realist Institutionalism, it assessed the impact of armed conflicts, protectionist measures, and developments such as the rise of BRICS, de-dollarization efforts, and regional trade agreements including RCEP, AfCFTA, and CPTPP on the evolution of global commerce. Incidents such as the Russia-Ukraine conflict, the Red Sea shipping disruptions, and tensions in South Asia demonstrate how strategic competition has reshaped supply chains and trade structures. The study highlighted a clear transition toward regionalism, resilience, and sovereignty-driven trade policies, providing valuable insights for policymakers, academics, and practitioners navigating an increasingly multipolar global economy.

Tiwari (2025) in a study titled *The rise of geo-economic fragmentation: Is the WTO obsolete?* examined whether the World Trade Organization (WTO) is becoming obsolete in the context of rising geo-economic fragmentation. It analysed this transformation using five theoretical lenses namely Neoliberal Institutionalism, Regime Complexity, Economic Nationalism/Realism, Public Choice Theory, and Dependency Theory, and drew on five empirical case studies including RCEP/CPTPP, AfCFTA, USMCA/NAFTA, the European Union in the post-Brexit era, and the United States–China trade war. The study highlighted that the WTO no longer occupies a central position in global trade governance, having been functionally, strategically, and legally overshadowed by an emerging system that prioritizes regional blocs, national sovereignty, and geopolitical alignment. Although the WTO continued to play important roles in promoting transparency and codifying trade rules, its former dominance has diminished. The study further emphasized that geo-economic fragmentation is becoming a defining organizing principle of global trade and argued for the transformation of the WTO into a polycentric institution capable of accommodating differentiated commitments, development-oriented priorities, and mechanisms for managing geopolitical trade tensions in order to remain relevant.

Huang (2021) in a study titled *The pandemic and the transformation of liberal international order* posits that the idealized version of the liberal international order has attracted sustained criticism from scholars due to its persistent structural flaws, notably the inconsistencies between its professed liberal principles and the illiberal practices often exhibited in reality, its failure to adequately reform core institutions to reflect the growing influence of emerging powers, and the ongoing frictions between proponents of the order and those who contest it. This perspective challenges the romanticized portrayal of the liberal order by highlighting contradictions within the dominant Western framework, while also advancing the notion of an alternative hybrid political-economic model. The paper identifies three major pressures undermining the foundations of the contemporary liberal order including the persistence and strengthening of authoritarianism, as evident in authoritarian resilience, processes of autocratization, and the consolidation of rival authoritarian political-economic systems, the intensification of nationalism driven by populist and nationalist leaders, and the escalating strategic rivalry among major global powers.

Paul (2021) in a study titled *Globalization, deglobalization and reglobalization: Adapting liberal international order* argues that liberalism is currently experiencing a series of interconnected crises, driven by intensifying deglobalization pressures and the growing influence of illiberal and populist leaders across different regions of the world. These dynamics collectively threaten the core pillars of the liberal international order comprising democracy, economic interdependence, and the effectiveness of international institutions. As protectionism rises and multilateral cooperation weakens, the resilience of liberal norms is increasingly tested. However, the article contends that the collapse of the liberal order is not predetermined. Historical precedents, such as the periods following 1919, the 1930s, the late 1940s, the 1960s, and 1991, demonstrate that liberal states have previously adapted to systemic shocks. Accordingly, the adoption of reformed globalization, or re-globalization is essential for addressing emerging geopolitical challenges, particularly those posed by China and other illiberal powers.

Hopewell (2021) in a study titled *Trump and trade: The crisis in the multilateral trading system* argued that President Trump is widely seen as reversing 70 years of United States trade policy and abdicating the American hegemon's traditional leadership role in the multilateral trading system. Trump has threatened to withdraw the United States from the WTO, abandoned trade multilateralism for aggressive unilateralism, and jeopardized the WTO's dispute settlement mechanism by blocking appointments to its Appellate Body. As this paper shows, however, both the crisis in the multilateral trading system and the American hegemon's turn away from the WTO including abandoning multilateral trade negotiations and blocking Appellate Body appointments originated prior to Trump. This shift in the US orientation towards the multilateral trading system cannot, therefore, solely be attributed to the rise of populism under Trump. Amid the rise of China and other emerging powers, the US's ability to dominate global trade governance and write the rules of global trade is being challenged.

Mearsheimer (2019) in a study titled *Bound to fail: The rise and fall of the liberal international order* argues that the liberal international system, constructed in the aftermath of the Cold War, was already unraveling by 2019. It contained inherent weaknesses from its inception and was therefore bound to encounter failure. The global diffusion of liberal democracy, a cornerstone for sustaining that system, met considerable opposition rooted in nationalism, which prioritizes self-rule and autonomy. Certain states also pushed back against United States initiatives to advance liberal democratic norms due to concerns about their own security. Moreover, tensions emerged because a liberal system requires countries to transfer meaningful decision-making powers to international organizations and to permit relatively free movement of refugees and migrants across frontiers. Yet contemporary nation-states emphasize sovereignty and collective identity, creating friction whenever supranational bodies gain influence and borders become more open.

METHODOLOGY

This study adopted a qualitative research design grounded in the systematic analysis of secondary source materials. Secondary sources are particularly appropriate for examining the erosion of the World Trade Organization's (WTO) authority, as they provided access to a wide range of scholarly interpretations, policy analyses, and historical accounts that capture the interplay between institutional mechanisms and great power politics. By relying on peer-reviewed journal articles, books, policy reports, and official WTO documents, the research ensured both breadth and depth in understanding the organization's contemporary challenges. The methodology involved conducting a **literature identification process** using academic databases such as JSTOR, Google Scholar, and Wiley Online Library to locate works published between 1995 and 2025 that explicitly addressed realist perspectives on the WTO. Keywords included WTO crisis, realism and trade, great power politics, and dispute settlement. Also, a **content analysis** approach was applied to the selected sources. Each text was examined for its theoretical orientation, methodological approach, findings, and conclusions, with particular attention to how authors framed the tension between institutional design and power asymmetries. A **comparative synthesis** was thereafter undertaken to highlight convergences and divergences across the literature. This allowed the study to map recurring themes such as U.S.-China rivalry, the paralysis of the appellate body, and the marginalization of Global South states.

The reliance on secondary sources provides several advantages. It enables the study to draw on established scholarship, ensuring credibility and contextual richness. It also allows for the triangulation of perspectives across disciplines, including international relations, law, and political economy. However, the methodology acknowledges limitations. Secondary sources may reflect author biases or be constrained by the availability of data at the time of publication. To mitigate this, the study emphasizes cross-comparison and critical evaluation of sources. Overall, this methodology provides a robust framework for analyzing the WTO's decline through a realist lens, ensuring that conclusions are grounded in diverse and authoritative scholarly debates.

Theoretical Framework

Realism in international relations is built on the premise that states are the primary actors in the global system, operating in an anarchic environment where no overarching authority can enforce rules. States pursue their national interests, primarily security and economic advantage, and power asymmetries shape outcomes. Institutions, including the WTO, are viewed as tools that reflect rather than constrain the interests of powerful states. Structurally realism emphasized that the anarchic international system compelled states to prioritize

survival and relative gains over collective welfare. Cooperation is inherently limited when states fear dependency or asymmetric benefits (Waltz 1979). Applied to the WTO, this logic explained why multilateral trade rules become fragile when constrained by the strategic autonomy of major powers. Mearsheimer (1994) explicitly rejected the claim that institutions can significantly alter state behavior, asserting that they are mere reflections of state power. The weakening of the WTO thus reflected shifts in the global balance of power, particularly the rise of new economic competitors and the resulting insecurity among established powers. Great power politics, power asymmetries and instrumental use of institutions within the international system are all entrenched dynamics of realism. As global trade has become increasingly intertwined with technological dominance, supply chain security, and military capability, states have reverted to protectionist and unilateral measures, even at the expense of WTO commitments. The paralysis of the appellate body and the broader crisis of compliance stem largely from United States obstruction and United States-China rivalry. Realism explained this as major powers refusing to be bound by rules that limit their strategic autonomy.

Smaller states relied on WTO rules for protection, but enforcement collapses when great powers disregard them. Realism highlighted how weaker states are structurally disadvantaged in disputes against dominant economies. The WTO is not an independent arbiter but a forum used by states when it aligned with their interests. When rules conflict with national priorities, states bypass or undermine the institution. The realist perspective captured the primacy of state interests, the decisive role of power asymmetries, and the instrumental nature of institutions. The WTO's authority apparently eroded not due to procedural flaws alone, but because great powers reasserted control over global trade governance.

Great Power Politics and Erosion of WTO Authority

The World Trade Organization (WTO) emerged as a framework to manage global trade through binding rules, non-discrimination, and a credible dispute settlement system. Today, the organization has had to content with a profound legitimacy crisis, rooted partly in procedural weaknesses but more fundamentally in the **reassertion of great power politics**, especially the strategic rivalry between the United States and China. A key symbol of institutional erosion is the paralysis of the WTO's Dispute Settlement Mechanism (DSM). Since 2019, the Appellate Body has been non-functional after the United States repeatedly blocked the appointment of new judges, claiming the body had overstepped its mandate and threatened national sovereignty. This long-running blockage has made appeals effectively impossible and undermined the enforcement of WTO rules, weakening confidence in the WTO as a credible adjudicator (Harvard International Law Journal, 2025; Drishti IAS, 2025).

Institutional analysts often cite this procedural failure as a central cause of the WTO's authority loss. Indeed, the Appellate Body's dysfunction has prompted alternative mechanisms like the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) to replicate appellate review outside formal WTO structures, an indication of how institutional gaps have been filled by ad hoc solutions (Springer Nature 2024).

However, these procedural shortcomings cannot be fully understood without situating them within **geopolitical competition**. The United States' blockade of the Appellate Body is not merely a reflection of a vote of no confidence on WTO procedure but a deliberate policy in the context of **great power rivalry with China**. The United States has objected to WTO rulings it perceived as constraining its trade and industrial policies and has leveraged procedural rules to reshape the institution's behaviour. This use of WTO governance as an instrument of geopolitical leverage underscores the primacy of power politics. The strategic competition between the United States and China has further diverted both powers from engaging constructively with the WTO. Rather than fully submitting disputes to multilateral adjudication, both sides have increasingly resorted to **unilateral tariffs and retaliatory trade measures** linked directly to broader national security and strategic objectives. For example, in the United States-China tariff escalation, both powers pursued tariffs outside normal WTO procedures, using trade policy as a tool of geopolitics rather than legal dispute resolution (OxJournal, 2025). This trajectory reflects how the WTO is caught in a deeper **systemic transformation of global governance**. As multilateralism gives way to what scholars call competitive multilateralism, powerful states remain engaged in institutions but primarily to advance strategic interests, not shared rules for their own sake. In this sense, the WTO's erosion is part of a wider pattern of realist great power contestation that manifests across trade, technology, and security domains.

Nevertheless, institutional factors still matter. The WTO has struggled to modernize its rules to address 21st-century trade issues such as digital commerce, state subsidies, and supply-chain governance, which further weakens its relevance (Financial Times, 2026). Yet, even these gaps are exploited within a geopolitical context in which major powers prioritize strategic leverage over institutional reform. While **institutional and procedural failings have contributed to the WTO's weakened authority**, the **dominant driver from a realist perspective is the reassertion of great power politics**. The WTO's rules and mechanisms have become arenas for strategic competition, where powerful members use procedural levers to reinforce national interests. This shift has fundamentally altered the functioning and perception of the WTO, revealing that in today's geopolitical landscape, the balance of power can override institutional design.

Shifting Power Asymmetries, Strategic Rivalries and Multilateral Trade

Hegemonic powers manipulate the WTO's operational mechanism because it is perceived as no longer serving their strategic interests. Apart from the United States' decision to block appointments to the WTO Appellate Body since 2019 as earlier mentioned, China's rise as a global economic power has also created asymmetries that have challenge the established international order, with other emerging Global South economies pressing for reforms that developed states tended to resist. This tension reflects realism's emphasis on the unequal distribution of capabilities and the resulting contestation of institutional rules. Trade has increasingly become some sort of a battleground for geopolitical rivalry particularly between the United States and China who are locked in a battle for hemispheric influence. The United States-China economic warfare illustrates how great powers have weaponized tariffs and have battled for control of critical chokepoints that affect supply chain routes, as a result sidelining WTO mechanisms in favor of direct power-based bargaining (Ruge & Quah, 2024). Moreover, the proliferation of regional trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) further illustrated how states hedge against WTO decline by forming smaller blocs that reflected realist calculations of relative power rather than universal rule adherence.

The waning of WTO enforcement mechanisms has led to a crack in global trade governance. Devoid of a functioning dispute settlement system, compliance with WTO rules depended on states' relative capabilities rather than impartial adjudication. Strong states can retaliate effectively, while weaker states lack leverage, leaving them vulnerable to coercive practices (World Economic Forum, 2024). This erosion of multilateralism reinforces the realist view that institutions cannot constrain powerful states when strategic interests are at stake. Realism interpreted WTO's decline as evidence that institutions are tools of power rather than independent arbiters. When rules no longer align with hegemonic interests, dominant states undermine them, returning trade disputes to bilateral bargaining scenarios where outcomes hinge on relative capabilities. Furthermore, the securitization of trade through technology export controls, supply chain reshoring, and industrial subsidies illustrated how economic interdependence is subordinated to strategic rivalry, a core realist claim. For weaker states, the erosion of WTO authority means the loss of protection under multilateral rules, exposing them to coercive trade practices. For global trade, fragmentation increases uncertainty, transaction costs, and risks of retaliatory spirals. Ultimately, the WTO risks becoming a symbolic forum rather than a binding authority, reinforcing realist skepticism about institutional independence (Shi, 2024; Ruge & Quah, 2024).

FINDINGS AND DISCUSSION

i. The decline of the WTO's authority is less a result of procedural inefficiency and more a manifestation of great power politics. Realist theory emphasizes that institutions are only as strong as the willingness of powerful states to comply with them. The paralysis of the WTO's Appellate Body since 2019, largely due to the United States blocking new appointments, illustrates how hegemonic actors undermine institutional mechanisms when they perceive them as constraining national interests. Rather than a failure of institutional design, this reflects a deliberate strategy by dominant states to reassert control over trade governance. The United States-China trade war further demonstrates how bilateral coercion and unilateral tariffs have supplanted multilateral adjudication, sidelining the WTO's dispute settlement system. This dynamic underscored realism's claim that institutions cannot override the strategic imperatives of powerful states. The erosion of WTO authority thus represents a recalibration of global trade governance toward power-based bargaining, where compliance is enforced through economic leverage rather than impartial adjudication. Smaller states, lacking retaliatory capacity, are

disproportionately disadvantaged, reinforcing asymmetries in the global trading system. Ultimately, the WTO's decline highlights the primacy of power politics over institutional rules in shaping contemporary trade relations.

ii. The WTO's ability to enforce compliance with multilateral trade rules has been severely constrained by shifting power asymmetries and intensifying strategic rivalries among major trading states. The rise of China as a global economic powerhouse has disrupted the balance of influence within the WTO, challenging the dominance of Western economies. This has led to persistent deadlock in negotiations, as developed and emerging economies clash over issues such as subsidies, intellectual property, and market access. Strategic rivalries, particularly between the United States and China, have further undermined the WTO's enforcement capacity. Both powers increasingly resort to unilateral measures including tariffs, export controls, and industrial policies that bypass WTO mechanisms. Regional trade blocs such as RCEP and CPTPP also reflected states' preference for smaller, strategically aligned coalitions over universal multilateralism. In this fragmented environment, the WTO's dispute settlement system lacks the authority to compel compliance, as enforcement depends on states' willingness to accept rulings. Realism explains this as a natural outcome of power politics: stronger states prioritized strategic autonomy over institutional constraints, while weaker states lack the leverage to resist coercion. Consequently, the WTO's role has diminished to a symbolic forum, with its enforcement capacity eroded by the realities of asymmetrical power and rivalry-driven trade politics.

CONCLUSION

The erosion of the WTO's institutional authority is best understood through the prism of realist theory, which emphasized the primacy of state power and strategic interests over institutional rules. The paralysis of the Appellate Body and the sidelining of dispute settlement mechanisms are not merely procedural failures but deliberate actions by powerful states seeking to preserve autonomy in an era of intensifying geopolitical rivalry. The United States-China trade war and the proliferation of regional trade blocs illustrate how great power politics increasingly dictate the contours of global trade governance. Shifting power asymmetries, particularly the rise of China and other emerging economies, have further constrained the WTO's ability to enforce compliance with multilateral rules, leaving weaker states vulnerable to coercion. Ultimately, the WTO risks becoming a symbolic forum rather than a binding authority, as enforcement capacity erodes under the weight of strategic rivalries and asymmetrical power relations.

RECOMMENDATIONS

i. The WTO must prioritize restoring the functionality of its Appellate Body. This would reassert institutional authority and reduce the dominance of unilateral actions by powerful states. By recommitting to binding adjudication, major powers would be constrained from bypassing multilateral rules, thereby curbing the reassertion of great power politics in trade governance.

ii. The WTO should implement reforms that balance representation between developed and emerging economies. This would mitigate deadlock and enhance compliance with multilateral trade rules. By addressing asymmetries and creating mechanisms to manage strategic rivalries, such as clearer rules on subsidies and industrial policies, the WTO could strengthen its enforcement capacity and reduce fragmentation in global trade governance.

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