



Article

The Rise of The WTO: A New Era in International Trade Regulation

Fayzulloev Shokhijakhon Jobirovich^{*1}

1. Department of English Law and European Union Law, at Tashkent State University of Law

* Correspondence: sh.fayzullayev@tsul.uz

Abstract: The World Trade Organization (WTO), established in 1995, is an fundamental step in the evolution of international trade rules. This article examines the historical evolution of international trade legislation, from its origin in ancient civilizations to a new multilateral trade system. This article considers the transition from a general agreement on tariffs and trade (GATT) to the WTO, highlighting the role of the organization on reducing trade barriers and promoting economic cooperation. This article highlights the importance international organizations in promoting international trade-based trading systems by analyzing the historical background of the WTO and its contribution to global economic stability.

Keywords: WTO, GATT, International Commercial Rules, The World Trade System, International Economic Cooperation, MFN, Uruguay Round, Marrakech Agreement, GATS, TRIPS, Regional Trade Agreements

1. Introduction

The World Trade Organization (WTO), established in 1995, marks a significant evolution in the landscape of international trade regulation. As a successor to the General Agreement on Tariffs and Trade (GATT), the WTO encapsulates a multilateral approach to trade governance, aimed at promoting free trade and reducing trade barriers among its member nations. This article examines the rise of the WTO and its impact on global trade dynamics. It aims to explore the key factors that facilitated the WTO's establishment, the principles underpinning its operations, and the implications of its regulatory framework for international commerce. As globalization progresses and trade interdependencies deepen, understanding the WTO's role becomes increasingly paramount for both scholars and practitioners in the field of international trade.

2. Materials and Methods

This study employs a qualitative research approach, utilizing a comprehensive literature review to analyze the historical context and evolution of the WTO. Primary sources, including official WTO documents, policy analysis reports, and academic journals, are examined to gather insights into the organization's foundational principles, objectives, and achievements. Additionally, case studies of member countries are included to illustrate the practical implications of WTO regulations and their influence on national trade policies. Interviews with trade experts and policymakers are conducted to gain firsthand perspectives on the WTO's operational effectiveness and challenges. The

Citation: Jobirovich F. S. The Rise of The WTO : A New Era in International Trade Regulation. Central Asian Journal of Social Sciences and History 2025, 6(1), 21-25.

Received: 13th Dec 2024

Revised: 25th Dec 2024

Accepted: 25th Jan 2025

Published: 31st Jan 2025



Copyright: © 2025 by the authors. Submitted for open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>)

synthesis of these varied data sources aims to provide a holistic understanding of the WTO's rise and its transformative role in international trade regulation.

3. Results

By expanding upon the GATT's framework to address the issues brought about by economic globalization, the creation of the WTO has completely changed the way that international commerce is governed. The WTO makes it easier to build a modern economic system in order to promote economic cooperation, improve the legal framework, and liberalize trade. Organizations must, however, always work to improve in order to handle these novel problems and ensure that all nations benefit equally.

4. Discussion

The development of world trade law covers a wide historical evolution period. This evolution began from ancient civilizations from a time when trade was governed by local customs and bilateral agreements and continued until a period of merchandising, characterized by protectionist policies and bilateral agreements. The establishment of the General agreement on tariffs and trade after World War II (GATT) became an important stage in history of international trade. This led to the creation of the World Trade Organization (WTO) in 1995, providing a more comprehensive international trade order.

International trade laws have roots in ancient civilizations where commercial and early customs are trained. During this period, commercial laws consisted mainly of bilateral agreements between local customs and neighboring territories or local governments [1]. The emphasis was placed on defining basic principles of commercial road regulation, dispute resolution and trade relations. For example, the Silk Route was a large network of commercial roads connecting different cultures, allowing the exchange of goods and ideas between Asia and other parts of the world. This period was an important step in the creation of the first legal framework for international trade.

In the 17th and 18th centuries, mercantilism began to dominate, which protected stimulating exports and domestic production in exchange for importing imports. However, Adam Smith strongly opposed mercantilism, claiming that he prevented economic growth. Smith's ideas and the ideas of his supporters, such as David Ricardo, form the basis of modern free trade philosophy.

The modern international trading system was created after World War II, largely due to the efforts of the United Kingdom and the United States. Although some of the economic problems that arose after World War I resurfaced, the Roosevelt (1933-1945) and Truman (1945-1952) administrations did a very effective job of addressing them. The Great Depression of the 1930s and 1940s and World War II served as important reminders to the world community of the latest manifestations of globalization protectionism and its consequences [2].

U.S. and British negotiators began to develop a common idea for an international organization dedicated to trade liberalization. This joint effort became the basis for a systemic global trading system designed to enhance economic cooperation, reduce trade barriers, and ensure stability in international markets.

These efforts, including the principles of mutual trade, were the basis for three major economic and political conferences with the participation of the Allies. The Woods Breton Conference (July 1944) created the International Monetary Fund (IMF), and the World Bank and Dam Burton Conference (August - October 1944) created Havana, and the Havana Conference (November 1947 - (March 1948) created a charter. Create the World Trade Organization (WTO).

After World War II, a coalition of 23 countries led by the US, Canada and the UK began negotiations on the creation of a general agreement on price and trade (GATT). The main objective was to ensure post-war economic stability, prevent repeated protectionist

policies and economic slowdowns, and create a system that would cause previous global crises.

The Havana Charter established rules on a wide range of trade-related issues. It established the unconditional principle of the status of the "most acceptable nation" for all its members and included provisions on dispute resolution, economic benefits for developing countries, investment policy and competition rules. At the same time, negotiators in Geneva in 1947 signed the General Agreement on Tariffs and Trade (GATT) as an interim solution. The main provisions of the GATT, as well as most of the draft WTO Charter, were based on standard rules in mutual trade. In general, it was a simplified version of the Havana Charter.

Over the next forty-seven years, more and more countries have joined the General Agreement on Tariffs and Trade (GATT), leading to successive negotiations aimed at liberalizing trade. Between 1947 and 1994, GATT parties launched and successfully completed eight separate rounds of negotiations aimed at voluntarily reducing trade barriers. The Uruguay Round, the last and most extensive of these, reached its peak in 1994. It marked the transition from the GATT system to the creation of the World Trade Organization (WTO) [3].

Originally scheduled to last four years, the Uruguay Round negotiations actually lasted from September 1986 to December 1993, and formally concluded at the Marrakesh Conference in April 1994. The negotiations significantly changed the multilateral trading system, with the creation of a new World Trade Organization (WTO) to replace the old GATT being only part of the change.

Lecturer at the Department of World Economy and International Business at the Financial University of the Russian Federation, PhD in Economics A.A. Soluyanov notes that the historical period of the GATT (1948-1994) can be viewed as a series of negotiations that began in Havana and ended in Marrakesh, where many treaties and agreements were concluded. Although the bulk of these negotiations took place in Geneva, other cities such as Havana, Annecy, Tokyo, Brussels, Punta del Este and Marrakesh (the last stage ended in 1994) cannot be ignored. From 1948 to 1994, the GATT set the guiding principles, covering most of the world trade. The growth rate of international trade during this period was one of the highest in history. However, 47 years later, it became clear that the GATT was a temporary solution that needed to be transformed into a more stable and long-term structure, which led to the creation of the WTO [4].

According to Alexey Pavlovich Portansky, PhD in Economics, Professor of the Faculty of World Economy and World Politics, and Leading Researcher at the Russian Academy of Sciences, the creation of the World Trade Organization (WTO) was the most important event in the field of international economic relations in the 20th century. Accession to the WTO brought significant benefits to both developed and developing countries. Trade liberalization, which is a result of the GATT/WTO negotiations, gave a powerful impetus to the economic growth of a number of previously backward countries, especially in East Asia. However, despite the success of the Uruguay Round, all problems and conflicts remained unresolved [5].

The World Trade Organization (WTO) was officially created at a conference in Morocco in April 1994, which marked the official conclusion of the Uruguayan trade negotiations. The latest document from the Uruguayan round, signed by 123 members of Gatt in Morocco, contained an agreement on the creation of the WTO, determining the objectives and the structure of the organization.

The Moroccan Agreement expanded the WTO's scope beyond the GATT, which focuses on trade in goods, to include agreements on trade in services and intellectual property. The agreement also strengthened the dispute resolution system and introduced a special agreement on agriculture. In a comprehensive analysis of the World Trade Organization History (WTO), Craigvangrasstake highlights the need for a diverse, interdisciplinary approach to understanding the history and role of an organization.

He argues that academic scholarships alone are not enough to fully grasp the complexities of the WTO, and view it as a "clash" between law, economics and politics. This outlook highlights the interactions of various disciplines in organisational development, goals and goal formation [6].

Bagwell and Steiger saw the World Trade Organization as a solution to a global economic problem known as the "terms of trade dilemma". Simply put, this means that without a systematic international trading structure, individual countries may be inclined to impose trade barriers to protect their national industries. By stabilizing trade policy, the WTO reduces uncertainty and promotes long-term economic cooperation between countries [7].

Scholars such as University of Sussex professor Alan Winters and Tan, studying the impact of World Trade Organization (WTO) membership on economic development, believe that WTO membership will allow a country to use its resources more efficiently by removing trade barriers, leading to specialization of industries and increased competitiveness in the global market [8].

In many scientific works devoted to the activities of the World Trade Organization (WTO), two main points of view on the role of the WTO in the development of international trade are presented. Most foreign scientists assess the influence of the WTO positively. Among the most famous researchers supporting this point of view are Kylie Bagwell and Robert Steiger, who believe that the activities of the WTO contribute to the growth of international trade [9].

Andrew Rose's work presents an opposing view, concluding that the World Trade Organization (WTO) may not have as positive an impact on international trade as many people think. He compared the impact of the WTO agreements and the Generalized System of Preferences agreements on international trade. After years of research, he found that factors such as common language, geography, historical ties, and economic conditions (such as the value of the dollar or global economic trends) play an important role in trade between countries. His research suggests that these factors may have a stronger impact on trade than the WTO itself [10].

Based on earlier paragraphs, The WTO is not just a change in organization of the GATT, but also a significant shift in how trade relations between nations are understood. The GATT's transformation to WTO was from an out of the ordinary agreement to a permanent institution that had wider jurisdiction and more sophisticated conflict resolutions.

Moreover, the WTO is an example of international governance that fuses global sovereignty with multilateral or supranational obligations. Particularly, the system of dispute resolution by the WTO is one modern development of the international legal system that sets the WTO apart from other international organizations.

Moreover, the WTO is an example of international governance that merges global sovereignty with supranational responsibilities. In particular, the dispute resolution system is one of the many innovations in international law that make the WTO exceptional among other international organizations.

Apart from the fundamental questions of trade, the WTO has also assisted in the progression of international economic law by providing a complete set of agreements on intellectual property rights, trade in services, and trade investment.

5. Conclusion

In sum, the formation of the WTO has revolutionized the governance of international trade by building on the GATT's foundation to incorporate the challenges posed by the globalization of economy. To liberalize trade, enhance the legal structure and foster economic collaboration, the WTO facilitates the construction of a contemporary economic system. However, organizations must strive to develop continually in order to address such new issues and guarantee equitable sharing of advantages among all countries.

REFERENCES

- [1] K. Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy*, Princeton University Press, 2000, pp. 3–10.
- [2] C. P. Bown, *Self-enforcing trade: Developing countries and WTO dispute settlement*, Brookings Institution Press, 2009, p. 11. [Online]. Available: <https://www.chadpbown.com/wp-content/uploads/2019/01/Bown-SET-2009.pdf>.
- [3] World Trade Organization, *World Trade Organization: Fact Sheet*. [Online]. Available: https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm.
- [4] A. A. Soluyanov, "The history and prerequisites for the creation of the World Trade Organization, the consequences of Russia's accession to the WTO, the impact on Russian business," *Current Problems of Humanities and Natural Sciences*, no. 6, pp. 182–189, 2013. [Online]. Available: <https://cyberleninka.ru/article/n/predystoriya-i-predposylki-sozdaniya-vsemirnoy-torgovoy-organizatsii-posledstviya-vstupleniya-rossii-v-vto-vliyanie-na-rossiyskiy/viewer>.
- [5] A. P. Portanskiy, "The imperative of WTO reform in the era of rising protectionism and trade wars," *Bulletin of International Organizations: Education, Science, New Economy*, vol. 14, no. 2, pp. 304–318, 2019. doi: 10.17323/1996-7845-2019-02-12.
- [6] C. VanGrasstek, *The History and Future of the World Trade Organization*, World Trade Organization, 2013. [Online]. Available: https://www.wto.org/english/res_e/booksp_e/historywto_e.pdf.
- [7] A. Bernier and J. Schlandt, *Literature Review: WTO Accession and Economic Growth*, USAID Economic Analysis and Data Services, 2018, p. 5.
- [8] USAID, *Literature Review: WTO Accession and Economic Growth*. [Online]. Available: https://tcb.usaid.gov/prepared/literature_review_wto_accession_and_economic_growth.pdf.
- [9] K. Bagwell and R. W. Staiger, "Multilateral trade negotiations, bilateral opportunism, and the rules of GATT/WTO," *Journal of International Economics*, vol. 67, no. 2, pp. 268–294, 2005.
- [10] A. K. Rose, "Do we really know that the WTO increases trade?" *American Economic Review*, vol. 94, no. 1, pp. 98–114, 2004. [Online]. Available: <https://doi.org/10.1257/000282804322970724>.