Importance of Optimizing the Regulation of International Trade at the Global Level

This article aims to discuss potential challenges and advantages developing countries might face by seeking to use World Trade Organization (WTO) negotiations in order to promote their economic growth. The authors analyzed one of the implications of the WTO regulatory system in the framework of global trade liberalization, particularly the Doha Round. The analysis outcomes show the importance and effectiveness of WTO policies towards developing countries and help to formulate the position of such countries in WTO policies and reforms. However, we have to admit that this requires the recognition of benefits by all participants, developed and developing countries, unless it could lead to significant economic cost for all. In order to get a greater beneficial impact or/and minimize potential loss, the authors suggest following multilateral rule-making regulations and carefully conducting a preliminary economic analysis of the country before setting an agreement or dialogue, which will point to differentiation between members and could enhance negotiations or/and avoid risk of failure. The study's theoretical and methodological basis are statistics, analysis, marketing, and management working papers of foreign researchers, regulatory documents, periodical press materials, official legal documentation, and publications relating to the specialized subject area of participation in WTO. The findings of this research might add to the knowledge and understanding of the participation of countries in WTO dispute settlement proceedings and the ability of the WTO system to deal with them.

Keywords: global trade liberalization, World Trade Organization, Doha Round, multilateral system, international trade regulation

Once countries face barriers in trade and want to eliminate or avoid them, dialogues, as usually have facilitate to liberalize such trade. However the role of WTO is not just to liberalize trade, in some situations its regulates sustain maintaining trade barriers in case of protection consumers or prevention the spread of disease, etc. Hence the main problem all countries-participants of WTO

is to identify benefits from trade and enhance or maintain them.

The aim of this study is to examine the participation of developing countries in WTO dispute settlement proceedings therefore to show the importance of optimizing the regulation of international trade at the global level. In order to reach the study's aim we will have such tasks:

1) provide description of conceptual framework of international trade regulation within the World Trade Organization regulatory system;
2) analyze the implications of Doha Development round for the WTO regulatory system in the framework of the global trade liberalization;
3) provide some recommendations to ensure greater participation of WTO countries in this proceeding.

Our literature review [1–7] towards identification the scope of competences and peculiarities of decision-making within WTO multilateral system of international trade regulation represents outcomes below.

It is important to mention that the WTO was established in 1995. The General Agreement on Tariffs and Trade as its predecessor have also helped to expand a very strong and more prosperous international trading platform for the past 60 years. Thereby this contributed to the unprecedented economic growth globally. Currently WTO has approximately 164 members, in which 117 are classified as developing countries or somehow separated in customs territories. The WTO activities are also supported by the Secretariat and led WTO Director-General. The Secretariat is based in Switzerland, Geneva. English, French and Spanish are the three official languages of WTO [1–3].

The highest institutional body in the WTO is called the Ministerial Conference, which convenes averagely every two years. Also, the World Trade Organization provides a new forum for the negotiation of agreements which is aimed at reducing the obstacles to the international trade and ensuring that there is a place for all countries. This contributes to the economic growth and the development. WTO provides a fundamental legal institutional framework for its implementation, monitoring of those agreements and for settlement of disputes which might arise from the interpretation and application. This body of WTO consists of 16 most different multilateral agreements and two various plurilateral agreements (only some of WTO members). The democratic voting system which is based on the basis of one vote to one country, so the WTO has a highly democratic style of its formal decision making process [2–7].

However, according to P. Sutherland et al. [8], some developing countries (the majority of WTO members) are not satisfied with the practice of decision-making in the WTO due to a selective and exclusive decision-making system and produce asymmetric agreements. According to J. Pauwelyn [9], there is apprehension that the large number of WTO members will slow down efforts to establish new policies, and Peter Evans [10] mentioned that informal oligarchies win over democracy in decision making at the WTO. According to Evans [10], informal oligarchies win over democracy in decision making at the WTO [11].

Legitimacy is the crisis, the World Trade Organization is currently facing, and the necessary question of this institutional reform of the WTO should be well understood in this context. Across the world, and most especially in Seattle, social movements and citizens' committee have come to recognize WTO and their rules as adding to poverty, the great destruction of the environment, as being a wild tools are in the hands of the TNCs, and they are taking away the sovereignty of the countries and its independence on local communities [12].

This legitimacy crisis is a result of two important factors: Non-transparency and undemocratic system of making decision and the working methods of the WTO; and this imbalances and this inequities existing within agreements of the WTO, operate in favor of developed countries, and always against the vast majority of the members of the WTO [12].

We can represent WTO's core activities as follows [1–5]:

- either elimination of obstacles or negotiating reduction to trade (import tariffs, other barriers to trade) and also agreeing on rules that governs affairs of the international trade (subsidies, antidumping, standards, product etc.);
- monitoring application and administering WTO's agreed trade rules in services, for
trade in goods and intellectual property rights;
• reviewing the trade policies of members and monitoring as well as ensuring bilateral trade agreements and transparency of regional;
• application of the agreements, interpretation and settling disputes among members;
• assisting countries which are not yet of the organization process of accession;
• conducting, collecting and disseminating trade data.

WTO’s other main activities are: economic research, explaining and educating public about WTO.

According to experts [3–5], once national markets open to international trade and commit to transparency, these together promote and add to sustainable development by reducing nation’s poverty, raising their welfare and foster economic growth. Although, market opening must also be complimented by domestic and equal international policies which attribute to higher economic growth and individual member’s needs and aspirations on development accordingly [1–5].

The World Trade Organization’s bodies that make important decisions are the General Council and the Ministerial Conference. Furthermore, there are some of its decision-making bodies made by subordinates. The General Council, however, which consists of all WTO members, are mostly responsible for day-to-day decision-making in between Ministerial conferences. Most members within the organization appoint a representative who is permanent or an ambassador to serve on the general council [1–3].

The General Council assembles meeting is in three different capacities [1–3]:
• to serve as the Body to Settle Dispute;
• to review the Trade Policy;
• to serve as a General Council (on all matters even not directly related to disputes or trade policy).

The three subordinate councils have responsibilities for a broader area of trade and also report to the General Council [1–3]:
• the Goods Council stands for Trade in Goods (Goods Council);
• the Service Council also for the Trade in Services (Services Council);
• the Trips Council for Trade-Related Aspects of IP Rights (TRIPS Council).

It is useful to represent the organizational structure and show how various function with coordinate among themselves (see Figure 1).

Nowadays we can notice a focus on industrial policy among developing countries. This focus is towards recognition that developed countries are achieving success through regular involvement of their domestic economies and strategic engagement with international markets [13–14].

The work of the current WTO is mostly undertaken by the representatives of member governments but it has its roots in everyday activities of industry and commerce. The below (see Figure 2) shows the amount which has been involved in trading among member nations from 2015–2022. You can see that indeed, in isolation, no country has been able to do it alone. There has been an increment from the time immemorial and there will be still trading among countries in years to come as every country is interdependent on one another [15].

Indeed this interventionism can be applied by developing countries as well via collaboration with developed countries [16].

One way to do this is via implications of the WTO regulatory system in the framework of the global trade liberalization. Let’s have a look at such implications, particularly the Doha Round. The Doha Round of trade conversed between every member of the WTO for about five years and could be recognized as an attempt of a multilateral trade agreement [17–20].

The talks were suspended in June 2006. However, on the website of the European Parliament it has been mentioned that: “A European Parliament Delegation attended the WTO Parliamentary Conference which took place on the sidelines of the 11th Ministerial Conference in Buenos Aires in December 2017. The 12th Ministerial Conference scheduled for June 2020 in Kazakhstan was cancelled due to the COVID-19 pandemic and could now take place in June 2021” [21].

The Purpose of the Doha Talks was to increase the economic growth of developing countries and reducing subsidies for the developed nation’s agricultural industries in order to permit them to export food to developing countries [17].

The Doha Development Round was also known as the Doha Development Agenda
semi-officially and their fundamental objective was to improve the trading prospects of the developing countries [22]. Ministers in Doha also approved decisions how to address problems faced by developing countries in implementing their current WTO agreements [18–22].

The Round was officially launched at their Fourth Ministerial Conference in Doha, Qatar, in November 2001. The agreement negotiated about 20 main points, which can be summarized by the following 10 categories [17, 22]: agriculture; intellectual property; services; non-agricultural market access; rules; trade and environment; special and differential treatment; dispute settlement; e-commerce.

Descriptions for the proposed ten categories have been provided below (Table 1) based on materials [17, 18].

Analysis of the Doha Development Round identified the following important insights:

1. It aimed at further liberalizing trade, at the same time facilitate and foster integration into the WTO multilateral system for developing countries [23]. It could be possible by solving main issues such as:
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› reform agricultural subsidies;
› ensure that liberalization in the global economy compliments the necessities for sustainable economic growth of developing countries;
› improve developing countries’ access to open markets.

2. Apparently, if the Doha Round had been successful, it would give a chance to reduce government spending on subsidies in developed countries and boost financial companies.

Although at least two potential benefits from Doha Development Agenda could be represented here [24]:
• stimulates the global economy by creating employment opportunities;
• helps emerging markets.

The Doha Development Agenda could provide positive benefits for developing countries, and we have accepted that they might grow faster. Despite of this, the Doha Development Agenda as an attempt of multilateral trade agreements could have some disadvantages, such as high risk of:
• breaking down the negotiation, since it involves many participants;
• misallocating recourses, since removing trade borders affects businesses, therefore large corporations benefit more than small businesses.

According to expert reviews, the Doha Round of talks could created a big gap between developed and developing countries. Thus looking for advantages for developing countries to open their markets should not neglect transparency of these process by following regulations of global institutions such as WTO, World Bank and etc.

Numerous studies have attempted to evaluate the economic impact, particularly economic cost of the Doha Round and their results vary. However, according to the study of A. Bouet and D. Laborde, the economic cost of a failed Doha Development Agenda by using the MIRAGE Computable General Equilibrium, in a scenario where applied tariffs of WTO economies would go up to currently bound tariff rates, world welfare would decrease by US$353 billion [25].

Fig. 2. World trade primed for strong but uneven recovery after COVID 19 pandemic shock [12].
Sources: WTO and UNCTAD for trade volume data; WTO for forecasts

Chart 1: World merchandise trade volume, 2015Q1-2022Q4
Index. 2015=100
All together say that the WTO must conduct liberal service export regulations, which can facilitate acceptance of services from developing countries by developed ones. Otherwise, potential global market threats may appear (developing countries might make their own cooperation with Trade in Services Agreement negotiations).

Based on studied materials [1–17], in order to get greater beneficial impact from multilateral negotiations, hence enhance the negotiations positive outcomes or avoid risk of failure, we could suggested the following (see Figure 3).

According to the proposed model, all participants should be very strict in following multilateral rule making regulations and carefully conduct countries specific economic analysis before setting agreements, which involves greater dif-

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**Table 1. Descriptions for the proposed ten categories [14,15]**

<table>
<thead>
<tr>
<th>Category</th>
<th>Proposed actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>• decrease in subsidies, in particularly to 2.5% for developed countries, while 6.7% for developing countries in the value of production;</td>
</tr>
<tr>
<td></td>
<td>• reduction in tariffs on food imports</td>
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<tr>
<td>Non-agricultural market access</td>
<td>• reduction in tariffs for non-food imports</td>
</tr>
<tr>
<td>Services</td>
<td>• rules and regulations on foreign-provided services;</td>
</tr>
<tr>
<td></td>
<td>• proposed for developed countries to export financial services, telecoms, energy services, express delivery, and distribution services while for developing countries to export tourism, healthcare, and professional service;</td>
</tr>
<tr>
<td></td>
<td>• countries decide which services they could allow and whether to allow foreign ownership</td>
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<tr>
<td>Dispute settlement</td>
<td>• proposed to install recommendations for better settlement of trade disputes</td>
</tr>
<tr>
<td>Rules</td>
<td>• proposed to tighten rules on antidumping;</td>
</tr>
<tr>
<td></td>
<td>• proposed to strengthen prohibitions against introduction subsidies to retaliate against another country’s subsidies;</td>
</tr>
<tr>
<td></td>
<td>• proposed to focus on commercial vessels, regional aircraft, large civil aircraft, and cotton;</td>
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<tr>
<td></td>
<td>• proposed to reduce fishery subsidies to cut down on overfishing</td>
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<tr>
<td>Trade and environment</td>
<td>• coordinate trade rules with other agreements in order to protect natural resources in developing countries</td>
</tr>
<tr>
<td>Trade facilitation</td>
<td>• proposed to improve custom fees, documentation, and regulations;</td>
</tr>
<tr>
<td></td>
<td>• proposed to tighten procedures for customs in order to reduce bureaucracy and corruption</td>
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<tr>
<td>Intellectual property</td>
<td>• proposed to protect product names which are only authentic if they come from that region;</td>
</tr>
<tr>
<td></td>
<td>• proposed for inventors to reveal the country of origin for any genetic material used in products</td>
</tr>
<tr>
<td>E-commerce</td>
<td>• proposed to combat customs duties or taxes on internet products or services</td>
</tr>
<tr>
<td>Special and differential treatment</td>
<td>• proposed to provide special treatment to help developing countries;</td>
</tr>
<tr>
<td></td>
<td>• all WTO countries safeguard the trade interests of developing countries;</td>
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<tr>
<td></td>
<td>• proposed to provided financial support to developing countries in order to help build the infrastructure for implementation technical standards and managing disputes</td>
</tr>
</tbody>
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Continuously follow regulations
Conduct specified countries economic analysis
Negotiate / review outcomes of negotiations

Fig. 3. Suggested actions to avoid failure in multilateral trade agreements
fication between members and identify potential benefits and risks.

Although, we have to admit that our recommendations are not completed due to potential appearances and nature of changes in internal and external factors, which may impact on negotiation process. Furthermore these suggestions are not intended to be the answer for every dialogue, in particularly multilateral dialogue, however they might provide some insights about how countries can review dialogues processes to get benefits for all participants.

Conclusions

We conclude that all tasks of the study have been completed. Provided description of conceptual framework of international trade regulation within the World Trade Organization regulatory system shows that the WTO plays important role in global trade. We analyzed the implications of Doha Development round for the WTO regulatory system in the framework of the global trade liberalization. The analysis’s outcomes identifies the importance and effectiveness of WTO policies towards developing countries, hence it can formulate the position of developing countries in WTO policies and reforms. However, we have to admit that this requires the recognition beneficial impacts by all participants, not only one or several groups of countries. Otherwise, it might lead to significant economic cost.

Authors provided some recommendations based on studied materials from the list of references to ensure greater participation of WTO countries in this proceeding. In order to get greater beneficial impact, we suggested to follow multilateral rule making regulations and carefully conduct countries specific economic analysis, which may point greater differentiation between participants and could enhance the negotiations or avoid risk of failure.

References:

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