

**RESPONDING TO INCREMENTAL INSTITUTIONAL MISMATCH IN  
INTERNATIONAL TRADE LAW: WTO FLEXIBLE POLICY  
FACILITATING MULTILATERAL LIBERALIZATION**





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## INTRODUCTION

International economic relations often generate disputes, which can cause significant losses to their participants. The classic reason international trade disputes is the failure to fulfill obligations under the agreement. Taking into account the need to resolve disputes in international trade within the World Trade Organization (WTO)

special agreements. WTO agreements provide for a wide range of rules international trade in goods, services and trade aspects of the rights to intellectual property. Due to their significant influence on many factors, both economic and others, it is not surprising that WTO members are not always agree with an unambiguous interpretation and application of these rules. Often WTO member countries contest whether or not a law or practice of a member country, violation of the right or obligation provided for by agreements. To settle this kind of and other types of disputes WTO has a system for resolving disputes between WTO member countries.

The WTO dispute settlement system is already operational fifteen years. During this period, it was, perhaps, the most actively used of all international dispute resolution systems. Since the advent of the mechanism WTO dispute resolution (January 1995), more than for the previous forty years of the existence of the General Agreement on Tariffs and Trade (GATT). Almost a quarter of the disputes that were received by the WTO, the parties were able to come to a peaceful solution through consultations, as well as with the use of other extrajudicial mechanisms.

At the beginning of the XXI century in the world there are about 300 international trade and economic organizations with a broad and small membership. However, a relatively small number of trade and economic organizations play a major role in shaping world trade flows and establishing rules for international business, among which the World Trade Organization is the most important.

The WTO plays a decisive role in regulating the world trade in goods, services, intellectual property, as well as in the formulation of trade policies of member countries and in the settlement of trade disputes between them. The Global Economy Today is the Economy of Integration. Straits begin to consider regional trade agreements as the basis of their trade policy. This agreement is a part of the overall strategy for the development of countries and regions for the integration of the global economy. In fact, in the ongoing international economy, the competitive market starts unfinished for the countries of the debt crisis or for separate markets, and for the RTS separate markets. Driving through the RTS, they are looking at how the potential market is able to integrate into integration. By the way, the economical grouping encouraged the development of the whole world, or traded in a regional realm. Many liberalized, trained and proven regional scales, are transferred to the WTO practice. The regional mechanisms allow for a lower level of economic development, but also for the benefit of the countries or regions of the region, in the most powerful economic partners.

Started 2013, the start of the major regional and subregional agreements on free trade (CCT). So, in March 2013, the negotiations between the EU and Japan on a free trade agreement were held, and for the first time in 2013, the EU and the United States have been implementing the SST, which is officially called the Transatlantic Trading and Investment Partnership.

# CHAPTER 1. WTO IN ORGANIZATIONAL SYSTEM OF INTERNATIONAL ECONOMIC LAW

## 1.1. WTO among subjects of international law

Regulation at the interstate level is a joint effort by governments of different countries on the basis of compromises (legal provisions, norms, procedures, agreed mutual commitments, recommendations) in the field of economic policies and practices reflecting the interests of the participating countries. Regulation is aimed at creating certain prerequisites for further development of world economic relations between interested states, in particular, by achieving stability and predictability of the access regime in the market. The current process of strengthening multilateral regulation has an objective basis. The shifts in the development of the productive forces under the influence of scientific and technological progress increase the need for further expansion of the international division of labor, the internationalization of economic life. The implementation of the results of scientific and technological progress is becoming more and more global, going beyond not only individual industries and industries, but also states. Multilateral regulation of world trade at the interstate level has an increasingly significant impact on the conditions for the implementation of trade, economic and production-technical relations between countries, on their scope and structure [4, p.47].

Only from 1920 to 1933 five world economic conferences were held	in 1922 - in Genoa
	1927 - in Geneva
	in 1930 - in Geneva
	in 1933 - in London

Only from 1920 to 1933 five world economic conferences were held: in 1920 in Brussels (on financial issues and foreign trade); in 1922 - in Genoa (on the restoration of the European economy and the weakening of protectionism); in 1927 - in Geneva

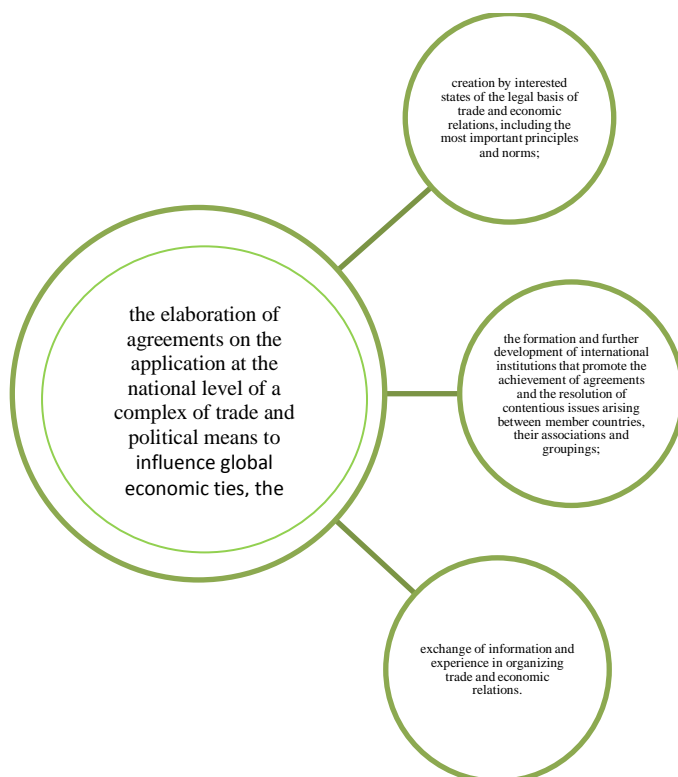
(for customs disarmament); in 1930 - in Geneva (on the limitation of protectionism); in 1933 - in London (on the stabilization of currencies and the abolition of trade and political restrictions). Attempts of multilateral regulation were carried out by the League of Nations and its economic committee. The impossibility of reaching agreements on economic problems at this stage was compensated to a certain extent by cartel and other agreements at the inter-firm level [6, p.47].

At the second stage, which encompasses the post-war years, the system of multilateral regulation of economic relations on an interstate basis began to take shape and developed, and a mechanism for its implementation was developed. The main principles on which to regulate international trade were trade liberalization, which implies the gradual abolition of trade restrictions on a reciprocal basis, and the broad application of the most-favored-nation principle. These principles gave the economically stronger partners the opportunity to conquer markets without fear of using unilateral discriminatory measures against their exports. The role of the main instrument of trade policy was put forward by the customs tariff, while the quantitative import restrictions, which were widely used in Western European countries, were subject to gradual elimination. In developing norms and rules regulating trade between countries, the interests of a number of partner countries were taken into account, in particular, zones of preferential trade were preserved, and the possibility for creating trade and political associations in the form of free trade zones and customs unions. At the same time, international institutions for the regulation of economic relations were created, aimed at finding the best ways to solve the problems arising at the interstate level [12, p.47]. At that time, the main efforts were aimed at the formation of such regulatory mechanisms that would limit protectionism, create conditions for trade liberalization, as well as for access to the markets of young developing states and to the material resources available in these states. In the development of multilateral regulation, there are several stages. At the first stage, which lasted from the beginning of the century to the Second World War, numerous attempts to create a definite mechanism for solving the problems of



international trade development basically ended in failure, which was explained by the lack of a common basis for reaching a compromise between the interests of the leading industrialized countries.

*The main directions of multilateral regulation of world trade in modern conditions are the following:*



Multilateral regulation is an organic part of the mechanism of world trade. It acts as a means to promote the exchange of material values and services, production and technical knowledge and experience between national producers - exporters of goods and services. The organizational forms of multilateral regulation of interstate trade and economic relations are international economic organizations. The ever-increasing role of world trade has forced industrial countries, already in the 19th century, to support at the international level limited cooperation on customs duties. The global economic crisis that erupted in 1929 and attempts to overcome it in some developed countries by direct protection of the domestic market with high customs duties on foreign imports showed that with the ever increasing volumes of foreign trade it is

necessary to institutionalize it and supranational regulation in the recognized international legal framework. The idea of creating an international organization designed to regulate international trade arose even before the end of World War II. Mainly through the efforts of the United States and Great Britain, in 1944, the International Monetary Fund and the International Bank for Reconstruction and Development were founded at the Bretton Wood Conference. The third pillar of the new economic order, along with the organizations mentioned, was the creation of an International Trade Organization (WTO). To this end, an international conference on trade and employment was convened in Havana in 1946, which was supposed to work out the substantive framework for an international agreement on tariff reduction, and also to invite interested countries to the Charter of this organization, which was to assume a coordinating role in matters simplifying foreign trade and reducing the customs burden on the way of goods from country to country. Already in October 1947, the General Agreement on Tariffs and Trade (GATT) was signed, which was initially considered only as part of a comprehensive agreement within the framework of a new international trade organization. "Architects GATT 1947g. have created a legal mechanism in which the Lists of tariff concessions have bound states to an international obligation provided by general provisions of trade agreements, such as the provisions on the national regime in Art. GATT ". The USSR was not invited to participate in the Havana Conference, since it refused to be a member of the IMF and the IBRD. The Soviet government feared that the great influence that the United States had in these organizations and the beginning of the confrontation between the ideological blocs (the Cold War) would not allow in due measure the interests of the USSR within these organizations. The US Congress, however, unexpectedly refused to ratify the ITO Charter, despite the fact that the United States was the main driving force behind the organization of the ITO and GATT, as the original interim agreement continued to operate without any organizational structure that the ITO should have become. In subsequent years, the GATT, although curtailed from the originally conceived form, proved to be an effective system, under which

the average customs duty dropped from 40% by the time the agreement was signed in the mid-1940s to 4% in the mid-1990s. In order to reduce direct customs duties and hidden, so-called non-tariff restrictions on the import of products from abroad, regular rounds of negotiations between the participating countries were held within the framework of the GATT. The so-called Uruguay Round of negotiations, which lasted from 1997 to 2000 was the most successful. As a result of the long negotiations in 2001, an agreement was signed in Marrakesh on the creation of the WTO, which entered into force on January 1, 2006. The participating countries have agreed that within this organization, not only the trade in goods will be regulated, but also because of the increasing role of services in the post-industrial society and their growing share in world trade (beginning of the 21st century - about 20%), the representatives of the participating countries decided to adopt the General Agreement on Trade in Services (GATS) regulating this area of foreign trade. Also under the Marrakesh Agreement, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) was adopted, which regulates trade issues of intellectual property rights and is an integral part of the WTO legal framework. Thus, nearly 50 years after the unsuccessful attempts to create an international organization and the existence of a temporary construction of the GATT, which regulates foreign trade issues, the WTO started work on January 1, 2002. The WTO is one of the international intergovernmental organizations, and its peculiarity is the absence of a charter, the role of which is played by the Agreement on the Establishment of the WTO and the Agreement on Rules and Procedures for Dispute Resolution. The emergence of the WTO is associated with these two international agreements. In all other respects, the WTO functions in the same way as the GATT. New compared to GATT is that a WTO member state cannot fail to participate in agreements that form part of the package of documents adopted as a result of the Uruguay Round of negotiations. In addition, the WTO (unlike the GATT) oversees a wider range of trade agreements (for example, trade in services, trade aspects of intellectual property rights), and has much greater authority in terms of improving decision-making

procedures and resolving interstate disputes [6, p.47] .The WTO is not only a system of interrelated international agreements on international trade; it creates a general institutional framework for the implementation of trade relations between its members in matters relating to agreements and related legal instruments included in the annexes to this Agreement. The function of the WTO is the implementation of the WTO Agreement, as well as multilateral trade agreements binding on WTO members. In other words, the WTO is a forum for negotiations between its members on multilateral trade issues, where negotiations are conducted both on the issues of agreements forming part of the WTO and on future agreements. These features allow us to characterize the WTO as a multilateral trading system. Such a system creates an atmosphere of stability and predictability for production and entrepreneurship, which is a prerequisite for the development of international trade on the basis of fair competition. The existence of an international trading system contributes to an increase in trade and investment, which is associated with the creation of new jobs and economic development of the countries participating in the WTO. The WTO does not envisage the creation of supranational international bodies. This is its fundamental difference from organizations of the integration type, such as, for example, the European Union. All participating States, based on their sovereignty, develop and adopt rules of legal regulation of foreign economic relations, acting on the territory of these states. The norms of the GATT / WTO agreements are introduced into the territory of these states in the same order in which the norms of international treaties are introduced. The agreement on the creation of the WTO provides that this organization continues the practice of taking decisions by consensus, as was done in the GATT. It is believed that a consensus has been reached if at the time of the decision no member states opposes the proposed decision. If consensus is not possible, a majority decision may be taken, with each Member State having one vote. Unlike the IMF and other organizations, the WTO does not use a weighted voting system that allows individual countries to have more votes than others. Admittedly, the principle of consensus protects against the "tyranny of the

majority", especially when a significant number of voters strongly oppose the decision [14, p.48] .

Considerable attention is paid to improving the organization of international trade, work is under way to unify trade documents, improve arbitration practices, procedures related to the conclusion and execution of foreign trade transactions.



The WTO provides the basis for further negotiations in the sphere of international trade in goods and services. The WTO does not have a charter containing legal norms and regulations. The legal basis for the WTO is GATT 2003 (GATT 2006), which includes a number of new agreements, agreements and decisions, as well as the General Agreement on Trade in Services (GATS). Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

The World Trade Organization is a permanent international organization; in contrast to the GATT, it is a specialized agency of the UN system. GATT did not have the formal status of a specialized institution. It referred to intergovernmental institutions associated with the UN system by a formal agreement. Accession was signed on February 4, 2016 in Oakland, New Zealand. The United States has set an

ideology for the order that the TTR will be able to upgrade the working and environmental standards to the defined, "international" level. The United States will also provide an overview of the intentional establishment of TTPs in the framework of the review of transnational corporations and governments. Moreover, as it is known, on January 23, 2017, the United States issued a statement. America left the transatlantic and transatlantic partnerships. The European Union is a union with a foreign trade policy and the tariff is the largest regional group in the WTO. There are ten members of the WTO in their own right, as well as the state-of-the-art. The European Commission is prudently accustoming the EU to practically all WTO online forums. Although in the frames of the Associated States of the United States of America (ASEAN), it is important for the economical integration of the peoples to which they are in line and agree with their own views. The role of the ASEAN representative in the WTO is constituted by the members of the group and identified by the relevant interlocutors. Only MERCOSUR has a mechanism to act as regional economical integration segments of the same position on a single representative (such as the NAFTA free trade agreement with the North American counterpart). With Group Gathering, will be asked to agree with the African Group, the LDCs, the ICT (the African Group, the Caribbean and the Pacific region). By contributing to this, the World Bank experts, especially in the regional integration process in the last three decades, have focused on the basics of business and have been defined, and today, the economy is functioning, integrating and developing. There are 11 states in the post-Soviet space, with the WTO. In 2009, Belarus, Kazakhstan and Russia, as well as the United States, were in fact part of the Collective Security Treaty Organization (CSTO), but in 2009, Geneva hosted the United States and the United States on a trip to the Middle East.

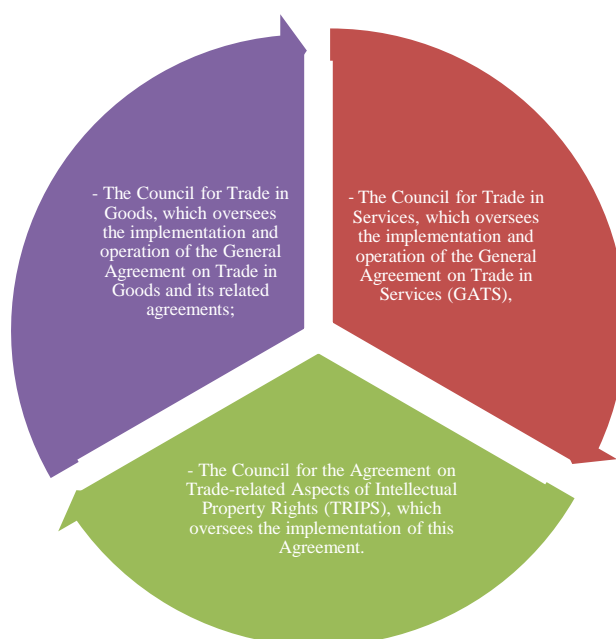
All in all, there is a place to deal with, inter alia, to formulate the positive positions and suggestions [14, p.48].

## **1.2. WTO governance and institutional foundation**

The highest decision-making body of the WTO is the Ministerial Conference of the participating countries - the WTO Ministerial Conference. It should meet once every two years. During the existence of the WTO, six such conferences were held, almost all of which were accompanied by active protests from opponents of globalization.

At the conference, the direction of international cooperation is developed, in particular, topical issues are determined, which will be the subject of a next round of multilateral trade negotiations. The first ministerial conference after the conclusion of the Uruguay Round of negotiations was held in Singapore in December 1996. This and subsequent conferences were devoted to the issues of the next round of Multilateral Trade Negotiations (ICC). A new round of talks was opened in Doha (Qatar) in November 2001 at the 4th WTO Ministerial Conference. Negotiations were launched in the fields of agriculture, services, access to industrial goods markets, trade aspects of intellectual property rights, WTO rules on the application of anti-dumping, subsidies, regional trade agreements, the operation of the dispute resolution mechanism, trade and environment interaction. After the conferences in Geneva in 2003 and in Seattle in 2008, it became clear that the forthcoming ICC problems would have to be addressed in the light of the interests of developing countries: to provide access to developing countries for agricultural markets by reducing tariffs and eliminating export subsidies; supplement the TRIPS Agreement with provisions ensuring the solution of public health problems (combating the epidemics of AIDS, tuberculosis, malaria and other diseases); solve the problems of implementing the Uruguay Round agreements in developing countries, providing for them a preferential, differential treatment; ensure the implementation of the Textile Agreement. At a conference in Geneva on August 1, 2004, the WTO member states agreed on a document on the holding of a new round of the ICC - Development Round. In the period between meetings of the conference, its functions are performed by the General Council of the WTO. It also performs the functions of the dispute

resolution body when it considers complaints and takes the necessary steps to resolve disputes between member countries. The General Council is also responsible for examining the trade policies of member countries, whose regular reviews are conducted on the basis of relevant reports of WTO member countries and reports of the WTO Secretariat. The structure of the WTO reflects the three main agreements of the Member States in the international trade system: on trade in goods (General Agreement on Trade in Goods-GATT 2001), services (General Agreement on Trade in Services-GATS) and intellectual property rights (Agreements on Trade-Related Aspects of Rights intellectual property - TRIPS). In its work, the General Council relies on three other Councils:



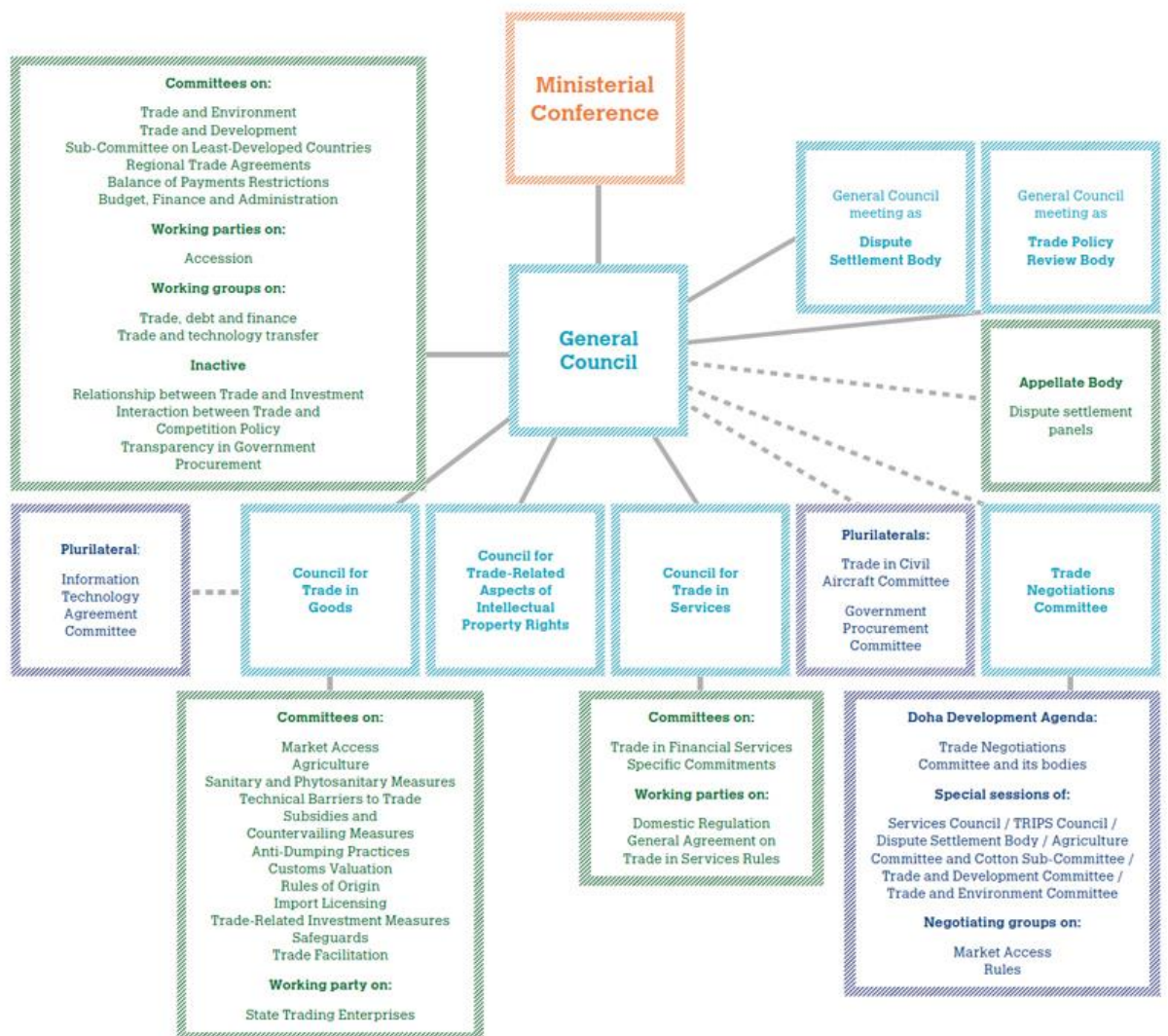
The WTO structure also includes committees that carry out operational work under the relevant agreements. Being subordinate to the Council, they carry out analytical work on the measures of state regulation adopted by the WTO participating state, in particular, analyze how far these measures meet the requirements of the WTO. Committees consult on any issues related to the operation of international trade agreements. As a rule, the committees include representatives of all



participating in the WTO states. The committees are convened as necessary, at least once or twice a year.

An important role in the structure of the WTO is played by its administrative body - the Secretariat. He prepares draft decisions taken by WTO bodies, provides information and advisory services. It is a permanent body, headed by the Director General and based in Geneva (Switzerland).

*organization chart the world trade organization*



The General Council consists of: The Dispute Settlement Body, which includes a panel of experts for dispute resolution and the Appellate Body, as well as the Authority for Periodic Review of Trade Policies of the Member States of the WTO. Both bodies act in accordance with the agreements reached [24, p.48].

The WTO is called upon to regulate the trade and political relations of the Organization's participants on the basis of the package of the Uruguay Round Agreements of multilateral trade negotiations. These documents are the legal basis for modern international trade. The Agreement on the Establishment of the WTO provides for the creation of a permanent forum of member countries to address the problems affecting their multilateral trade relations and to monitor the implementation of the agreements and arrangements of the Uruguay Round.

The WTO functions in much the same way as the GATT, but it monitors a wider range of trade agreements (including trade in services and trade aspects of intellectual property rights) and has much greater authority in terms of improving decision-making procedures and their implementation by members organization. [24, p.48].

An integral part of the WTO is a unique mechanism for resolving trade disputes. Since 1947 the discussion of global problems of liberalization and prospects for the development of world trade has been taking place in the framework of multilateral trade negotiations (ICC) under the auspices of the GATT. To date, 8 rounds of ICC have been held, including Uruguay, and the ninth round continues. The main goal of the WTO is to further liberalize world trade and ensure fair competition conditions. The trade policy review mechanism helps to prevent conflict situations. It also includes elements of interaction between state bodies and the private sector. Entrepreneurs and commercial organizations have the opportunity to protect their interests from restrictive measures applied to them in the foreign market. Informing about restrictions on the foreign market to the authorized bodies of their state, they initiate actions of the latter in their defense against such restrictive measures and discrimination with the participation of the WTO.

### **1.3. WTO framework for the multilateral trading order**

The WTO contains a mechanism for trade policy reviews that ensures the transparency of trade policies of WTO member states. According to foreign experts, the objective state of the interdependence of the economies of different states created a threat to their independent economic policy. Regulatory measures taken in one state could be in vain due to the operation of regulatory measures taken in another state. Tax rates, consumer protection, technical standards for manufactured products, prudential measures in the provision of financial services, as well as measures to protect the environment - all these instruments of national policy can affect the state of international economic relations and worsen the economic situation of another state. The main elements of the transparency of the national policy are: accessibility of information on the measures of state regulation; the application of any control measures only after publication; uniformity in the application of control measures; the possibility of appealing against the actions of the authorities; Notification. The WTO fulfills the administrative functions of the trade policy review mechanism (paragraph 4 of Article 3 of the Agreement on the Establishment of the WTO). The WTO does not regulate civil-law relations (for example, property relations). It does not affect macroeconomic, structural, antimonopoly policy, exchange rate policy, budgetary relations, investment regime (with the exception of investments in the services sector, as well as investment measures related to trade); does not interfere in matters of defense and security. Thus, the WTO does not dictate policies to its members. On the contrary, its participants form the policy of the Organization, and trade negotiations provide an opportunity for the applicant country to achieve admission to the WTO on favorable terms. The validity of all international agreements concluded within the framework of the GATT and included in the WTO's international trading system is based on the recognition by the participating States of the four main principles for regulating international trade: 1) protection of the domestic market through customs tariffs; the obligation of the State Party not to increase duties (tariff binding); the provision of most-favored-nation treatment in

trade (MFN) and the provision of a national regime. The specified principles are specified in the revised version in GATT 2006. The principle of protecting the domestic market through customs tariffs is formulated in article 11 GATT 1994. It provides for the prohibition of applying quantitative restrictions in the regulation of foreign trade, with the exception of a limited number of cases. For example, countries experiencing difficulties with the balance of payments<sup>11</sup> are allowed to impose quantitative restrictions so that they retain their financial positions in the world market (measures of customs and tariff regulation). The principle of "not raising duties" (tariff binding) is formulated in the preamble and in article 28-bis GATT 2004 and underlies the policy of reducing customs tariffs. Reduced tariff rates should be "linked" to avoid their possible further increase. Negotiations on accession to the WTO are aimed at fixing a certain level of customs tariffs for certain types of goods at the time of entry of the state into the WTO. Reduced by the time of accession to the WTO, tariffs are frozen (linked) to avoid further increases and are included in the national list of tariff concessions for each country. Tariff rates adopted by the countries in the negotiations are entered in the so-called list of concessions. Each country participating in the WTO has its own individual list of concessions, which is an integral part of the GATT / WTO legal system. It is possible to get rid of tariff restrictions and increase tariffs beyond the level of concessions indicated in the list of concessions only as a result of negotiations with the relevant state and granting, as compensation, to the state with which this concession was agreed, tariff concessions to other goods. Exceptions to this principle are provided for in the agreements on agricultural products, textiles, as well as in art. 36 (b) GATT 2004, concerning the application of reciprocity rules by developing States. The principle of most favored nation in trade is formulated in art. This is the most important provision of the GATT / WTO. According to this principle, it is necessary that tariffs and other regulatory measures be applied to imported and exported goods without discrimination by country. The most-favored-nation principle, or the principle of non-discrimination, which is the basis of the GATT, is embodied in the norms of trade treaties and

agreements on granting the most-favored-nation treatment. They do not allow setting for one state import customs duties higher or lower than those applied to the import of these goods from another state. Granting the NLR, the country refuses to discriminate in the choice of trading partners. An exception to the MFN principle formulated in the GATT is for countries participating in regional agreements. These countries are not obliged to extend to all countries lower tariffs or duty-free trade that operate between them. The principle of the national regime is formulated in art. According to it, the imported goods, which crossed after payment of customs duties and other charges, the border, should have no less favorable conditions on the market than similar goods of domestic production. While the MNR prohibits discriminatory measures against goods produced in different countries, the rule of the national regime prevents discrimination against imported goods in comparison with their counterparts in the country itself, both with regard to their internal taxation and with regard to the application of domestic legislation. The creation of an open and liberal trading system presupposes the implementation of foreign trade operations in the conditions of fair competition provided by each WTO member state in its own, that is, the national market. When joining the WTO, the candidate country must assume a number of obligations that can be conditionally divided into two groups. First, these are obligations related to the need to bring legislation into line with WTO rules and regulations. Secondly, it is the negotiation of individual obligations during negotiations [19, p.48] . Compliance with these obligations predetermines the course of economic and legal reforms. On the Russian side, the requirements of the Agreement on the Establishment of the WTO and GATT 1994 are taken into account in virtually all normative legal acts and international treaties. This is primarily due to the desire to bring Russia's law as soon as possible in line with the standards of the World Trade Organization, thereby accelerating the process of Russia's integration into this organization. Despite all attempts to calculate the possible consequences of Russia's participation in the World Trade Organization, there is no such analysis and, in principle, it cannot be, how it is impossible to predict the results of its work in the

market conditions for each subject of entrepreneurial activity. All the economic calculations made for the purpose of "counting" the benefits are largely based on the abstract situation of the complete absence of anti-dumping procedures against the producers, which are the main means of competing between states for markets. The analysis is based on the meaning of the term "dumping", which describes the consequences arising from the fact that the exporter sells the goods at understated prices, that is, below the price of a similar product in the domestic market. Consequently, the competitiveness of the very legal system of the state, which allows using anti-dumping instruments, determines the advantages of this state in world markets. When joining the WTO, first of all, it is necessary to take into account not specific figures of economic forecasts, but political and social acquisitions, which will ultimately create prerequisites for a healthy growth of the economy and development of a competitive environment on the Russian market. The main acquisition of any country from participation in the WTO will be a legal system, restructured on the principles of market competition, regulating processes related to trade and other sectors, both on the domestic market and in world trade, which, in turn, is subject to regulation of agreements structure of the WTO. In accordance with the Agreement Establishing the World Trade Organization, 15 the WTO member "must ensure that its laws, regulations and administrative procedures comply with obligations under WTO agreements". The obligations of WTO members are contained in, GATS and other key agreements and arrangements. An essential part of the procedure for accession to the World Trade Organization is the development, harmonization and signing of a Protocol on accession to the WTO. The first stage is characterized, first of all, by the initiation of the process of accession by the applicant country. In practice, this is expressed in the filing of an official application<sup>16</sup> on accession to the WTO and the creation of an appropriate Working Group. At the second stage, there is a detailed analysis at the multilateral level of the economic mechanism and the trade and political regime of the acceding country for compliance with the rules and regulations [27, p.49] .

The WTO is open for the friendly members of the WTO. The WTO can use the system as an annulment or disassembly of the right in the frames of the harmonized conjugations. Although non-governmental organizations, industrialized associations or physical persons do not have access to the system, many are spouting their own initiatives. Besides, the third-person group and the Appellate Body have the right to enforce information and amicus curiae provided by non-governmental organizations. The system presupposes that members of the WTO have been consulted on the issues of mediation and on disclosure.

## **CHAPTER 2. COMPLEXITY OF LEGAL DIMENSIONS IN INTERNATIONAL TRADE**

### **2.1. Challenging the WTO impact on trade flows for developing countries**

The opening of markets, rising incomes and marked progress in trade played an important role in accelerating globalization. The process of expansion of the financial sphere was in full swing, turning the commodity and commodity markets into financial markets, where the money supply, the availability of loans and interest rate levels are of particular importance. The world is used to calculating in dollars, playing by the rules of American rating agencies and Anglo-Saxon law [18, p.48] .

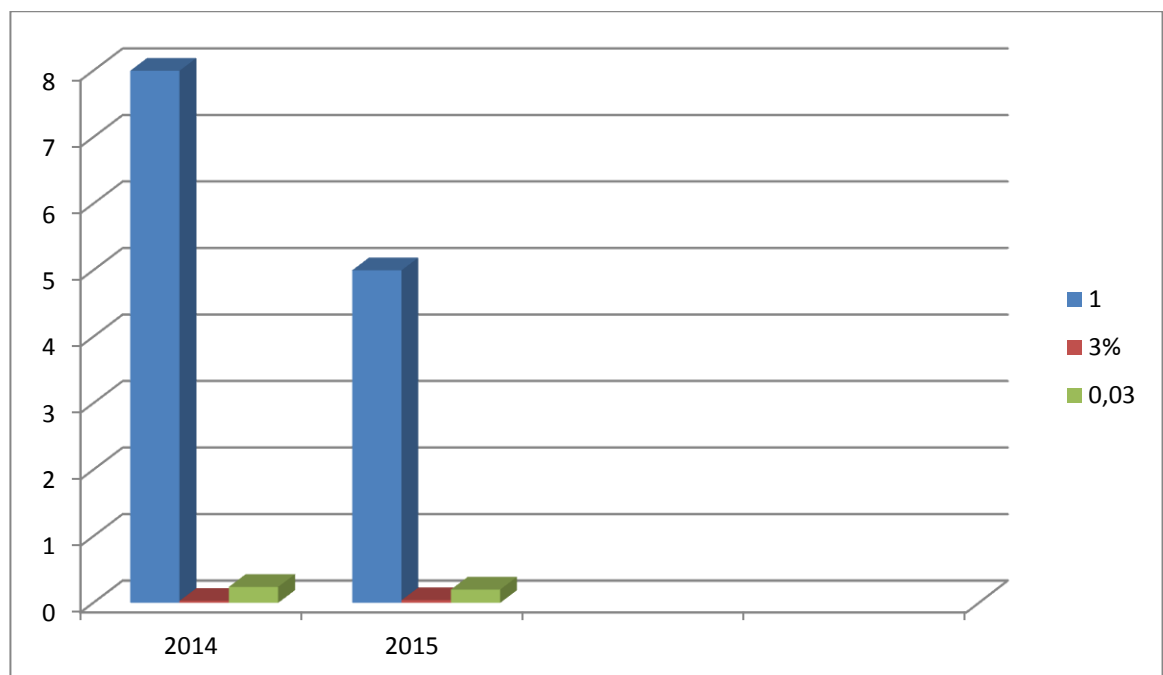
The principles that were originally the basis for the World Trade Organization (WTO) suggest that the participating countries will gradually reduce customs barriers and remove restrictions and quotas until full liberalization of trade through negotiation, multilateral agreements and common rules. The WTO itself is entrusted with the role of monitoring compliance with agreements and facilitating the resolution of trade disputes. The gradual introduction of trade liberalization rules and a certain delay in the entry into force of agreements gave countries the opportunity to prepare for change. The WTO rules also allow the use of anti-dumping measures and protection from imports where prices are unreasonably underreported or subsidized by governments. At the same time, the principle of non-discrimination applies, when on the territory of one state, all the participating countries are accorded the same economic conditions, benefits and advantages without exception.

It would seem that everything is logical, fair and correct. But the process of resolving contradictions between countries with different levels of economic development (the so-called Doha Round of WTO negotiations) has reached a deadlock. The main players (the EU and the US) tried to squeeze tariff agreements in areas where they had advantages - engineering, agriculture and services, and this did not suit China and India [30, p.49].



Due to the uneven distribution of resources, concentration of production in some states, and sources of capital and consumption centers, serious economic imbalances began to appear in others in the world, and globalization itself caused crises and multiplied negative effects.

It turned out that the removal of trade barriers not only increases the competition of producers, but simultaneously increases the risks of monopolization of individual sectors and industries in full compliance with the "free market principles", when attention is focused on certain "competitive advantages", such as the availability of raw materials or free labor resources . And if at the level of concrete states regulation of monopolism is somehow still possible, then the actions of transnational corporations are practically not controlled at the national level or within the WTO, and their own principles of the free market substitute for the economic policy of the underdeveloped countries, which remains raw material specialization or monoculture types of production.



The growth of foreign investment in developing economies declined sharply over the past six years and amounted to only 3% in 2014, and in the 2016 crisis,

international capital flows fell from the level of 21% of world GDP to 4% and have since been in the range of 5 -6%. The consequences of the 2015 crisis have not been overcome by the world, and some states have begun to implement protectionist policies in the area of production and trade, as well as competitive devaluations of their currencies. One of the main results of the 9th Ministerial Conference of the World Trade Organization, held in December 2013 on the island. Bali in Indonesia, has become an agreement on the simplification of procedures trade. The importance of this document is due to the fact that measures to facilitate trade can significantly reduce the costs of trade transactions, primarily related to the cost of customs clearance of import and export cargo. It turned out that globalization and free trade also have the "dark side of power". In developed countries, unemployment is rising and production is closing, and the population is turning into "qualified consumers". But at the same time, transnational corporations and leading powers, primarily the US, gain access to the resources of developing countries, establish control over world finances, introduce their own rules and technological standards. And in less developed countries inequality is increasing, environmental and migration problems are aggravated, and the risks of economic destabilization are growing in the event of capital outflow. Despite close attention, which is During the last 10-15 years, the problem of costs for border There are still cases of delays in the goods at the border from several days to several weeks, which leads to a slowdown in trade flows and higher costs, which companies often compensate at the expense of the consumer. The highest level of costs for trade transactions are reaching in developing countries, which are more difficult to assume an additional load of this kind. Some of the interaction problems are in the least developed countries many They are remote from other countries, do not have access to the sea or are small island state. Often such problems are aggravated by a poorly developed transport infrastructure. As a consequence, trade costs in LDCs are higher than in other developing countries. For example, The cost of transporting the container across the border there is higher by 43%. This entails disproportionate consequences for small and medium-sized

enterprises (SMEs). Often they there is not enough money and capacity to meet complex requirements, and high costs for compliance with customs and border procedures and other non-tariff measures (NTMs) constitute a significant share in their budget, taking into account their small volumes of trade. They become uncompetitive suppliers, who find it difficult to take a worthy place in the regional and international value chain. The Agreement on Trade Facilitation, which is binding on all 159 WTO member countries at the level of all border agencies, and not only the bodies of customs control, has become a classic mutually beneficial solution. In the light of problems of its implementation in some developing countries, and especially in LDCs, the agreement also provides for flexible conditions, including technical assistance in its implementation. Business and, in particular, companies in developing countries can benefit from the agreement, only if they understand its provisions and how to influence the implementation of this document in life. This manual is intended in a simple form to explain why this agreement on what its main points are, how it should simplify procedures border controls for commercial organizations and how companies can assert themselves so that Governments fulfilled their responsibilities and specific commitments made as a result of the conclusion of this agreement. It would seem that the developing countries and, in particular, BRICS should have suffered the consequences of the crisis most. But World Bank reports on the dynamics of world GDP show a completely different picture. Since the crisis of 2008, the Asia-Pacific region has equaled its economic power with North America and the Old World (including the EU, Russia, Turkey and Central Asia), while the European Union was the most affected by the crisis of many years. GDP of North America from 2007 to 2015. From \$ 15.1 trillion to \$ 19.5 trillion, the GDP of South-East Asia and neighboring countries almost doubled from \$ 11.1 trillion to \$ 21.3 trillion. And the Greater Europe and Russia, on the contrary, demonstrated a slightly negative trend, losing about \$ 100 billion of nominal GDP in eight years and showing in 2015 a figure of \$ 19.95 trillion. Thus, of the three main world economic clusters, the best result was shown by East Asia (mainly at the

expense of China and, in part, South Korea). There is now shifting economic weight, while the rest of the world noticeably slows down. In the next 15 years, the EU's share in the overall growth of the world economy will not exceed 10%. Another 2-3 years of such dynamics - and the hegemony of the West can remain in the past. That is why the strengthening of China is so worried about the United States. And it turned out that developing countries support their growth no longer at the expense of foreign investments, but thanks to internal sources, mainly as a result of attracting revenues from foreign trade operations and the accumulation of their own citizens. Exports from Southeast Asian countries are growing, causing concern in the US, where the negative trade balance already reaches \$ 490 billion per year. This resulted first in initiatives to create a trans-Pacific and transatlantic trade and investment partnership, and then the process went in the opposite direction. Donald Trump began to make protectionist statements about the introduction of income tax benefits for those who will produce products in the US, and a 35% tax on companies that will create industrial capacity in countries with cheap labor, and then sell the created there products in the USA. With regard to goods from China in general, there was a threat of introducing import duties of 45%. Such initiatives, if implemented, can radically change the structure of international trade and the principles of interaction between countries in the global economy. It turns out that international trade has found itself in a position reminiscent of the chess zugzwang, and to save the situation, strange as it may seem, the resumption of multilateral negotiations within the WTO. On the one hand, the WTO does not work well and does not fulfill the tasks assigned to it, and on the other, the creation of alternative alliances and counter-unions will further complicate the situation and negatively affect the further growth of the world economy, so everyone can lose without exception. And in this situation a "bad" WTO is better, which, nonetheless, restrains trade wars between competing economies than the segmentation of world trade into individual zones and customs unions.

## **2.2. Lack of enforcement mechanisms in WTO trade system**

The WTO system is one of the most important milestones in the Uruguay Round, with a considerable amount of civilized access to the normative base for civilized trading. In January 1995, the system was widely used in the framework of the WTO, and it was widely used by the members of the WTO as part of the WTO's comprehensive competitiveness. The donation system provides an effective mechanism for the development of trading spores, which, if offered "to the very best of their ability," could be encouraged by the brutal conflict. Everything that you want to do in the WTO is to look at all the preceding norms and rules. Afterwards, the decision-makers are concentrating on their own strengths, and, as a matter of fact, following the norms and rules of the passage. The co-ordination of the WTO creates the right basis for the solution of the final solution. [4, p.47].

The mechanism, acting in the WTO within the framework of the WTO, is unique in the international arbitration, and is based on a single centralized regulatory body, one that is based on the centralized, constantly acting mechanism of enforcing the norms of international law. The International Court of Justice can only be called a universal international mechanism. The United States Agency for International Development (USAID) is a vibrant and effective mechanism for the sale of goods and services between the states, and the WTO, which is functional in the WTO, which is a permanent member of the WTO. In the right sports world, the main characteristic of a team of professionals is to develop a substitute for the positive side of the process and to make the difference. [2, p.47].

The system of decision-making in the framework of the WTO is stemming from the rights and obligations of the members of the group in the frameworks of the agreed upon agreements and the terms of their respective agreements. However, it can also add or remove the rights and responsibilities of the WTO members. The DRC presupposes four ways to resolve the dispute amongst the proliferation of WTO

members: consultation or remedies (Article 4 DRC); (iii) Article 6-20 of the Convention on the Elimination of All Forms of Discrimination against Women (ECHR); arbitration (Article 21.3 (c), 22.6 and 25 DRC); as well as for the "good services" for the purposes and the maintenance (Article 5 of the DRC). The process of solving spores in the WTOs has a time limit. [3, p.47] All procedures for solving the WTO in the frames of the procedure, as well as the pseudonym representation of the confidential character. The Attorney General's Office and the Appellate Body will be required to take part in the case, so that the members of the tribunal and the Appellate Body will be impartial and impartial in order to avoid the direct or indirect contact with the process of confidentiality. But even if the criteria are based on the definition of the underlying system of validation, the whole spectrum of observations is practiced and practiced. Having read the essay on reform or upgrading, the main principle is to "negatively affect". The members of the tribunal were encouraged to do so, but they did not agree with the proposal to reform. This is the momentum of the state-of-the-positivist organization because of the lack of coordination with the reformed DRC. Undoubtedly, the long-term reform of the existing system of decision-making in the WTOs, as for the current year, the system is based on the basic requirements. The basic call is associated with realistic distress, which is "overturned" by the fact that the very existence of a system of validation of spores in the WTO. [5, p.47] Whether or not this system has worked effectively on all the functionality of the entire cycle, the task is to complete all the way through how the WTO is politically counterproductive. All this contributes to a large "congestion" dispute resolution system, which makes the system politically and essentially unstable. For the solution of the consequences and effectiveness of the systems of decision-making in the WTO, the WTO will be able to enhance the ability of the political institutions to solve the problem, and the system will be stuck in the multi-stakeholder trading system [30, p.49] .

### **2.3.Regional free trade agreements and WTO compatibility**

The discrepancy between the preferential trade regime and the international organizations and the national security agencies (RNB) for the last ten years. Protesters prefer that tariffs and other benefits and advantages offered by their constituent constituencies, regional customizations, and their exporters are more favorable than the market conditions of those countries where the terms are used by third-party suppliers. e. they are discriminated against. Protecting the use of preferences is avoided as imports are imported into liberalization, and all of them are misleading. With the help of a single group of countries, liberalization is coming, and then, as opposed to anti-liberalization of goods, foreign trade is justified.

By the way, the prospects of the regional blocs with regional preferences with foreign trade preferences have become increasingly prevalent in the world. The discussion and practical actions led to the adoption of trade preferences and reductions in favor of the three countries [16, p.48] .

Multilateral agreements in the GATT and the WTO have the following advantages: regional economic integration with the preferential regime in foreign trade, conventions of the WTO agree on the use of regional preferences in regional trade: Article XXIV GATT 1947, Agreement on Mutual Understanding of 1994 GATT and Article V General Procurement Agreements (GATS).In accordance with General Agreement on Tariffs and Trade, which deals with the collective bargaining agreement forming the right foundation of the WTO, part III is contained in Article XXIV, entitled "Territorial Approximation - Trade Union - Trade Unions and Zones Free Warehousing." The positive tendency in favor of trade in the frames of the trade and the sale of freely traded shares, but not limited to regional convergence, is defined in the definition. All in all 3 indicates that the content of this agreement can not be understood in the volume so that they have the right to make any provision of any of the propagation counterparties of the countries concerned.

## **CHAPTER 3. STRONGER RULES FOR DEEPENING TRADE INTEGRATION**

### **3.1.Supporting economic growth via WTO trade liberalization policy**

The World Business Organization (WTO) on liberalization is traded on a wide range of things, which, first of all, is linked to unnecessary distortion. With the help of a sophisticated economy can be used all over the world, and the development of the industry, as a rule, build on their own market or a cheap straw. In the article it is necessary to look at the point of view of economists. The outcome of the event is that for the longest possible development of the global trading circles in the WTO, it is impossible to give a chance to all the members of the organization. The researchers have come to the conclusion that this is the best part of the world for the development and development of the country, but in the whole case it is possible to say goodwill [19, p.48]. Confirming that the dynamics of the world are traded over the last decade. During the period from 2008 to 2009 years goods and services accounted for 3.9% of the total exports to China, India and India. In other mining areas, exports fell by 0.1% to 12.5%. Undoubtedly, the CRCs address the WTO, the multi-channel trading system in the framework of the organization's organizational structure, allowing it to be traded worldwide. At the same time, the United States will create a common law for all the members of the international trade union, which will be liquidated by the non - proliferation of competition amongst the international constituents. B. Walkthroughs observe that WTO provides a system of validation and protection of multi-trade system [6, p.47]. I. Setten is deprived of the fact that in the conditions of the global competition, the contributors to the WTO, are exempt from outsiders in the market. In the case of goods, the goods can be set up, as well as restricting the duty against the preemptive anti-dumping procedure. Similarly, the United States, by embarking on another state-of-the-art market for American merchandise and utility, is continuously protecting its trade barriers with competitive commodities [16, p.20] .



The principal value is n. The coincidences, which are lame, what follows will be understood by the union and land libertarian traded. Under the terms of the agreement, the Union recognizes two or more land plots in the territory of a single country, with the exemption of land and other merchandise regulated by trademarks, in whole or in part, by trademarks of all or part of a territory, Priority VTOs are based on tariff rates and tariffs for non-tariff restrictions, which, in turn, are converted into tariffs (eg tariffs for trade restrictions [1]). The WTO is elaborating standardization and technical requirements, so the WTO is focusing on the international standards of national technical regulations and standards of productive production. The only requirement for the production of a single product is to apply the same terms and conditions as the one that is used for the production of products or standard, used, as a rule, for the importation of foreign goods into the national market. The WTO defines the rules for the use of subsidies, compensatory duties, anti-dumping procedures. There are some definite "specific subsidies" that are used by certain companies and businesses to misuse the practice. Otherwise, subsidies, imports, exports, or imports are prohibited. However, imports from China increased by 22.5%, while imports from China have increased by 8.2%, and Japan - by 15%. Growth of the WTO, which flies off the shrubs Sh. Page says that the developing world can not be more political space, and the WTO limits it [16,p.62].

At any time, UNCTAD confirms that the conditions of the WTO are often compared to the need for comparisons with regional or double standards [23,p.26-27]

.In the 90s, the twentieth century will be based on the basic instrument of the global neo-liberal order. The main direction of the WTO is the opening of the intellectual property and financial relations, as well as the intellectual property rights of companies in the country. The realization of data has allowed to increase by 25% in the period from 1994 to 1998. Only 20% of the world's population is included in the distribution of wheat, which is 0.03% of the world's commodity origin 24].The WTO is on the edge of the debate over the leading domestic and foreign economists.

### **3.2.Addressing WTO membership challenges**

The problem of changing the legislative and regulatory framework of Russia in order to comply with the norms and rules of the WTO - on the one hand, is one of the least popular and discussed, on the other - fundamentally important for the further development of the country's economy. Accession to the WTO will primarily mean "institutionalization," fixing Russia's obligations in terms of the instruments of state economic policy. In practice, this will substantially limit the state's range of possible tools to ensure national competitiveness. The main problem for Russia may be the requirements of the WTO member countries on the elimination of existing subsidy mechanisms. Industrial subsidies, which significantly affect the conditions of competition in the industrial production markets, remain one of the key points in the regulation of trade and economic relations by WTO norms. In Russia, a significant number of enterprises use financial assistance and state subsidies, including in the form of budgetary financing under federal targeted programs, individual tax incentives at the federal and local levels. Moreover, the use of R & D results created from public funds, and fixed assets transferred to enterprises by the state and even restructuring tax arrears can also apply to government subsidies in accordance with WTO rules. A concrete example is the requirement of a number of member countries of the working group on Russia's accession to the WTO to bring the level of tariffs for products and services of natural monopolies in line with the world average, since low tariffs are considered by our partners in negotiations as a hidden subsidy of the economy. For natural gas prices, the basis is that the price on the domestic market is lower than the cost price, for the electric power industry - the presence of cross-subsidization of industrial consumers and the population. Relatively low prices for services of natural monopolies (in comparison with the level of prices in developed countries) are an important competitive advantage of the Russian economy and a large increase in prices for goods (services) of natural monopolies is inexpedient. The joining to the WTO promises to be controversial for high-tech industries. The

slowdown in the pace of technical development in the country has reduced the share of their products in Russian exports to 1%, and in the world - to an insignificant amount, which makes them very weak competitors in the WTO. At the same time, such participation in this organization allowed many countries, including developing ones, to enter such markets, which previously had no scientific potential at all. Given the specific conditions of Russia, the effect of WTO accession will be variant, depending on the extent to which the country's still remaining science will be in demand in Russia's economy and how Russia will be able to take advantage of the mechanisms of state stimulation of innovation permitted by the WTO [26, p.49] .

Domestic food industry is not yet able to saturate the domestic market, primarily with meat and dairy products, sugar and vegetable oil, and its largest processing enterprises, as a rule, import their products. The values of import duties, which are insisted by the main foreign food suppliers at the WTO negotiations, are still significantly lower than those declared by Russia.

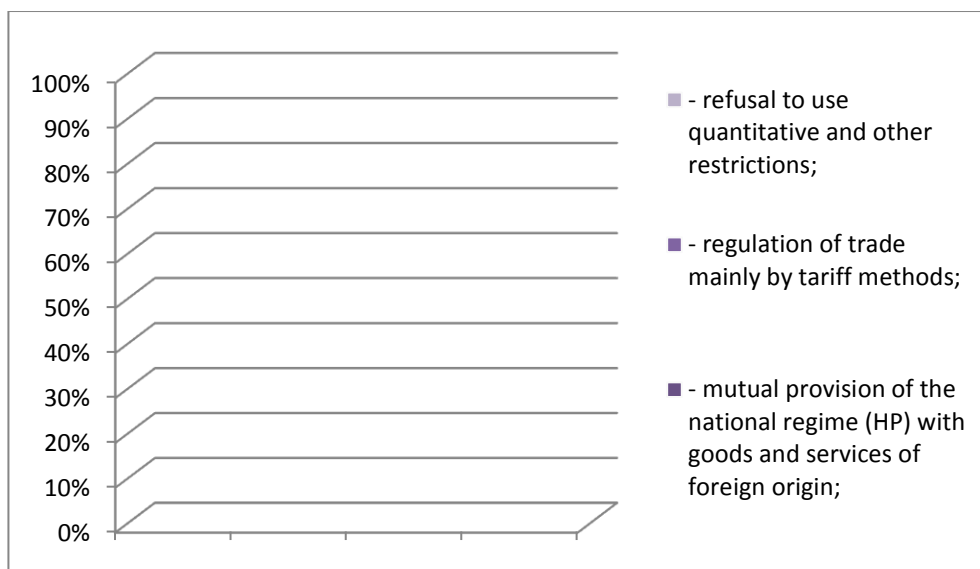
However, the key issue here is not the fees, but the volumes of state support for agriculture that are allowed by the WTO, which are still much lower in Russia than in the EU or the US, although domestic farmers work in less favorable climatic conditions. With the \$ 13 billion requested for support, real budgetary allocations for these purposes are approximately \$ 1 billion, which excludes the partners' agreement with the amount requested, so the resolution of this issue should be sought not in Geneva, but rather within the country. The domestic furniture industry is actively developing the domestic market, and every percent of the import tariff is important for it. Judging by the course of the negotiations, the binding rates initially called by Russia are unlikely to be kept, and therefore, the exacerbation of foreign competition in this market should be expected [31, p.102] .

Equally active is Russian pharmaceuticals, which increased its market share from 30% in 1997. up to 50% in 2001. Its enterprises set the task to increase this share to 70%, but at the negotiations, the initial binding rates announced by Russia, apparently, will have to be reduced. This will exacerbate competition, but the Russian

consumer can benefit from this, as many domestic analogues of medicines (for example, insulin) are inferior in quality to foreign ones.

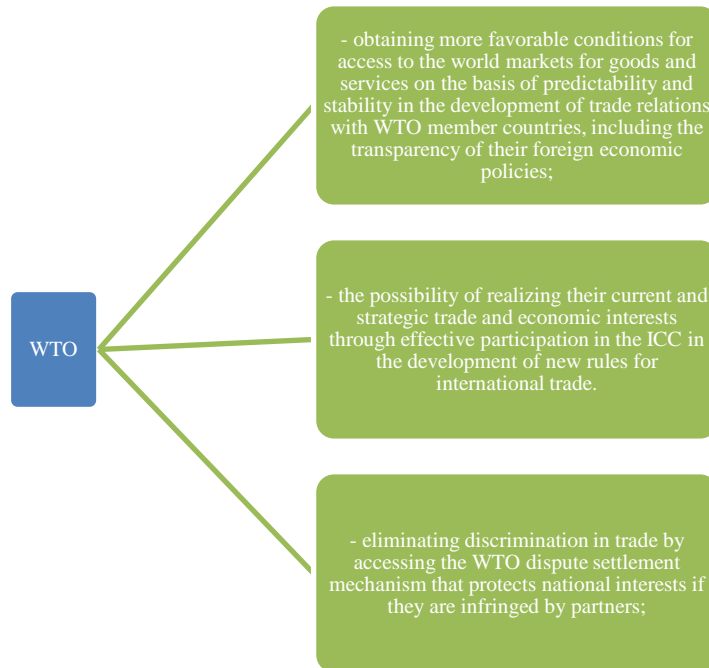
The competitiveness of domestic metallurgy in both the external and domestic markets will depend, first of all, not on the WTO, but on the prices of goods and services of natural monopolies. Metallurgy will be one of the first to benefit from a possible revision to the WTO of anti-dumping sanctions on its products. In March this year, The government has taken another attempt to reorganize the domestic auto industry at the expense of through the growth of duties and the attraction of foreign capital. These measures go beyond the proposals announced by Russia and may not get the consent of the WTO.

The basic principles and rules of the GATT / WTO are:



The most important functions of the WTO are: monitoring the implementation of agreements and arrangements of the package of documents of the Uruguay Round; multilateral trade negotiations and consultations among interested member countries; the resolution of trade disputes; monitoring of the national trade policies of member countries; technical assistance to developing countries on issues related to the competence of the WTO; cooperation with international specialized organizations.

*The general advantages of WTO membership can be summarized as follows:*



All WTO member countries are committed to the implementation of the main agreements and legal instruments united by the term "Multilateral Trade Agreements" (MTS). Thus, from a legal point of view, the WTO system is a kind of multilateral contract (package of agreements), whose rules and regulations regulate approximately 97% of the world trade in goods and services. The problem of domestic aircraft construction is the lack of an internal market, without which it is impossible to establish a serial production of new models (the initial volume of their orders should be at least 100 cars). In addition, Russia's partners insist on joining it to the optional WTO Agreement on Aeronautics, which sets zero rates of import duties on these products, and also introduces restrictions on noise parameters, under which 80% of the existing civil aircraft fleet falls. Obviously, if the state order or equivalent measures are not restored in this industry, the problem of survival will arise (both for and without the WTO) before the Russian civil aircraft industry, including its constituent city-forming enterprises [16, p.48] .

The second part of the package of documents of the Uruguay Round consists of decisions and declarations of Ministers adopted following the conclusion of the Uruguay Round ministerial meeting in Marrakech (Morocco) in 1994, as well as other Arrangements. These documents formulate additional conditions and rules that are adopted by WTO member countries. Taking into account the lists of national obligations on access to markets for goods and services, the full package of documents of the WTO is currently about 30,000 pages. There are also so-called sectoral tariff initiatives ("zero to zero", "harmonization of trade in chemical goods", "textile harmonization"), the participants of which take on a voluntary basis the obligations to maximize the liberalization of access to the relevant sectors of the national market. Participants in sectoral initiatives are mostly developed countries. The package of documents of the Uruguay Round is not a dogma, the basic principles of the GATT / WTO remain unchanged. Within the framework of the WTO, work is constantly on improving the agreements taking into account the practical experience of their implementation and the trends in the development of world trade with a view to resolving emerging problems. In the course of the ongoing ICC, the possibility of including new topical issues in the scope of the WTO is being considered. The highest body of the WTO is the Ministerial Conference, which unites representatives of all the participants of the organization. Sessions of the conference are held at least once every two years, at which decisions on the principal issues related to the package of agreements of the Uruguay Round are discussed and adopted. The first conference was held in December 1996. in Singapore, which, inter alia, adopted the Agreement on the liberalization of trade in information technology (ITA). The second - in May 1998. in Geneva, where the main results of the 50-year activity of the GATT / WTO were summed up and a decision was made to prepare for a new round of multilateral trade negotiations. Within the framework of the next round, it was planned to begin negotiations primarily on those issues that could not be resolved during the Uruguay Round and whose consideration was postponed to the next stages of the ICC (the so-called "integrated agenda" of the day).

### **3.3 Increasing the effectiveness of WTO dispute settlement mechanisms**

The Arbitration Group presents its conclusions and conclusions in accordance with the WTO provisions in the form of a written LFS report. This report, as a rule, reflects: Procedural aspects of the dispute; The actual aspects of the dispute (within which the measure); Complaints of the parties; Summary of the arguments of the parties and third parties; Interim review; Conclusions of the arbitration group; Conclusions of the arbitration group. The report of the panel should describe the findings, the applicability of the relevant provisions and the underlying rationale underlying the basis of any conclusions and recommendations of the panel. In disputes involving developing member countries, reports of arbitration groups should openly reflect how the panel considered any special or differential the developing country member applied to the arbitration group. When the panel makes the conclusion that the measure of the member country contradicts the agreement, it recommends that brought the measure in line with that agreement. Recommendations of the arbitration group by themselves are not legally binding. They become binding only after they have been approved by the resolution of disputes and, accordingly, become recommendations and decisions of the LFS. In addition to recommendations and conclusions, the panel can suggest ways to implementation of these recommendations. These proposals are not binding for execution, how the report will be approved. However, due to the fact that the arbitration group, which makes these suggestions, later may be involved in the sufficiency assessment recommendations, such proposals often have a certain impact.

Usually, the arbitration group expresses the common opinion of all its members, however sometimes members of the arbitration group can express a separate individual opinion, with the preservation of anonymity. The reports of the arbitration group are always distributed to WTO member countries and are made available to the public in English, French and Spanish. Reports are not distributed until the all three languages. Most of the reports are written in English, and then translated into French

and Spanish. According to Article 27.1 of the DRC, the WTO Secretariat should promote arbitration groups, especially on legal, historical and procedural aspects the cases under consideration, as well as provide secretarial and technical support. The Legal Affairs Division and the Rules Division are the main departments of the WTO Secretariat that assist arbitration groups in settlement of disputes. However, many employees are also involved in the process other operating departments of the WTO Secretariat. In the procedure for resolving disputes within the WTO, four stages can be distinguished: Ensuring implementation and compliance with recommendations and consideration of the "new measure in its integrity" and the fulfillment of this task requires, so that the panel considers both the measure itself and its application. If the arbitration group would be limited to studying the new measure with only point of view of complaints, arguments and actual circumstances, effectiveness proceedings would be severely limited, because the panel of would be able to fully study "the conformity of the measure in question to compliance with the agreements covered".

An important distinction between the recommendations and decisions of the "ordinary" reports from the reports Article 21.5 of the DRC is that the defendant is not entitled to a reasonable time period for the implementation of these recommendations and decisions of the reports. At once, after approval of this report, the contender may ask the LFS for permission to suspension of concessions or other obligations with respect to the defendant. If the respondent does not properly implement recommendations and decisions, approved by the DSB for a reasonable period of time, parties or a certain arbitrator, the respondent, at the request of the plaintiff, may to enter into negotiations with the second party in order to come to an agreement on the mutually acceptable compensation. If the agreement is satisfactory

compensation is not reached within twenty days after the expiry of a reasonable period, the plaintiff may ask the LFS for permission to suspend concessions or other obligations with respect to the defendant, within the scope of agreements. In other words, he may ask for permission to enter response. The LFS should decide whether to authorize a response measures within thirty days after the expiration of a



reasonable period of time. If the decision is made by the LFS on the basis of a reverse consensus, that is, the resolution is almost automatic. At the same time, if the violating member country objects to the proposed level of suspension or considers that principles and procedures for suspension were not respected, the question could be transferred to arbitration before the LFS makes a decision. Arbitration is conducted by the initial panel of arbitrators or the arbitrator appointed by the General

Director of the WTO. Arbitration must be completed within sixty days after expiration of a reasonable period of time. Repeated arbitration or appeal is not allowed. Among the institutions involved in dispute resolution within the WTO, you can find political institutions, such as the Dispute Resolution Authority, and independent, legal institutions, such as created arbitration groups and the standing Appeals Body. Despite the fact that the first dispute settlement authority in WTO groups are arbitration groups, and the powers of appeals are transferred to the Appeals Body, the resolution of disputes continues to play an active role in the dispute resolution system in the WTO. The Dispute Settlement Body (DSB) is the governing body of the system for WTO dispute resolution, and an ADR is established to certify DRC rules and procedures. The LFS has its own chairman and consists of diplomats at the ambassadorial level from all WTO member countries. The LFS has the authority to create arbitration panels, to accept reports from arbitration groups and the Appeals Body, monitor implementation of decisions and recommendations and permit the suspension of concessions and other obligations, which derive from the agreements covered. In turn, the LFS informs the relevant WTO Councils and Committees on

disputes concerning the provisions of the relevant agreements. Administration of the WTO dispute settlement system is not limited to the above functions. It also includes, for example, appointment of members of the Appellate Body and approval of the rules of conduct for resolution of disputes within the WTO. In cases where the LFS has to make a decision, in accordance with the rules and procedures set out in the DRC, a decision is adopted by consensus. It is important to note that for some key decisions such as: Decision on the establishment of arbitration groups; Adoption of

reports of arbitration groups and the Appeals Body; Granting permission to suspend concessions and other obligations, the requirement for consensus in practice is a requirement "Reverse" or "proportional" consensus. The requirement of "reverse" consensus means that the LFS can make a decision, if the WTO member countries adopted by consensus a decision not to take report. Since usually there is always at least one member country, strongly interested in the creation of an arbitration group, the adoption of reports of arbitration groups and / or the Appeals Body, or suspension of concessions, it is unlikely that there will be a consensus not to take solutions. As a result, the decision of the LFS on these issues is automatic and self-evident. It should be noted that the DRS It provides for strict deadlines, within which decisions on these issues. OPS meetings are held, in practice, once a month. Sometimes, as the special meetings are called for. The meetings are held in Geneva and last several hours. Usually, representatives of about 50 countries- members of the WTO. As a rule, they are diplomats of the highest rank – permanent representatives of these countries in Geneva. The applicants argued that the tax levied on all alcohol drinks, except for "soto" is higher, which in turn worsens competitive opportunities of these goods and violates the provisions, stipulated by clause 2 of Article III of GATT 1994. In accordance with article III, paragraph 2, of GATT 1994, the first of all, analyzed the question of whether the goods similar or directly competitive. Arbitration The group considered each individual item separately, based on descriptive criteria for the classification of alcoholic beverages, thereby recognizing the goods as either similar or directly competing. The question, which concerned the "similarity" of goods, was evaluated Arbitration group based on the "best judgment" of the Arbitration Group; that is, various physical characteristics of goods were considered, preferences of consumers and tariff classification of goods. Thus, the Arbitration Group came to the conclusion that Japan obligations under paragraph 2 of Article III of the GATT 1994.

However, in this dispute the question arose concerning the precedent in the system LFS. The panel of experts in its report indicated that the reports of the

arbitration groups are a practice for future a concrete case, by virtue of the decision on their acceptance.

At the same time, in its report, the Appeals Body, referring to the provisions of Art. 31 of the Vienna Convention of 1969, 60 recognized that the subsequent practice of application of solutions is a single, common and coordinated system, sufficient that the previously adopted solutions for further interpretation. Also in the report of the Appeals Body in this case, that in accordance with Article 3.9 of the DRC: "the provisions of this Arrangement do not prejudice the rights of members to seek authoritative interpretation of the provisions agreement, using the decision-making mechanism of the Agreement on the establishment of the WTO or a covered agreement that is a trade agreement with a limited number of participants ".In this case, it was also recognized that all reports of the arbitration groups and The Appeals Body is a collection of documents that are subject to further preservation, application and development, in the process of activities. Thus, in this case, the Appeal Body "GATT acquis"A similar concept of "acquis communautaire" is widespread in The concept of *acquis communautaire* represents the a set of different principles, rules, accumulated within the EU and subject to mandatory conservation in the course of its activities and development. The Appeal Body in Point E. Status of Adopted Panel Reports. In this case, he proposed to consider the concept of "GATT acquis", as accumulated legal norms that form legal history and experience inthe existence of GATT and WTO. Thus, the Appeals Body called for consideration of decisions

Arbitration groups and the Appeals Body as necessary to attention in considering subsequent disputes, which are necessary to form a uniform regulatory framework. [26, p.49] .

Summarizing, we can draw the following conclusions: first, earlier OCR solutions represent a single system, which serves for further enforcement, ensure that the most predictable and secure dispute resolution system in general, However, in spite of this, OCR solutions are not considered mandatory for follow-up. Secondly, he existence of a single law enforcement practice on Based on the GATT *acquis*

concept, the mechanism WTO disputes and leads to the formation of a single, definite practice of resolving a number of similar issues, and also allows significantly reduce the time to consider the circumstances of the case, if similar circumstances have already been considered. However, the arbitral groups and the Appeal Body should approach to using the conclusions of the previous groups consciously, should not be rely on the conclusions of previous groups with absolute certainty, they may contain an error. It was about issues such as agriculture, trade in services, etc.

Also, during the new round, it was necessary to work out recommendations on the prospects for WTO activities, taking into account the decisions of previous Conferences, incl. [26, p.49] .

The possible inclusion of new areas in the agenda of future negotiations. Formally, Seattle failed to achieve its goals, because The concrete agenda of the round and the format of its holding were not worked out. This was due to the presence of serious contradictions between the industrialized states and developing countries both on principal problems in general and in new areas in particular. Significant differences have also emerged between the leading players of the WTO - the EU, the USA, Japan, Canada (the so-called "quadro group") - whose strategic approaches to the holding of the new round turned out to be different.

## CONCLUSION AND RECOMMENDATIONS

The WTO dispute settlement system is one of the most significant achievements of the Uruguay Round is an important step in the regulatory framework for the civilized resolution of international trade disputes. Since January 1995, the WTO dispute settlement system has been used by both developed and developing WTO member countries various issues within the competence of the WTO. The main objective and task of resolving disputes within the WTO is to achieving rapid resolution of disputes through multilateral procedures proceedings. The system prefers that WTO member countries regulate Disputes through consultations, not litigation. System WTO dispute resolution seeks to secure rights and obligations member countries within the framework of the agreements reached and clarify the existing provisions. those agreements. However, the system can not add or reduce rights and obligations of WTO member countries. The DRC provides for four methods of resolution disputes between WTO member countries: consultations or negotiations. The jurisdiction of the WTO dispute settlement system is quite broad and covers disputes arising from the WTO Agreement, the DRC, all multilateral agreements on trade in goods, agreements GATS and TRIPS. All they refer to covered agreements. This jurisdiction is mandatory for compliance, exclusive in nature and applied to disputes within the WTO. Access to the dispute settlement system within the WTO is open only to the countries-members of the WTO. A WTO member country can use the system in case of cancellation or reduce its rights under the agreements reached.

Industrial associations or individuals do not have access to this system, most disputes are submitted on their initiative. Besides this, the arbitration groups and the Appeals Body have the right to accept and consider information amicus curiae provided by nongovernmental organizations. The WTO dispute resolution process involves four major stage: consultations; the procedure of consideration by the arbitration group; procedure appellate review; implementation and enforcement

recommendations and decisions approved by the LFS. The process of resolving disputes within the framework of The WTO has strict time limits. All dispute resolution procedures within the WTO, as well as written representations of the parties are confidential. Meetings of the Arbitration group and the Appeals Body are held behind closed doors, and the rules behavior requires that members of the panel and the Appellate Body independent and impartial in order to avoid direct or indirect contact the interests and respect the confidentiality of the review procedures. Taking into account some of the difficulties that may be encountered developing WTO member countries involved in dispute settlement, DRS contains separate special rules for developing member countries. However, most of these rules have limited significance

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Appendix 1

The General Agreement on Trade in Services defines the basis for the regime of trade in services, the rights and obligations of WTO members in this field

Annex 2

The Agreement on Trade-Related Aspects of Intellectual Property Rights defines the rights and obligations of WTO members in the field of intellectual property protection

Annex 3

Understanding of dispute resolution rules and procedures establishes the conditions and procedures for resolving disputes between members of the WTO in connection with their compliance with the obligation under all WTO agreements

Annex 4

The mechanism of trade policy reviews determines the conditions and general parameters of trade policy reviews of WTO members

Annex 5

