**THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN**

**AZERBAIJAN STATE UNIVERSITY OF ECONOMICS**

**INTERNATIONAL GRADUATE AND DOCTORATE CENTER**

**MASTER DISSERTATION**

**ON THE TOPIC**

# "WTO problems in the conditions of increased protectionism in world trade"

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**BAKU – 2021**

**THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN**

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**"_____" _____ 2021**

# MASTER DISSERTATION

## On the topıc

## "WTO problems in the conditions of increased protectionism in world trade"

**Code and name of Programme: 060401 World Economy**

**Specialisation: International Economic Relations**

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## Elm andı

Mən, Əkbərov Zəka Taleh oğlu and içirəm ki, "WTO problems in the conditions of increased protectionism in world trade" mövzusunda magistr dissertasiyasını elmi əxlaq normalarına və istinad qaydalarına tam riayət etməklə və istifadə etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

# DÜNYA TİCARƏTINDƏ PROTEKTİONİST SİYASƏTİN ARTMASI HALINDA DÜNYA TİCARƏT TƏŞKİLATININ PROBLEMLƏRİ

## XÜLASƏ

**Tədqiqatın aktuallığı: Beynəlxalq ticarət bu günün əsas tərkib hissəsidir və günbəgün genişlənməkdədir. Birincisi, ona görə ki, bütün ölkələr malların və xidmətlərin təchizatı baxımından digər ölkələrdən asılıdır. İkincisi, hər bir insan əmtəə və xidmətlərin istifadəsində çoxçeşidli təminata çalışır. Üçüncüsü, müasir və inkişaf etmiş texnologiya əlverişli ticarət tələb edir. Sadalananların hamısına protektionist siyasət mənfi təsir göstirir.**

**Tədqiqatın məqsədi: Bəzi ölkələrdə artan proteksionizmə görə Dünya Ticarət Təşkilatının problemlərini ifadə etməkdir.**

**İstifadə olunmuş tədqiqat metodları: Keyfiyyət metoduna daha çox üstünlük verdim. Çünki birinci fəsil mənə daha çox nəzəriyyə tələb edirdi. Birinci fəsildə keyfiyyət metoduna aid tədqiqat metodlarından istifadə etdim. Bu metod nəzəriyyələri araşdırmağıma imkan verdi. İkincisi, mən nümunə iş metodundan istifadə etdim. Bu metod mənə hərtərəfli axtarışlarda kömək etdi. Bu arada, 2-ci və 3-cü fəsillərdə kəmiyyət metodundan istifadə etdim. Bu mənə bir qədər statistika və rəqəm istədi.**

**Tədqiqatın informasiya bazası: Bəzi məqalələrdən, hesabatlardan, kitablardan və internet mənbələrindən istifadə etdim. Sənədlər, müqayisələr, yenidən baxışlar, statistika və s. vardı və dissertasiyamı yaxşılaşdırmağıma kömək etdilər. Xüsusi olaraq bəzi fəsillərdə bu verilənlər bazaları mənə daha çox kömək edəcəkdir. Bəzi qrafik və cədvəllərdən də istifadə etmişəm.**

**Tədqiqatın məhdudiyyətləri: İkinci fəsildə məhdudiyyətlərlə qarşılaşdım. Buna görə bəzi məlumatlar yeni deyildi. İllik hesabatı 2020-ci ilə aid tapa bilmədim.**

**Tədqiqatın elmi yeniliyi və praktiki nəticələri: Tədqiqat mənə DTT-nın üstünlüklərini praktiki olaraq sübut etdi. Mən öz təsəvvürümdə ölkələrin nəyi etsə o onlara daha faydalı olar tövsiyyəsini yaratdım**

**Nəticələrin istafadə oluna biləcəyi sahələr: Mənim işim bu mövzu ilə maraqlanan tədqiqatçılara, tələbələrə və oxuculara faydalı ola bilər.**

***Açar sözlər: Dünya Ticarət Təşkilatı, beynəlxalq ticarət, protektionizm***

**WTO PROBLEMS IN THE CONDITIONS OF INCREASED PROTECTIONISM IN WORLD TRADE**


**SUMMARY**

**The actuality of the subject: International trade is a key component of today. First, because all countries depend on other countries for the supply of goods and services. Second, everyone strives for a wide range of guarantees in the use of goods and services. Third, modern requires favorable trade. All of these are negatively affected by protectionist policies.**

**Purpose and tasks of the research: To express the problems of the WTO due to increasing protectionism in countries.**

**Used research methods: I preferred the quality method. Because the first chapter required more theory from me. In the first chapter, I used research methods related to the quality method. This method allowed me to explore theories.**

**The information base of the research: I used some articles, reports, books and internet sources. Documents, comparisons, revisions, statistics, etc. There were, they helped me to improve my dissertationI also used some graphs and tables.**

**Restrictions of research: Scientific novelty and practical results of the research: The research proved to me the advantages of WTO in practice. In my imagination, I created a recommendation that whatever the countries do, it will be more useful to them.**

**The novelty and practical results of investigation: Research has proven to me the benefits of WTO in practice. In my imagination, I created a recommendation that whatever the countries do, it will be more useful to them.**

**Scientific-practical significance of results: My work can be useful to researchers, students and readers interested in this topic.**



***Keywords: WTO, international trade, protectionism***

## ABBREVIATIONS

| | |
|---|---|
| **EAR** | Export Administration Regulations |
| **GATT** | General Agreements on tariffs and trade |
| **SDG** | Sustainable Development Goals |
| **TPRB** | Trade Policy Review Body |
| **UK** | United Kingdom |
| **USA** | United States of America |
| **WTO** | World Trade Organization |

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# INTRODUCTION

**Relevance of the research topic:** The major purpose of my topic is to express WTO problems in some countries due to increased protectionism. Initially, I began trade theories for first chapter. I will make a report just first chapter in this report.

Firstly, I have written about trade theories from protectionism to the free market. Secondly, I expressed features of the international trade in the globalization context. Both of them are necessary to research my topic. I wrote in my topic trade theories, for instance mercantilism, absolute advantage, comparative advantage, Heckscher-Ohlin model. Then I talked about modern trade, impact of globalization to trade, trade war. Accordingly, I explained all of trade theories and noted interaction of trade in the globalization. The overall economic stability of a country may be shown through the activities of international trade and growth of the international trade. I talked about trade wars. I separated some pieces trade wars and particularly emphasized the US-China trade war.

I tried to prove trade is very beneficial countries. Diverse of examples enabled me to express comprehensively.

**Statement of the problem and learning level**. Actually, I see different arguments as a result of this research. There are trade barriers, tariffs, protectionist policy users which are investigated by me in this dissertation. Then I compare trade policies, between free trade and protectionist policies. All of them proved that there are both free trade and protectionist policies. These vary by country. Then we achieve to clarify advantages and disadvantages of trade policies. All are provided with arguments and considerations. Actually, we obtained immense data.

Generally, if government, institutions, business, labor, organizations, as well as society, are effective, it is significant that the decisions they make are modeled on valid and reliable data and thorough analysis. There may be a collection of available

evidence that you are able to use (previous research, studies, etc.)

Purposes and objectives of the research: My research serves many intends. Firstly, the purposes of chapters demonstrate that the free trade is affordable and sustainable. Secondly, advantages of free trade when the countries join to the WTO. Eventually, I talked about future prospects of the organization. Overall, my research contributes to the investigations of difficult sides of the WTO. Emphasized samples organize objectives.

**Object and subject of the research:** The objects of dissertation are trade, regulations, import, export, tariffs, regulation while subjects are organizations, the WTO, government, citizens.

**Research methods:** I prioritized qualitative method more. Because first chapter demanded me more theories and I needed to use qualitative method, because there are many meanings, theories, historical events, attitudes. I have used some research methods belonging qualitative method in first chapter. First of all, I used to grounded theory. This method enabled me to investigate theories. Secondly, I used case study method. This method helped me comprehensive searches. Meanwhile, I used quantitative method in second part of chapter 1. It wanted me some statistics and number. Therefore I wrote via quantitative method.

**Research database:** I have used in this dissertation different data. So I used some articles, reports, books and internet resources. There were documents, comparisons, reviews, statistics, etc. They assisted me to improve my dissertation. Especially, in next chapters those databases will help me more. I also intent to use some charts, graphics following chapters and I can connect via those tools between this chapter and next two chapters.

**Research limitations:** I faced some limitation in first chapter. Hence, I could not find some pieces more legible, because I could not find annual report 2020 for to investigate trade war. I wrote last year`s reports. If the new report publishes my dissertation would be interesting.

**Scientific novelty of the research:** Research has proven to me the benefits of WTO in practice. In my imagination, I created a recommendation that whatever the countries do, it will be more useful to them.

**Scientific and practical significance of the results:** In my dissertation, all of the pieces are based on scientific and practical. The essence of the result expresses the accuracy of the dissertation. My work scientific practice importance is to play a role of useful and dependable database for those who intend to conduct an investigation on this subject and generally, in this field in future.

# CHAPTER I. THEORETICAL AND METHODOLOGICAL APPROACHES TO THE ASSESSMENT OF PROTECTIONISM IN INTERNATIONAL TRADE PRACTICE

## 1.1. Theories of the international trade: from protectionism to free market

We cannot imagine today without trade. Commerce offers people their demand. Therefore, the business process becomes clear when people, businesses, corporations, the state sell and buy a variety of commodities, goods, and services, as well as the business process, starts here. In a broad sense, the concept of trade is a basic economic concept that means buying and selling goods, things, trading, and various other goods in exchange. If the trade goes to a foreign country, it is called international trade. Trade takes place between buyers and producers. International trade allows different countries to expand their markets to a variety of goods and services.

Today, international trade products provide us with everything, from cars to food to medicine to services. In other words, if we were blocked by foreign trade, we would lose a lot of things. In fact, many imported products are completely live, and cutting them can paralyze life

International trade allows for a wide variety of products. Alternatives can be chosen which improve the standard of living of the population. Countries trade to take advantage of each other. The company and the people trust the company, because the company can benefit from the transaction. They can also meet the needs and demands of the home or business. Key concepts in international trade exports and imports lead to countries that have advantages and interests. (Sadiqov. Ə.İ, 2008)

Throughout history, trade has developed at various levels. As a result, different types of marketing processes have been created. They are called commercial theories. Thus international trade theory is a foundation in economics and also defines

international trade patterns. The business theory requires to express the business model. Trading theories can transform the trading process. Historically, trade policy has varied since the 18th century. Some studies suggest that international trade theories are not the only multilingual theories used to describe international trade. (https://saylordotorg.github.io/text_international-business/s06-01-what-is-international-trade-th.html, 2021)

Business theories vary. So the level of trade and commercial demands are changing. Business theories in particular distinguish between classical and modern business theories. Both differ due to the commercial level and also pursue different commercial policies. The theory of mercantilism, absolute advantage, comparative advantage and Heckscher-Ohlin belong to the classical theories and theories of the modern company, including the Leontief paradox, company-based trade theories, country mining theory, native theory, competition theory, competition theory or Porter's Theory Advantage. (Krugman P., Obstfeld M., 2008)

The theory of mercantilism was rightly developed in the sixteenth century. This is why the UK has used this policy so much. The British colonies supply a variety of raw materials, textiles and finished trade. All of them bring great wealth to Britain. In this theory, the main objective is to increase the domestic economy and domestic production. In other words, mercantilism, which takes place in accordance with government rules and regulations, was intended to reduce foreign trade. This policy certainly belongs to defense policy. As a result, imports decreased, exports increased intentionally. (https://www.investopedia.com/ask/answers/041615/how-did-mercantilism-affect-colonies-great-britain.asp, 2021)

Various features included to mercantilism theory as follows:

- quotas, tariff and non-tariff barriers and other restrictions
- to collect foreign reserves like silver, gold
- to subsidize foreign trade which contribute to competitive advantage in foreign countries

- definitely, export had to be outweighed to import. Positive trade surplus had to be
- to give ships and some trading operations to state in order to implement monopolistic policy
- permitting copyrights from foreign companies due to get more wealth (sometimes theft was promoted)
- to invest by government to increase domestic industry productions via research invested
- cutting salary and limitation in consumption also increase wealthy of state. This policy also was realized by government
- to acquire foreign colonies. This policy enable wider control
- to demand trade via gold and silver to prevent inflation (https://search.yahoo.com/yhs/search?p=8.https%3A%2F%2Fsaylordotorg.github.io%2Ftext_international-business%2Fs06-01-what-is-international-trade-th.html, 2021)

Overall, several factors established mercantilism theory. There are political, economic, scientific, cultural and religious factors.

One of classic trade theory is absolute advantage. This trade theory created after mercantilism. So that this theory expresses convenient ability which can produce with use same quantity better and greater production. In other words, using the same amount of factors of production (labor, capital, land), one country outperforms another country (individual, firm) by producing more than another and acquire absolute advantage. Adam Smith's (1776) Wealth of Nations emphasized this theory. Also this theory is recognized as Smith theory. Express for absolute advantage is used opportunity cost. Opportunity cost—the value of what is given up. (Ayşe Y, Mehmet B. 1997)

We can explain this theory practically. We can take 2 countries in order to explain as country A and country G. So we can compare country A and country G with two productions. Let us imagine than both of them produce cotton and mutton.

They produce them in a given period of time .We can demonstrate production of 2 commodities in 2 different countries.

We can show that for example, country A can produce 6 kg cotton and 3 kg mutton while country G produces 3 kg cotton and 8 kg mutton under equal conditions. Therefore, country A exceeds country G in cotton production in a given period of time, but mutton production is more efficient in country G than country A. Therefore, the sample shows within the given time country A manufacture 6 kg cotton and 3 kg mutton, while country G manufactures 3 kg cotton and 8 kg mutton. It proves country A should produce cotton and country G should produce mutton.

Thus, this sample proves absolute advantage trade theory gives us advantages in some cases, but always not, because sometimes, case can change. So some countries can produce 2 products better rather than another country, but they should one of them which it is better than manufacturing both of them.

Other classic trade theory calls comparative advantage theory. In general, comparative advantage belongs to the resourcefulness of a party to manufacture a particular good or service at a lower chance cost than another as well. In detail, if a country has an absolute advantage in producing wholly goods, different countries could still have different comparative advantages. Firstly, we can see David Ricardo's works about comparative advantage. His work called “On the Principles of Political Economy and Taxation” which had written in 1817 by author.

According to comparative advantage theory, for one company the opportunity cost (means to lose other choices when one is chosen) is lower than another. We can expire comparative advantage with samples. (https://www.economicsdiscussion.net/essays/international-trade-features-comparative-advantage-and-benefits/20912, 2020)

We can take 2 countries, for example, country U and country J and we take such numbers in which country U earns both of them. So we can imagine both countries manufacture cars and trucks. So country U can manufacture 60 million cars

and 20 million trucks while country J can manufacture 50 million cars and 5 million trucks. This sample illustrates country U is high both of them in production, however, the issue is various. Then country U gets to profit in both productions in the terms of absolute advantage. Therefore, country U manufactures 30 million cars and 20 million trucks, while country J manufactures 50 million cars and 5 million trucks. However, country U just has a comparative advantage in trucks. Country U is 1.2 times better than country J in manufacturing cars, it is 4 times better at manufacturing trucks.

It is a Heckscher-Ohlin theory that follows the theory of trade. They explained that the difference in comparable costs is the difference in the commodity stocks of different countries and various factor ratios required for production of different goods and service. For this reason, this new theory is called the Heckscher-Ohlin theory in international trade. This theory is frequently called as modern theory of international trade in international economic relations, because of the broad consensus among modern economists on the explanation of international trade proposed by Heckscher and Ohlin. In addition, this theory is also known as the General Equilibrium Theory of International Trade because it is based on a general equilibrium analysis of pricing. It should be noted that, contrary to the views of classical economists, Ohlin claims that there is no fundamental difference between domestic (interregional) trade and international trade. International trade is just a specific case on international economic relations. Thus, Ohlin argues that transport that allots international trade from domestic trade (national production), has no value because transport exists in intra-regional trade. Trade earns advantages because the currencies of various countries are linked to each other through foreign exchange rates that determine and influence the value or acquiring power of different currencies. (https://search.yahoo.com/yhs/search?p=8.https%3A%2F%2Fsaylordotorg.github.io%2Ftext_international-business%2Fs06-01-what-is-international-trade-th.html, 2021)

There are several major points in this theory. First of all, different countries export goods and services in order to use from factors of produced goods and, and

vice versa, imported to internal goods and services that strictly demand the production of being relatively rare and hardly found factors; secondly, there is a significant tendency to equalize "actual prices" in international trade; thirdly, supplying of goods and services can be alternated by the influence of factors of production beyond production. (Abramov A, 2007)

In addition, there are several popular modern trading theories. One of them is Leontief Paradox trade theory which appeared in the 1950s, Wassily W. Leontief who was a Russian-American economist, he previously studied the US economy and knew that the US was rich in capital and thus, needed to trade to foreign countries more capital-intensive goods. However, a study using factual data showed the opposite: The United States imported more capital-intensive goods. According to the theory of factor ratios, the United States had to import business goods and export them. The analysis is called as the Leontief Paradox, because it was the opposite of what was expected by the theory of factor ratios. In the following years, economists have historically noted that the labor force in the United States at that time was more productive than in both stable supply and in many other countries; indirectly, the export of labor-intensive goods was logical. For decades, theories and data to interpret and minimize the effects of the paradox have been utilized by a number of economists. However, international trade is generally complex and under the influence of plethora and frequently changing factors.

Another form of modern trade theory calls Modern or Firm-Based Trade Theories. We can explain this theory with a reference clearly.

> *Contrary to country-based business theories, the category of modern, foundation-based theories had created after World War II and was largely developed by business school professors rather than economists. Vital theories evolved with the growth of multinational corporations (MNCs). Country-based theories have not been able to sufficiently expand the MNC or intra-industry trade, which refers to trade between the two countries in products produced in the same industry. For example, Japan sends Toyota vehicles to Germany and Mercedes-Benz cars to Germany.*

*Contrary to country-based theories, there are company-based theories of factors and other products, including to some brand and loyalty of customer, technology and quality, understanding business flows ... (https://saylordotorg.github.io/text_international-business/s06-01-what-is-international-trade-th.html, 2017)*

Country Similarity Theory is most significant theory in modern trade. Additionally,

*Called Steffan Linder Swedish economist developed the country similarity theory in 1961, as the concept of intra industry trade was attempted to explain by Steffan Linder. Linder's theory has suggested that consumers in countries at the same or similar level of development have the same options. In this firm-based theory, Linder suggested that companies first produce for domestic consumption. While exports are investigated by them, the companies frequently find that as the domestic market and to offer a smile undergraduate based on the most probable. Linder's theory of equality then says that most of the trade in manufactured goods will be between first-income countries, and domestic trade will be shared. Only this theory establishes the idea that countries with comparative characteristics often trade with each other. These characteristics may include the level of development, the level of savings and natural resources.*

*The country similarity theory is modeled on the following principles:*

- *Customers would claim the same goods with alike degrees of value and superiority if the two countries are connected by the necessary patterns.*
- *Since most products are designed on the necessary samples in the domestic market, they are associated with other neighboring countries, because their usual trading partners are cultural and economic comparisons.*
- *If geographical GPS is close between trade partners and also, trade sides I trade carries out more comfortable and affordable… (https://qsstudy.com/business-studies/country-similarity-theory-of-international-trade, 2021)*

All trade theories bring to countries protectionist and free trades İnitially, mercantilism prefers protectionist policy, whereas next theories from mercantilism prioritize free trade. Actually, choices are turned argues between

protectionist policies and free trade. On the one hand, world demands freer trade owing to modern standards. Meanwhile, freer trade policies support over 80% world countries. World economy grows if world countries give priority to free trade. Then we must know that free trade means freer living standards, freer choices. (UNCTAD, 2020: pg.9)

Eventually, choices of trade policies definitely must be optional by citizens

### 1.2. Features of international trade in the context of globalization

International trade include to international economy. According to some scientists, international trade covers international economy more than 80%. International trade gives many advantages countries and true choice in trade leads to countries better development. We cannot imagine today without trade. No country bypasses international trade. Hence, any country would collapse without trade. There are many characteristics in foreign trade. All countries endeavor to go up their benefits in trade. Day-by-day trade operations have been increasing.

Volume of international trade accrues every year. So we can see if we look at world statistics that international trade increases every year. Developed countries try to enlarge annual trade turnover. Therefore, trade case is better in developed countries rather than developing country. But case can change due to force majeure. Mainly trade benefits can change in case of unforeseen circumstances. We can cite collapse in world oil markets, COVID19, etc. We can prove those all of them with a statistic data.

> *The steady growth of international trade, both in absolute terms and in terms of global national income, seems to be leveling off. From 1980 to 2015, the value of exports raised almost 9.1 times when measured in current dollars, while GDP increased roughly 6 times and the population increased 1.59 times. International trade seems to be leveling off since 2010…(https://transportgeography.org/contents/chapter7/globalization-international-trade/, 2018)*

Significant levels of containerized trade flows and increased container production relative to world trade. Containerization is growing faster than trade and GDP. This is due to the acceptance of inter-modal transport chains that link exporters and importers.

**Figure 1: Demonstrate some trends about trade**

**Source:** UNCTAD calculations based on national statistics. Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. Yearly growth is the four-quarter moving average of the quarterly growth rate. 2020

This diagram demonstrates that international trades increase, but some events can influence trade detrimentally. According to, this diagram international trade decreases in 2020. COVID19 impacted international trade negatively. To conclude, international trade had gone down over 10%.

There are a plethora of options in international trade. The features affect trade directly. Every country knows essence of trade well. Trade has a cornucopia of feature globalization context. Actually trade provide just utility. (https://www.hellenicshippingnews.com/global-trade-continues-nosedive-unctad-forecasts-20-drop-in-2020/ , 2020)

Nowadays, international trade is covered many features in context of globalization as follows:

1. Trade with different countries and various nations. It assists to integrate bilateral relations. In the end, globalization process accelerates. As a result, everyone

earns benefit. Every notion can produce various goods. One nation (let us imagine that Nation 1) can produce an item, a product (e.g. Product A), but other nations (such as Nation 2, Nation 3) cannot produce the product (in other words, cannot produce Product A). Others also can produce various products (Product B, Product C, etc.). However, Nation 1 can manufacture only Product 1. Meanwhile, Nation 1 demands Product 2 and Product 3. Nation 2 can manufacture Product B and Product C, but Nation 2 needs Product A while Nation 2 cannot manufacture Product 1 as well. Therefore, nations depend on each other in terms of production. (http://kokminglee.125mb.com/economics/singlecurrency.html, 2018)

2. Independence shopping enables better opportunities. So this attitude is very important to implement trade operations. According to trade theories, trade raises living standards of population. Overall, free trade convenes nations more chances. Respectively, free trade and protectionist policy carry out globalization. But more independence trade creates more choices. Population fells comfortableness and advantages. Freer trade conducts countries higher in terms of globalization,

3. Currencies are not same. It takes problems. Solution ways are possible via single currency. Single currency brings countries more development in context of globalization. Single currency eliminates various valuations in trade. Single currency uses especially a kind of political union of international economic integration. This process generally, improves globalization. In a nutshell, single currency brings foreign investments as well as contributes to stimulate trading. Additionally, single currency reduces mainly transaction costs. Exchange demands high costs but single currency eliminated this transaction costs. Single currency policy enlarges markets and to conclude, trade facilitates and increases. All of them closely aid globalization. (http://kokminglee.125mb.com/economics/singlecurrency.html, 2018)

4. Countries can face diverse restrictions. Specially, developing countries utilizes extensive restrictions. Restrictions comprise tariff and non-tariff adjustments, quotas, administrative restrictions, dotation and subsidies. Main goals in this policy are to

prevent wide import and increase budget incomes with taxes in custom. But modern trade demands freer trade. Freer trade increases the importance of trade (Raphael.Z, 2020)

5. Hazards in labor forces and low labor forces influence trade detrimentally. Then intelligent work forces produce more products and quality products while low intelligent work forces have less production ability.

6. Territorial specialization. This is crucial features in international trade. If trade partners are far each other, they definitely will face problems. First vital problem is about transportation. Different transport kinds can be chosen, but mainly multimodal transportation will be used in transportation operations. Whereas territories will not be far, one transportation type would be sufficient in order to carry luggage. We can imagine trade between Canada and Kyrgyzstan. (https://oxford.universitypressscholarship.com/view/10.1093/acprof:oso/9780199643080.001.0001/acprof-9780199643080-chapter-5, 2014)

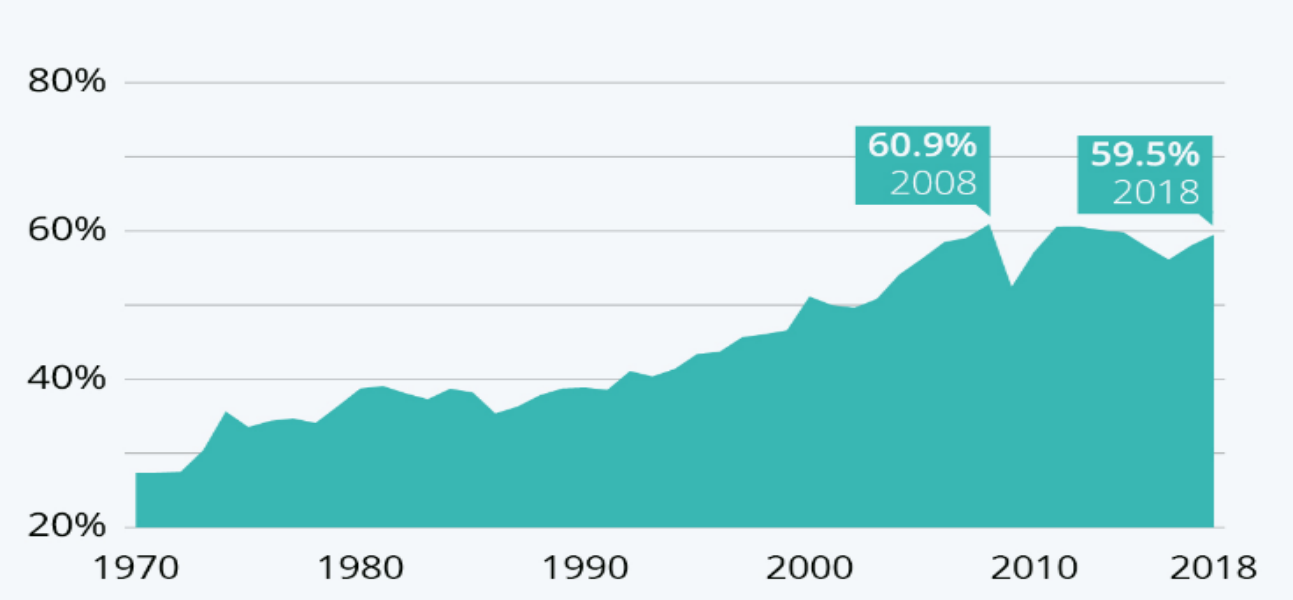
It will be very expensive due to far distance. Firstly, goods will ship, secondly ship will bring luggage a port, and then will choose railway transportation. Eventually, trucks will be chosen in terms of high rural territories in Kyrgyzstan. All procedures increase transportation costs at least 3 times. This negative process weakens international trade. International trade tends to high mobility.

International trade demands a few conditions. If the conditions will not fulfill, trade will be inefficient. Within trade mutual interests must be met. On the contrary trade is too difficult. The interests belong to payment ability, transportation, investment and business environment.

Indeed, a major indicator of globalization is trade and benefits from trade. If international trade increases, automatically globalization will strengthen. If trade decreases, meanwhile globalization will weaken. We can see those processes practically.

Following the diagram looks at process that globalization definitely depends on volume of international trade.

**Figure 2**: **Trends in trade from 1970 to 2018**



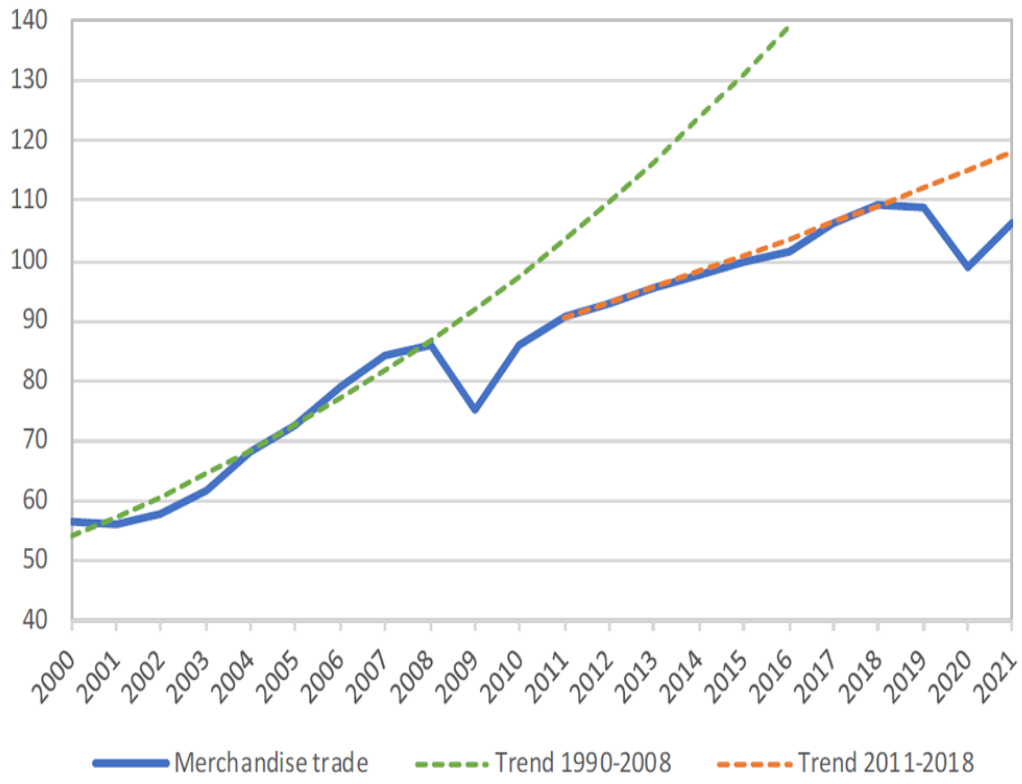

**Source:** World Bank, 2019

This diagram expresses global trade volume as a percentage of GDP until 1970 to 2018. It demonstrates big landing in 2008. A predominant cause was 2008 economic crisis. Crisis was weakening until 2011 to 2012, but then again crisis happened. Post- pandemic era trade trends will go up dramatically. Countries fulfill post pandemic policy in advance in order to struggle with ebbing economic indicators.

Additionally, we know that modern trade tends to sophisticated technologies. Meanwhile, merchandise trade improves as well. Merchandise is major part of trade. We can see this development in a diagram which demonstrates world merchandise trade value with numbers.

Trade trends depend on volume of whole trade directly. First of all, trade realizes and measures, then trade trends determine. We can look at statistic data

**Figure 3**: **Measuring of merchandises from 1990 to 2018**




**Source**: World Trade Organization Secretariat, 2018
(to 2021 anticipation)

This diagram demonstrates merchandise trade and trade trends. Obviously, this proves trade increase year-by-year, but occasionally some events can impact trade negatively. It covers until 2000 to now (additionally 1990-2008 linked). Within given time, ebbing happened 3 times, in 2008, in 2017 and in 2020. (UNCTAD, 2021 )

Features of international can change from one country to another country. So some country can use high trade tariffs while another implements free trade. Or one country use single currency, whereas other use different currency. Moreover, cultural of nations are able to determine trade directions. For instance, Muslim countries demand various things, Christian countries differ in demand. Despite this globalization approach religious and culture. Therefore, globalization generates wide opportunities.

*Thus, the world economic system is characterized by an increase in the level of integrated services, sales, finance, distribution and production. Said events are*

*especially the result of improved transport and logistics, more efficient use of local comparative advantages and a communication environment that supports the legal and financial complexities of world trade. A plethora of activities related to distribution and trade are required international trade. The amount of goods and services transferred between countries is a major part of the rich generation, especially by providing opportunities for economic growth in new regions and reducing the various costs of production. In 2007, even international trade for the first time accounted for more than 50% of world GDP, doubling its share since 1950.*

(*Globalization and International Trade* By Dr. Jean-Paul Rodrigue, 2018:pg 5)

# CHAPTER II. THE ROLE OF THE WTO IN THE DEVELOPMENT OF MODERN INTERNATIONAL TRADE

## 2.1. Organizational structure, principles and functions of the WTO

The World Trade Organization is just organization which leads to trade better between nations. There are a few ways at the World Trade Organization to carry out trade relations. The WTO intents to assist producers of merchandise and services, also exporters, importers and thus, raising trade turnover in world trade. (https://cadmus.eui.eu/handle/1814/37819, 2016)

Nowadays, the number of members' countries has reached 164 at WTO. On the other hand, there are additional 25 countries which are observer countries. They also can join this organization recent years. (https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm, 2021)

An organizational structure is a system which carries out various processes in order to achieve the goals and future planning of the organization. As every organization the WTO also has an organization structure. This structure contributes to achieving higher result in the WTO.

Management is very professional in the structure. Thus, this organizational structure helps to fulfill aspirations of the WTO.

Firstly, Ministerial Conference is predominant decision maker body at the WTO. Every two years meeting is hold by Ministerial Conference. The Ministerial Conference can accept diverse many-sided trade agreements between member countries. (https://corporatefinanceinstitute.com/resources/knowledge/economics/world-trade-organization-wto/, 2021)

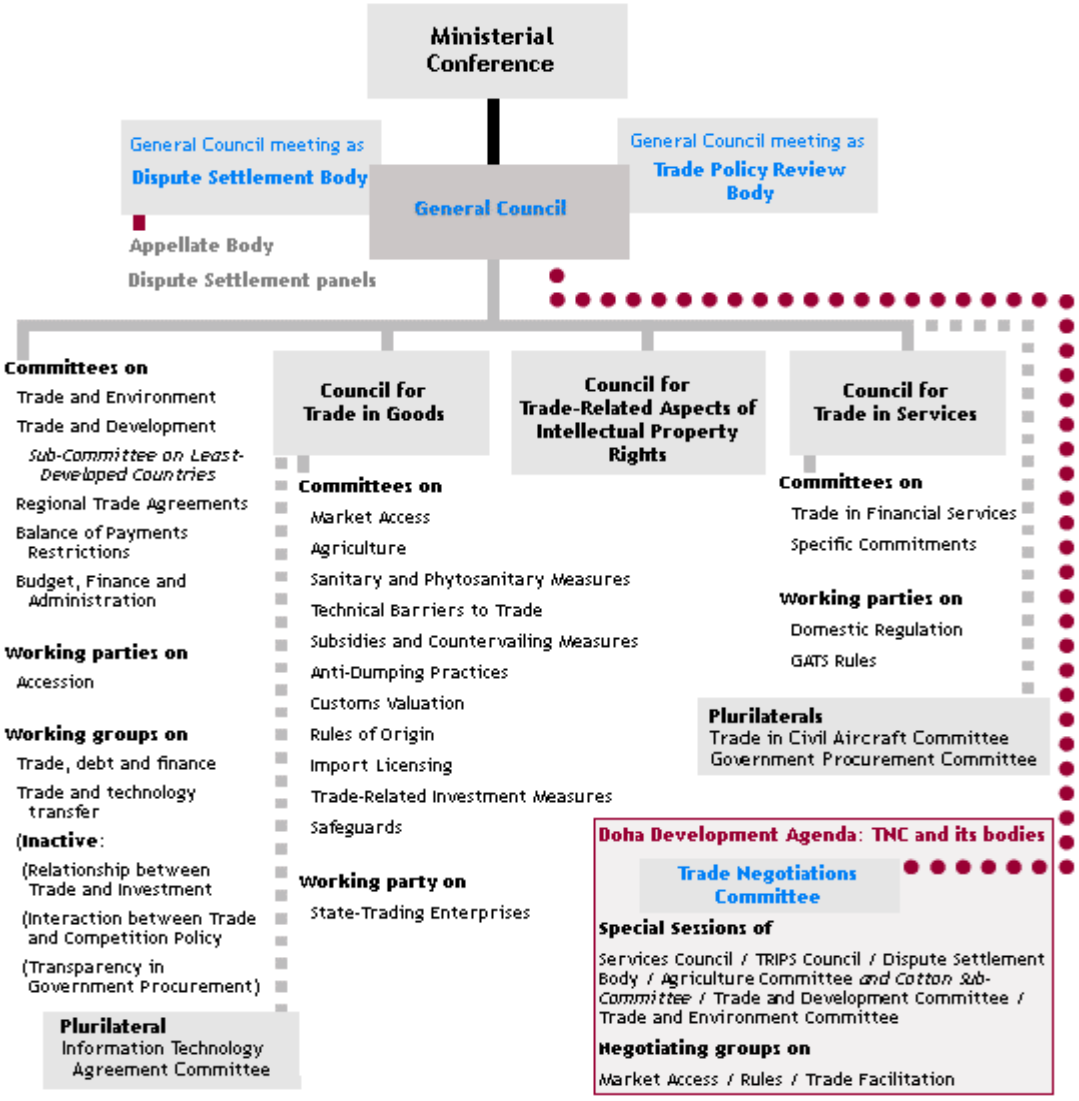
Secondly, the WTO General Council is the most essential body of decision-making body in the WTO. So meetings are holding every year and important decisions are made. This management body is located in Geneva.

((https://corporatefinanceinstitute.com/resources/knowledge/economics/world-trade-organization-wto/, 2021)

Technically, the Dispute Settlement Body as well as the Trade Policy Review Body is General Council meetings which are convened for the intention of discharging the responsibilities of the DSB and TPRB, accordingly.

Let us look at the organizational structure of the WTO, respectively. First of all, we look at a chart about organizational structure of WTO.

**Figure 4**: **Organizational structure of WTO**




**Source:** Pinterest, 2020

Picture 4 demonstrates general management in WTO. WTO has operative and rapid management. In detail, readers can look at Appendix 1 in the end of work.

Ministerial Conference and General Council are explained up. Now according to chart, we express management system in detail. The Dispute Settlement Body and the Trade Policy Review Body, accordingly are as to control the Dispute Settlement Procedures and realizing regular reviews of the trade policies of individual WTO members.

Following the plethora of committees, working parties, working groups and inactive obey to the General Council. The committees are on Trade and Environment, Trade and Development, Regional Trade Agreements, Sub-committee on Least-developed Countries, Balance of Payment restriction, as well as Budget, Finance and Administration. Working parties are on accession, while working groups are on trade, debt, technology transfer finance and. Finally, inactive is about relationship between Trade and Investment Interaction between Trade and Competition Policy Transparency in Government Procurement.

Meanwhile, General Council consists of 3 main bodies. The bodies comprise to Council for Trade in Goods, Council for Trade-Related Aspects of Intellectual Property Rights and Council for Trade in Services. Council for Trade in Goods is included to many committees such as Agriculture, Market Access, Sanitary and Phytosanitary Measures, Anti-Dumping Practices, Subsidies and Countervailing, Technical Barriers to Trade, Customs Valuation, Rules of Origin, Import Licensing, Trade-Related Investment Measures, Trade Facilitation, Safeguards and one working party on State Trading Enterprises. Following the Council for Trade in Services have 2 committees which are on Trade in Financial Services, Specific Commitments, also 3 working parties which on Domestic Regulation, General Agreement on Trade in Services Rules. (https://ustr.gov/trade-agreements/wto-multilateral-affairs/-world-trade-organization/general-council, 2021)

Each of the four multilateral (last times calls as plurilateral) agreements of the WTO are entirely on government procurement, civil aircraft, bovine meat and dairy products They found their own management parts that are demanded to report to the General Council.

**Principles of the WTO.** The WTO agreements are too wide and complex. So legal texts and agreements are surrounding vast activities (including to banking, telecommunications, textiles and clothing, industry standards and product safety agriculture, public procurement, , food hygiene practices, intellectual property and so on.) However, they all cover some basic principles. However, all of them is covered some fundamental principles. All multilateral agreements and trade system obey those principles.

We can explain those principles closer. Generally, we can group them as follows.

- Trade without discrimination
- Freer trade: step by step, at the negotiating table
- Forecasting: via binding and transparency
- Promoting fair competition
- Encouraging development and economic reform (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm, 2021)

Now we express all of them, separately.

First is trade without discrimination. According to the WTO documents, it is separated two types. They are Most-favored-nation (MFN): treating other people equally and National treatment: Treating foreigners and locals equally. (https://www.hinrichfoundation.com/research/tradevistas/wto/non-discrimination-in-trade/, 2017)

As the WTO agreements, member countries are not able to discriminate between trade partnerships, normally. In other words, for one country special custom tariff is less and for other countries a higher tariff. This is unacceptable for the WTO. Some cases are excluded – in other words, some exceptions are permitted. So if countries

ratify into free trade bilateral and multilateral (usually, in economic integration) (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm, 2021)

Second aspiration in principles of the WTO is to accept freer trade. It is main goal of WTO. Because freer trade creates vast opportunities in order to broaden bilateral trade relationships. In general, trade theories also prioritize freer trade after mercantilism, because if mutual trade attitudes are positive, bilateral relations will be strengthened. Advantages of freer trade exceed to disadvantages. Additionally, one of main reasons of establishment of the WTO is to increase freer trade in world trade. But critics of the freer trade are not few. (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm, 2021)

> *Thirdly, anticipation with binding and transparency is principle. The principle maintains forecasting in order to fulfill future actions. Transparency is crucial in international trade. So country should be able to predict future economy. Accurate anticipation improves investment and production. This also ends up better results. Every enterprise must strive to get future results with various methods. It brings positive trade relations. The World Trade Organization prefers multilateral trade system due to easier activities. Countries have same commitments while a member of the WTO. Commitments must be implemented by member countries. On the contrary, bindings will abolish. Overall, the WTO promotes more transparent trade, because transparent trade goes up trade turnover. (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm, 2021)*

Fourth principle is belonged to support fair competition in foreign trade. Occasionally, the WTO highly demand free trade, but it is not. The WTO does not prevent entire restrictions and tariffs. It allows to some protection. Overall, the WTO props the fair competition. The organization carries out different policies. There are policies about agriculture, industry, banking, etc. in international trade. Dumping policy can add these types of policies. Dumping policies maintain to export lower prices to foreign markets in order to catch market share in a foreign country. This policy is not fair as fair competition. The WTO permits to member countries to

violate dumping. Furthermore, majority of the WTO agreements accomplish to prop fair competition: in intellectual property, agriculture services, etc.

Eventually, Encouraging development and economic reform are one of principles the most important. Almost 20% is developed countries in the WTO, while roughly, 80% is developing countries in the WTO. Developing countries take a plenty of commitments after Uruguay round. The WTO supports economic progress with various methods. Member countries must carry out large reforms in economy. There are tax reforms, custom reforms, legislative reforms, management reforms, etc. Occasionally, Countries suffer from some issues in WTO commitments. Conditions of the WTO are mandatory and countries must carry out conditions due to reforms. (Kwaw E. M, 1990-1991)

I would like to explain the last principle in more detail. Picture 1 demonstrates more detail.

All of them prove that the WTO maintains essential principles which they associate basic of international trade.

**Picture 1: The view of the various fields about principle**

**Source:** https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm , 2020

Picture 1 expresses contributions of the WTO to sustainable development. Additionally, contributions of the organization Sustainable Development Goals (SDG) in future (to 2030) are follows;

1.No poverty. Organization targets to cancel poverty completely. The WTO considers strategic trade planning leads to zero poverty. The WTO promotes trade policies that reduce poverty in world countries. Freer trade policy gives consumers many chances. Open markets raise living standards. According to the WTO conditions, competition and free markets enable consumers more choices, cheaper goods and services. To conclude, poverty reduces predictably. (https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm, 2021)

2. Abolition of hunger. This goal is critical. Limitation to the subsidies in agriculture comprises this aim. Laminating in agriculture carries to food security. So if subsidies imitate, competition ability increase, in conclusion markets and product sorts expand. (https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm, 2021)

3. Good health and well-being. Health is vital peace of population as well as to provide health better is duty of every government. In general, medicine must be more affordable. Everyone has to use from medicine easily. Drugs, herbs, medical equipment should be flawless and quality fairly. Nevertheless, the WTO improves medicine in terms of legislative. Well-being includes the principle as well. (https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm, 2021)

4. Gender equality. Gradually importance of women increases in society. Trade sector is a substantial sector for women in terms of job. As statistic, women's employment increase step-by-step in export. If we look at export field in developing countries, women are special work forces. (https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm, 2021)

5. Economic growth. Trade contributes to economy quite positively. So if one country gradually improves trade, the country attains economic prosperous.

Meanwhile, trade assists domestic economy, because if markets enlarge, production also will increase in internal automatically. Then the WTO deems that key of economic growth is in trade. As said, trade grows and domestic economy goes up. (https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm, 2021)

6. Innovation, Industry, and Infrastructure (III). All of them depend on from each other. So, developed countries utilize from innovations massively. Innovations impact to growth of industry. In generally, using of innovations enlarge production dramatically. Hence, infrastructure, innovations, and industry are base of mass production. Bulk of producers prioritizes development of the factors. (III) (https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm, 2021)

7. Decreased inequalities. Globally, development levels of countries vary. For instance, developed countries have more massive production opportunities while developing countries have more limited production chances. The WTO endeavors to eliminate large differences. Existing inequalities are very tremendous between developed and developing countries. WTO rules strive to reduce the impact of existing inequalities through the principle of Special and Differential Treatment for Developing Countries. (SDTDC) (https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm, 2021)

8. Life Below Water. The WTO realizes measures in various sectors. The organization takes the part of protection of environment importantly. Nowadays, degradation goes on waters. Fish, marine mammals have been reducing since last tens of years. Programs of WTO cover below water as well. The Decision on Fisheries Subsidies taken by WTO members which is accepted in December 2017 is a major step forward in multilateral attempts.

9. Partnerships for the aspiration. Partnership is a base of cooperation. The WTO considers solution of all difficult issues depend on partnership. (https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm, 2021)In general, the WTO calls to country to collaborate in a multilateral manner. While partnerships deepen,

developing countries and developed countries will approach to each other in order to gain more benefits. Way to partnerships cross to negotiating table. Attitudes are different to corporation. However, all of them must serve to develop live standards.

**Functions of the WTO.** The WTO has several functions. The functions form the basis of the organization. Functions realize activity of the organization. Follows belong to functions of the WTO.

1. Trade Negotiations. This function is foundation of the WTO. So, the WTO improves negotiations between countries. The WTO simplifies trade negotiations among countries being multilateral. Simplifying processes occur with trade agreements. So, agreements due to trade make easier relations. Trade agreements administer and regulate whole trade and multilateral relations in trade. To summarize, trading facilitates and enlarge owing to WTO agreements. (https://corporatefinanceinstitute.com/resources/knowledge/economics/world-trade-organization-wto/, 2021)

2. Implementation and Monitoring. This function shows that countries have to implement their commitments accordingly. Agreements definitely must be realized by signed countries in sequence. Signed agreements are not violated by member countries. The WTO also carries out monitoring owing to progress of trade.

3. Solving various disputes. This function is very active functions. Frequently, countries can negotiate some disputes, and the disputes can influence negatively, as well as are be able to decrease trade in bilateral order. As a result, trade weakens. All of them must be settled by the WTO. In other words, the WTO maintains dispute settlement itself. Within a dispute, members can committee other members to judiciary.

4. Increasing trade potential. The WTO promotes countries which intend to increase their exports. Especially, aids increase developing countries in order to develop their trade capacity. Low-development countries suffer from diverse sides. The organization attempts to strength free trade in low-development countries. The

bulk of the countries are wealth in terms of raw materials. It is big potential, but those types of countries cannot manufacture products easily. Therefore, the WTO helps to increase trade capacity with different methods, such as aid, agreements, etc.

5. Outreach. The WTO promotes freer trade via different channels that free trade is very efficient. So there are numerous lobbying activities in organization. Organization persuades to countries that there are many benefits in freer trade. Approximately, 30 countries are not member of the WTO yet, but already 24 countries take part as observers. (https://corporatefinanceinstitute.com/resources/knowledge/economics/world-trade-organization-wto/, 2021)

## 2.2. Reasons for countries' application of protectionist policies and the rise of trade wars in modern international trade

Today, both free trade and protectionist policies are used in contemporary trade. Freer trade is preferred the bulk of countries, but protectionist policy also is applicate. In general, protectionist policy is accepted against WTO. (https://www.investopedia.com/terms/t/trade-war.asp, 2021 )

According to the protectionist policy the protectionist policies, the countries use large tariffs, non-tariffs, administrative barriers and other restrictions which influence to import negatively. Moreover some countries consider that free trade can weaken domestic manufacturers. Then they deem free trade can affect to domestic economy with other methods. Overall, attitudes are very various. Both of them can be beneficial in different views.

Nowadays, main theory which is classical liberal economic theory generally is recognized and is demonstrated the benefits of free trade by scientists. Maximum profits are obtained in the markets just while trade barriers are open and the state does not restrict trade via various methods.

We can interpret reasons of application of protectionist policies in a wide range. Actually, there are plenty of reasons in application of protectionism. We can show as follows:

1. To protect domestic jobs. This argument supports as a strict argument, so import increases, and automatically domestic manufacturers goes down. In a nutshell, demand to domestic workforces reduces, as well as unemployment increases. Also protectionist policy increases work places. As criticism free trade collapse whole industries, because it goes down prices and enterprises close, in conclusion workplaces decrease.

Frequently, developing countries face this problem. We must emphasize employment are below and closing of firms causes jobs negatively and thousands of people loses their jobs. Actually, to prevent closing of workplaces, government should realize better economic policy. Only protectionism suppresses closing of workplaces. Additionally, if import is cheaper rather than domestic production, people can find jobs in other sectors. In other words, cheaper import causes creation of various types of jobs. Thus, this opinion is arguable. (Balassa B, 1986)

2. National security. This argument is sounded as a serious reason, so for a trade brings to countries to dependence from other countries. Thus, country can lose national security in economy. Gradually, this dependence can increase and national security is able to weaken. Overall, economy security is involved to national security. We can explain this reason with a sample. (https://www.econlib.org/archives/2018/03/the_national-se.html, 2020)

Imagine that country X needs flour products, but it acquires all raw materials from country Y. In other words, country X cannot produce raw materials of flour products. There are wheat and corn. Simultaneously, country X can produce raw materials of flour products, it prefers import in lasting. Then disputes can be between country X and country Y. Therefore supply of raw materials of flout products will

stop. Country Y will not export raw materials to country Y. Hence, national security will be under treat. (https://www.econlib.org/archives/2018/03/the_national-se.html, 2020)

3. Protection of the infant industries. Infant industries are new industries which cannot keep up completely. If strong foreign competition comes, the industry can decline.

A settlement of this problem crosses to prevent external goods; otherwise new industry will not be able to prosperous. New producers have not got sufficient resources owing to manufacturing, such as finance, sophisticated technology, and smart workforces. To sum up, manufacturers are not sustainable to foreign competition.

Experimental data show that the abolition of tariff protection, which was originally a "infant" sector, is not easy to achieve as the sector increases its political clout and, thanks to the latter, the sector will seek sustainable protection.

To explain more easily, Enterprise 1 is founded in developing country recently. This sector is initial a country. Enterprise 1 intends to manufacture headphones. But mass import exists about headphones. The government also is interested in domestic production. Government should put protectionist policy in order to support manufacture of headphones in country.

So, government employs restrictions of import of headphones. With further protection, the industry will not be able to develop a sufficiently efficient production process to compete in world markets owing to different impacts.

Overall, restrictions to import in order to promote new industry, infant industry are temporary. In the short run, infant industry attains lucks in different levels. (Raphael.Z, 2020)

4. Protecting consumer. Frequently, this argument is outlined by protectionist users, so this extent consumers use unsafe and dangerous productions as a result of mass import. Usually, cheaper productions are unsafe, as well as if restrictions do not

apply to import, low-quality products are proliferating in the market. Supporters of protecting cite mainly with Figure 5.

**Figure 5**: **Dependency of quality from price**

**Source:** https://www.slideteam.net/price-and-quality-matrix.html, 2021

Actually, picture n explain the impacts of price to quality. Deemed that higher price is higher product. Then people need cheaper items, but it cannot be safe.

5. Preventing Unfair Competition. Often, this argument also is used by countries. So countries conjecture that free trade will face unfair competition. Because, freer and import from different trade policy countries brings to unfair competition. We can cite from an optional sample. Being in developing countries plenty of industries are highly competitive on the global market as lose legal rights for workers and a consequence of weak salary.

To suppose this, country A chooses free trade policy. Country B also uses export subsidies in order to promote export. Manufacturing in country A is more expensive than country B. In conclusion, flows of products will move from country B to country A, because lower prices increase sell.

Other factors can influence to unfair competition negatively as well. All of them decrease interest to free trade. Generally, free trade is effective and affordable for consumers.

6. Limited choice of Consumers and more payment for commodities and services. A major impact of trade protectionism is that consumers will choose a limited product and products because there may be volume quotas to be imported. Because of these quotas, consumers will have very little choice in terms of quantity, quality and type of products that would otherwise be available to them without commercial protection.

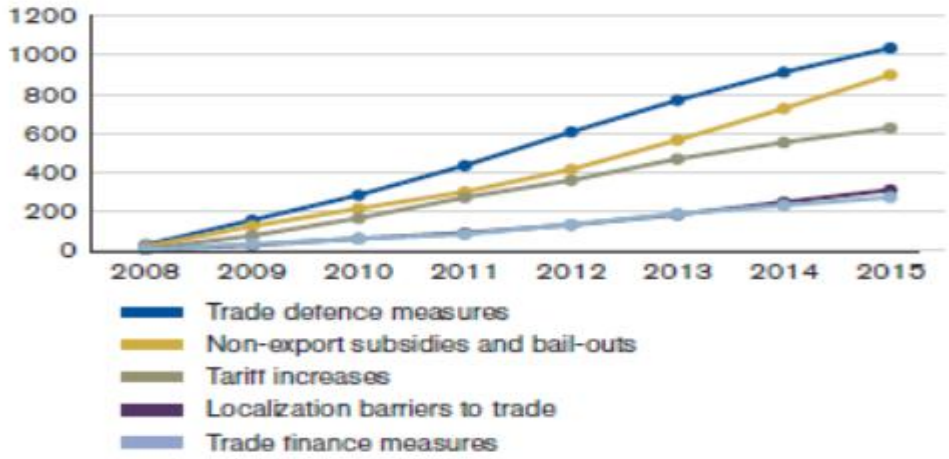
Safeguard policies accomplished at protecting industry, businesses and jobs in practice mean that consumers are lacking in their ability to supply products and supplies, as well as may need to purchase materials instead. Another problem that purchasers will face to face is which they will be forced to pay for a limited sum of their commodities and products, thus causing inflation to rise sharply. If the owners have a limited choice, prioritize low quality and pay more for a particular product, then they can pay that amount, buy less of that product or not make a purchase. Domestic businesses can also suffer financial loss as they may have to acquire parts to build their products and then pay additional costs to customers. In general, global competition is a key factor in lowering the prices of many services and products and provides consumer spending potential.

The graphic illustrates different indicators about trade as years. Trade defense measures, non-export subsidies and bail-outs, increase in trade, liberalization and trade finance measures also are included.

Figure 6 introduces many measures about trade since 2008. The picture expresses different indicators.

Today, another problem appear trade war, in which can affect domestic economy directly.

**Figure 6**: **Demonstration some data about trade**




**Source:** GTA, 2016

*Nowadays, we sometimes can face trade wars which a trade war is deemed an economic dispute between countries. Therefore, countries began trade barriers via imposing trade tariffs, non-tariffs methods via to use strictly to use trade barriers. These barriers can be imposed in a variety of ways, including, but not limited to import quotas, currency devaluation, domestic subsidies, tariffs, and embargoes. As each country imposes an obstacle to trade, another responds with a different policy. Called the concept of "warring "emerges from events.*

*Hence, trade wars occur from some reasons Trade wars often begin when the government of one country believes that another country is engaging in unfair trade practices that harm the markets of the first country. In an effort to protect their domestic industry or find work, they may impose a trade barrier, for instance a duty on a basic product imported from another country.*

*Another country can take revenge, and this war "from city to pope" will turn into a trade. (https://corporatefinanceinstitute.com/resources/knowledge/economics/trade-wars/, 2015)*

Tramp's administration applies to trade wars against China. The US-China trade war is still going on. Previous president of the US Donald Trump began by his administration by investigating unfair trade practices against China and after imposing a 25 percent tax on the Asian country in order to weaken economy of People Republic of China.

Next four years, these tariffs were maintained by administration of Donald Tramp. Phase After signing a trade agreement (the first in a series of transactions) in January 2020, U.S. tariffs on Chinese goods, technology and services remained in effect. With the COVID-19 pandemic, the trade war was pushed into the background and only drew attention to China’s inability to meet the terms of the $ 200 billion agreement to purchase an additional $ 200 billion worth of products at the U.S. level between 2017 and 2021.

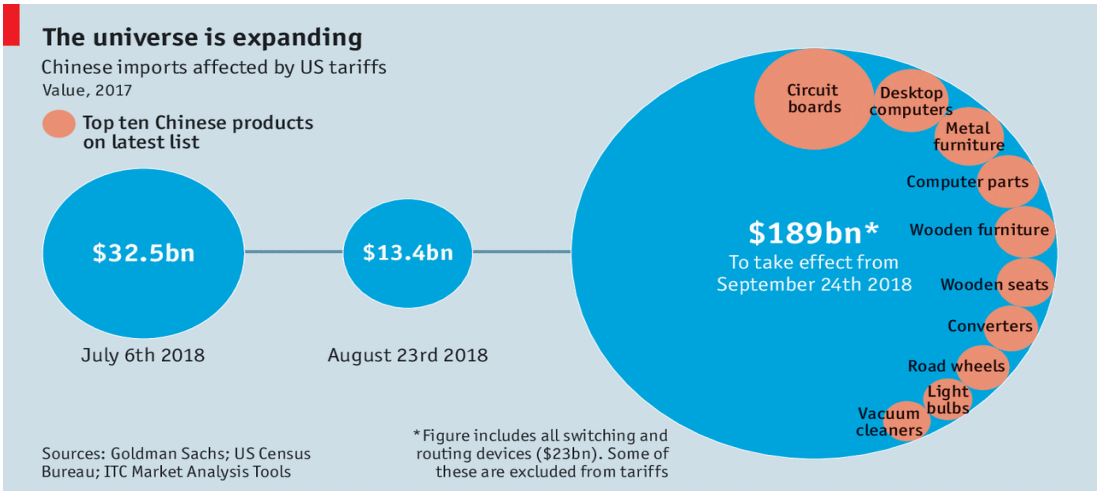
China's average import tariffs from the United States averaged 20.7 percent. China's counter-tariffs go on to cover 58 over percent of USA exports to China. On February 17, 2020, the Chinese government broadcasted

> *In fact, the United States continue to impose export controls to protect state security interests and prop foreign policy objectives. Additionally, the United States takes part in different unilateral and multilateral export control regimes that prevent the proliferation of weapons of mass destruction and prevent unstable exchange with conventional weapons and related materials. The Bureau of Industry and Security (BIS) of the Department of Commerce manages U.S. laws, laws, and regulations governing the export, re-export, and transfer (domestic) of products, software, and technology (domestic) were implemented by Jurisdiction of Export Management Regulations (EAR).*
>
> *BIS has a major aspiration objectively is to advance the national security, foreign policy, and economic objectives of the United States by ensuring effective export controls and enforcement of the treaty, as well as ensuring continued leadership by the United States in strategic technologies. The BIS also enacts anti-boycott laws as well as with other US agencies and countries coordinates on*

*export, strategic trade, and non-distribution….(https://www.trade.gov/knowledge-product/china-us-export-controls, 2021)*

The US foreign trade deficit reached $ 621 billion in 2018, the highest level in a decade. This level; this is very important, recalling the economic downturn in 2008, when the foreign trade deficit was the largest. That is why US President Donald Trump will implement his government's foreign trade deficit reduction program in 2018, which is of great importance in his election promises. (Samuel D, Etienne F, Philippe M, 2021) And it highlights trade wars by imposing additional taxes and quotas on processed products, raw materials and intermediate goods in many countries, such as China, Mexico, Canada, the European Union, India and Russia, which have huge items in their foreign trade deficits. We can look at Figure 7 which shows the impacts to China by trade wars.

**Figure 7: Illustrates effects of trade wars to China**




**Source:** The Economist, 2018

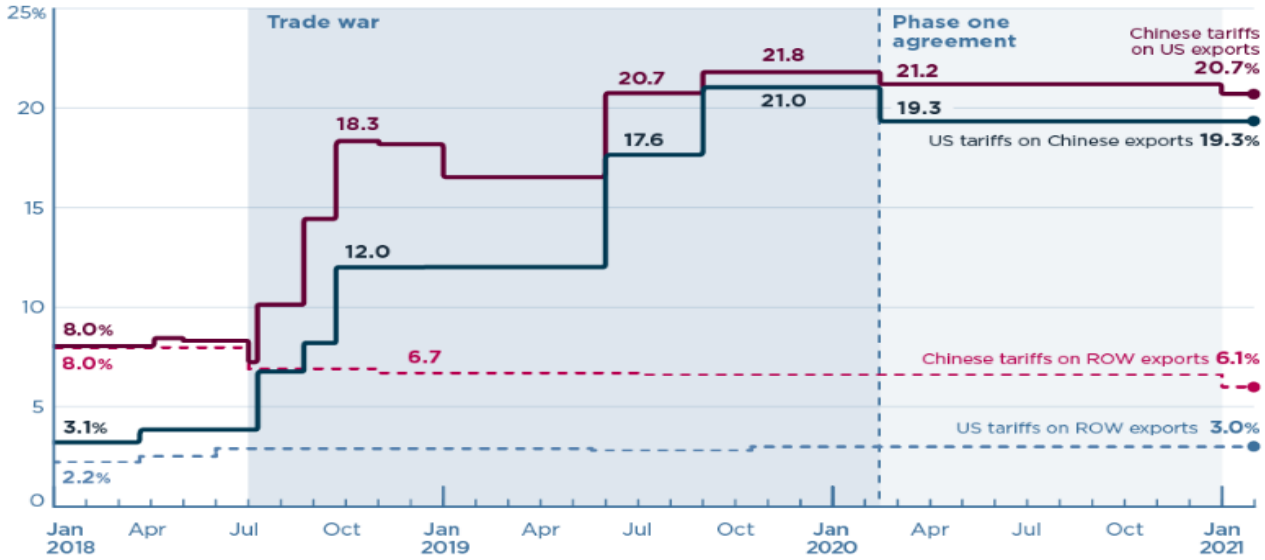
*China's average tariffs on imports from the U.S. are also rising by an average of 20.7 percent. China's response tariffs continue to account for 58.3 percent of China's U.S. exports. On February 17, 2020, the Chinese government and chief of PRC announced a cancellation process that Chinese companies may*

*want to temporarily get rid of in response tariffs. As stated in the legal agreement signed on January 20, 2020, the question remains whether China will be able to fulfill its commitment to purchase $ 200 billion worth of homes and other activities in 2020 and 2021.*

*Overall, the trade war in 2018 and 2021 continued in five phases. In the first six months of 2018, there was an average increase in tariffs. In July-September 2018, tariffs on both sides increased: the average tariff in the US increased from 3.79% to almost 11.99%, and the average tariff in China increased from 7.2% to 18.3%. The third phase was an 8-month period (September 25, 2018 to June 2019) with slight changes in tariffs.*

*From June to September 2019, the next batch of tariff increases began. In the fifth stage and the first stage agreement, tariffs between the two countries remain high and the normal situation is not new ... (https://www.piie.com/research/piie-charts/us-china-trade-war-tariffs-date-chart, 2021)*

**Figure 8: US-China tariff rates toward each other and rest of world**




**Source**: PIIE, 2020

Figure 8 looks at that a trade war was in a heated phase. At the same time, China has reduced customs duties on imports from the rest of the world. China's average export tariffs on these exporters fell from 8.0 percent in early 2018 to 6.1 percent in

early 2021. During the same period, the United States raised average import tariffs from the rest of the world from 2.2 percent to 3.0 percent.

The trade deficit between the US and China has developed in favor of China in 15 years, reaching $ 419 billion in 2018. While the U.S. imported $ 540 billion worth of goods, especially computers, cell phones, and clothing, it was only able to export $ 120 billion, mostly cars, soybeans, and commercial aircraft. (https://www.piie.com/blogs/trade-and-investment-policy-watch/trumps-fall-2019-china-tariff-plan-five-things-you-need-know, 2019)

Underlying China's strength in foreign trade is the fact that it has undergone an important transformation process in the manufacturing industry since early 2014.

The Chinese government will support 10 sectors, in particular robotics, aerospace, energy and energy equipment, information technology, and is evolving very rapidly. In fact, by 2030, it is set to become the world's leading center for artificial intelligence.

The U.S., on the other hand, wants to work with China, which has a significant share of the foreign trade deficit, to gain a larger share of that growth. On the other hand, Trump, who promises in his election promises to reduce the trade deficit with China, has increased pressure on China to export more from the United States, imposed additional taxes on raw materials and processed products imported from China, and raised some quotas. (https://www.piie.com/blogs/trade-and-investment-policy-watch/trumps-fall-2019-china-tariff-plan-five-things-you-need-know, 2019)

During this period, called the Trade War, the Trump administration raised tax rates on Chinese imports to 25% from 2018, first to $ 250 billion and then to $ 200 billion. It then announced that it would impose a 10 percent tax on Chinese products worth $ 300 billion (excluding $ 250 billion in imports, which are currently subject to a 25 percent tax). Trump's move is seen by economists as a move that affects U.S. consumers more directly in trade wars than ever before.

In retaliation for growing U.S. pressure, China paid on June 1, 2019, a 25% tariff of $ 60 billion. Economists point out that this retaliation will result in an increase in interest rates in the United States and slow down the U.S. economy.

The Trump administration imposed additional products on a number of products, such as agricultural products, olive oil, and $ 7.5 billion worth of textiles imported from the European Union, the other player with a large share of the foreign trade deficit. An additional tax claim between 10 and 15 percent announced that it would apply from October 15th.

The trade war lasting for more than a year and China's weakening economic developments are particularly reflected in the decline in foreign trade. China's imports of goods fell compared to last year. In particular, the value of imports from the United States dropped sharply and fell more than 25% in July 2019 compared to a year ago. The low demand caused by the trade war and the fragmentation of production chains also reduced the foreign trade flow of goods from China's neighboring countries. In the current year, the annual growth in the value of imports from the EU nearly stalled, while last year the value of imports rose by more than 10% year on year.

Airbus provided illegal incentives in the World Trade Organization (WTO) in Geneva in competition with Boeing over a U.S. decision to tax imports from Europe. If there are no negotiations on this front, it is expected to adversely affect America and European citizens.

Another country that is growing in the absence of U.S. foreign trade is Mexico. Mexico, which imports 14.9 percent more than in 2017, draws attention with $ 81.5 billion in imports. The U.S. is responding to an additional 25 percent tax on steel and 10 percent on aluminum by imposing a 25 percent tax in Mexico on products like steel, apples, cheese, potatoes and pork. (https://www.piie.com/blogs/trade-and-investment-policy-watch/trumps-fall-2019-china-tariff-plan-five-things-you-need-know, 2019)

The US foreign trade deficit reached $ 621 billion in 2018, the highest level in a decade. This level; this is very important, recalling the economic recession in 2008,

when the foreign trade deficit was the highest. US President Donald Trump will implement his government's foreign trade deficit reduction program in 2018, which is crucial to his government's election promises. It emphasizes trade wars by imposing additional taxes and quotas on processed products, raw materials and intermediate goods in many countries such as China, Mexico, Canada, the European Union, India and Russia, which have high foreign trade deficits.

# CHAPTER III. DIRECTION OF WTO ACTIVITY IN THE CONTEXT OF INTENSIFIED PROTECTIONISM

## 3.1. Problems arising in international trade as a result of active use of protectionist policies by countries

Nowadays, some countries, mainly, developing countries are using protectionist policies in foreign trade. Protectionist policies are reduced international trade by the government owing to improve domestic production. Frequently, protectionism policies are carried out enlarge economic activity in internal, but also can be used for safety, quotas, administrative barriers, secure and high- quality import. Protectionist policies can be high import tariffs, product standards, and government subsidies. Protectionist policies impact international trade detrimentally. In any case, different restrictions prevent vast foreign trade. So trade operations reduce between countries, consequently bilateral relations also weaken. Users of vast protectionist policies being countries try to base on their policies by means of various motivations. Despite all this, a plethora of countries strive to acquire free and duty free trade. All of them are strict contradictions. Mainly, we can perceive free trade by developed countries and protectionist policies in trade by developing countries. Indeed, there are certain contributions in protectionist policies in terms of economic developing.

While we review different protectionist arguments, we should emphasize 2 key examples. Firstly, protectionist policies express reduced force in trade. Secondly, protectionist policies are various actions to the consumers. Protectionism is basically about limiting choices and affordability for consumers.

We have noted that in fact today we cannot imagine our lives without international trade and activities arising from international trade. Above all, international trade makes our lives more comfortable, more valuable and more valuable. In other words, we are indebted to international trade for many of the things

we have on a daily basis. Because international trade has given us, does and will give us many things. (Sadıqov Ə.İ, 2008)

At present, there is resistance to the growth of foreign trade in the global world. There is a tendency towards protectionist politics. This, in turn, has a negative impact on people's lives. Interestingly, some developed countries, which have always promoted free trade, are already pursuing protectionist policies, using trade wars and tariff and non-tariff restrictions.

According to economists, the use of protectionist policies significantly reduces trade, reduces purchasing power, weakens competition, raises prices, increases unemployment and, as a result, has a direct and indirect impact on economic growth.

While people want cheaper and better quality services and products, the state also wants a more reliable economy, a broader and more diversified economy. In other words, while people want free trade, the state and non-exporting firms want protectionist policies.

Some of the main goals and objectives of the World Trade Organization are to promote trade, oppose protectionist policies, jointly promote trade, and ultimately play a mediating role in negotiations between countries to develop trade relations.

Today, international trade accounts for more than 80% of international economic relations between the two countries. This, in fact, shows that international trade is the de facto basis of international relations and international economic relations. Thus, international trade is the basis of relations between two countries, and relations are mainly based on trade.

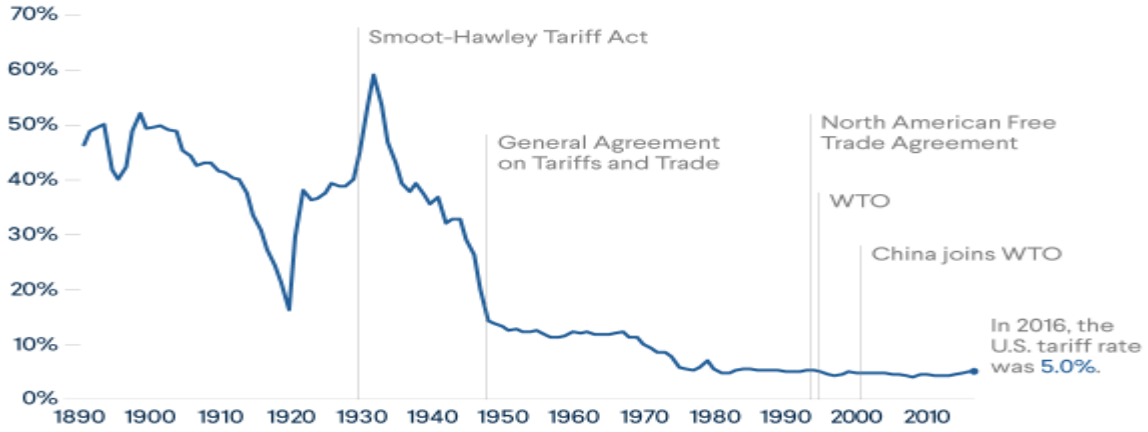
The volume of international trade turnover is an indicator of development, progress, security, and the conclusions and opinions on its even more important evidence that today the countries of the world are on the brink of trade.

We can see some problems in arising protectionism. We demonstrate these problems in modern international trade as follows.

1. Tariffs reduce revenues of consumers. In other words, tariffs make consumers poorer due to protectionism. Tariffs weaken import substantially and have negative efforts to acquire foreign products. Unfortunately, sometimes tariff barriers are used different products which do not produce the country. Meanwhile, producers of some goods are not sufficient, however tariff barriers are applied. Therefore, population must pay more money to purchase the merchandise. As a result civilians fall into poverty step-by-step. (https://mises.org/wire/3-problems-protectionism, 2016) A large part of these cases happen mainly developing country. As Roth bard points out, it is the average citizen (the consumer) that loses when tariffs are imposed because they have to pay more for goods that they could otherwise buy for a lower price. Therefore, hundreds of millions of people suffer from high tariffs in international trade every year. When tariff barriers are vast and for it people have to pay more money to buy these products, vital avenue can be to develop domestic production, but it is very difficult most of the time.

Additionally, we can see statistical information which expresses base of tariffs. So US increased tariffs against China dramatically. Firstly, USA tariff barriers demonstrated in diagram to 2016. USA is highly-developed country. Lasting low tariffs supported, but after policy changed in order to carry out trade wars against China. Figure 9 shows the fluctuations in trade tariffs of the US.

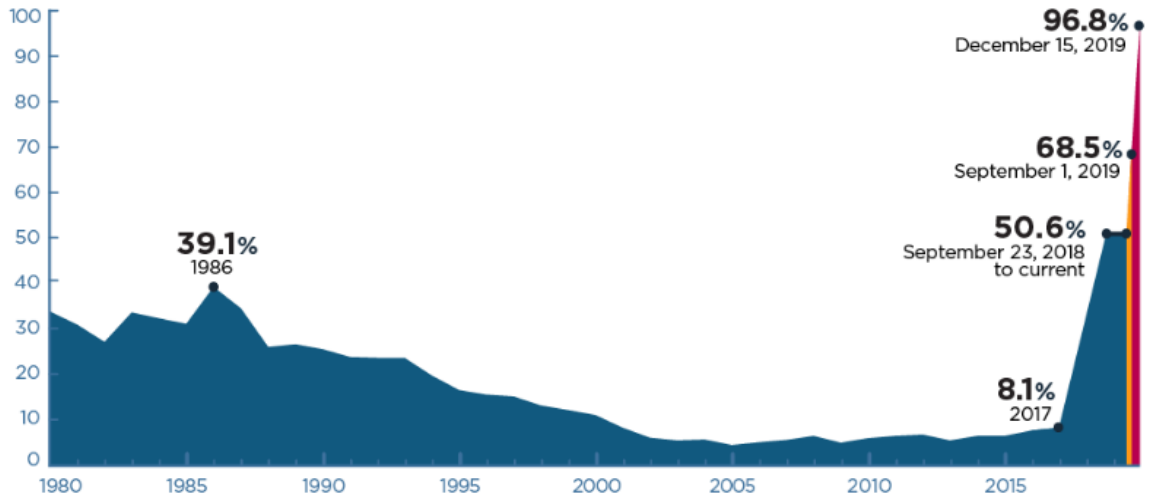
**Figure 9**: **The levels of the trade tariffs in the US**




**Source:** U.S. International Trade Commission, 2016

Figure 9 proves that the US implements low tariff barriers. Nowadays, tariffs are almost 5%. The US people do not suffer from high tariffs. Tariffs have been decreasing since 1930s to era of Donald Tramp. But President Donald Tramp changed this policy. He made double tariffs in order to trade war implement. Even, implementation exceeded announcement in tariffs. But USA did not weaken. But restrictions mainly are belonged to China. Figure 10 illustrates increase trade tariff dramatically.

**Figure 10: Increase trade tariffs in a high level**




**Source:** PIIE, 2020

Figure 10 also proves important changes in trade tariffs between the US and China. So trade tariffs are increased substantially by USA against, but economy of the US grew up.

2. Dumping. It is equal high tariffs in terms of hazards to economy. In this manner, high tariffs carry off population to poverty, too low prices via dumping policy brings domestic economy down. (https://mises.org/wire/3-problems-protectionism, 2016) In other words, it paralyzes the domestic economy and production. The WTO recommends to countries implementations of anti-dumping policies. On the other hand, dumping is efficient local population, because they can purchase more inexpensive productions, although domestic economy ebbs vitally. We can explain

hazards of dumping with a sample. So COUNTRY A and Country B manufacture FOOD 1. COUNTRY A products to 30$ Food 1 and COUNTRY B products to 29$ FOOD 1. COUNTRY A sells to population FOOD 1 to 70$. Then COUNTRY B exports FOOD 1 to COUNTRY A and sells FOOD 1 to 45$ while COUNTRY 1sells 70$ purposefully. Therefore, everyone begins to acquire FOOD 1 from COUNTRY B produced. A main aspiration seize market share as a whole by COUNTRY B.

As demonstrated, country has to enforce anti-dumping urgently, otherwise domestic economy will sink. Also, some countries use dumping policy as an excuse that if we forward free trade policy, dumping will destroy domestic economy. Dumping policy, actually, weakens domestic producing, but to prevent dumping must be used anti-dumping policies, not protectionist policy.

In general, the WTO is against dumping due to several reasons which are classified as follows;

- ✧ weakens free trade
- ✧ collapses domestic economy, in which entered
- ✧ prevents free trade lobbing
- ✧ against fair competition
- ✧ violates commitments of the WTO

3. The boundary line between developed countries, developing countries and industrialized countries. Along the lines, the bulks of developed and industrialized countries have chosen free trade, while numerous developing countries choose more protectionist trade policies.

Overall, WTO tries to decrease boundary lines via different activities. The policy serves to reduce protectionist policy. In a nutshell, freer trade promotes. The activities can demonstrate as follows;

- ❖ accessing world trade system
- ❖ recoommendations to publish ministry about trade
- ❖ entrence easily communications

- single data system joining
- determination of national trade data bases

4. Population of some countries suffers from quality of productions. Like so, country prioritizes protectionist policy and domestic production is weak. Consumers tend to buy foreign productions, but they cannot acquire very expensive foreign productions due to high prices. Reason of protectionist policies impacts the welfare of the people negatively.

People suffer from low-quality productions. For example, Iran uses high import restrictions. Daily staple commodities, raw material, medicine and strategic foods are open to import with custom duties. But finished productions are severely restricted. Custom duties exceed around 30% and sometimes, reach to 100%. Relatively, custom duties are lower in free zones. Non-Islamic products also have forbidden in the zones.

This sample saw that some people suffer from production choice. Thus, if they want to buy quality foreign productions, they should pay many times the price. To conclude, it reduces living-standard and prosperity of population.

### 3.2. Directions of the WTO's activities to prevent trade wars and protectionist policies of countries

Nowadays, the WTO carries out multilateral policy. The policies are included to activities in trade wars and protectionist policies of different countries. The activities mainly influence to countries. İf we look at our around we can see much development, which directly is connected our life Additionally, both trade wars and application of protectionist policy against are implemented via many directions. We can talk about both directions, separately.

*As a result of globalization, the interconnectedness of markets around the world has increased, and awareness of connections and business opportunities in remote corners of the world has increased. More investors can take advantage of new investment opportunities and explore new markets at a much longer distance than*

*before. Potential risks and benefits are easier due to improved communication technology.*

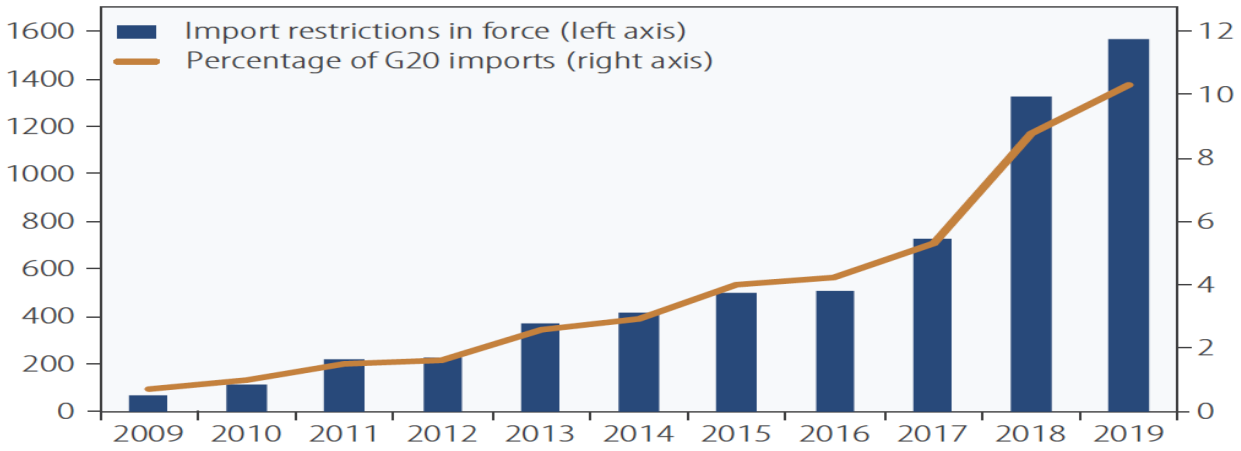
*Products and services that previously existed within a country will be introduced to new markets outside the country due to globalization. In addition, countries with positive mutual relations are increasingly consolidating their economies by increasing investment and trade. More advanced systems are needed to facilitate world trade. Globalization pushed us to create better systems to track international trade. ERP systems are one of the solutions provided to support global trade. Enterprise Resource Planning (ERP) when the crowd (usually device) manages to be integral parts of their important task.*

*Every day, billions of tons of goods and commodities move from one country to another through trade. If it were not for this, the world would be paralyzed with excitement. As a result, the vast majority of the world's population benefits in a positive way.*

*The places of design that combines the knowledge of the management of the ERP system, the acquisition, inventory, sales, marketing, finance and human resources… (https://medium.com/@ModulTrade/effect-of-globalization-on-international-trade-2bcc873dd121, 2018)*

First of all, we link statistic data about predominant economies in world via Figure 11.

**Figure 11**: **Trade coverage of import-restrictive measures from 2009 to 2019**




**Source:** WTO Secretariat, 2020

Trade wars occur if one country applies to tariffs from other county import or one country uses other types of restrictions in import against another country in order to avenge the country. Trade wars affect trade detrimentally. In contemporary years, trade wars have intensified rapidly. Trade wars date back to the 17th century. Trade wars can begin one sector and then can applicate another sectors. There are many advantages and disadvantages in using trade war

Advantages are as follows;

- ★ to prevent import and thus, promote domestic production
- ★ to go up demand for domestic goods
- ★ to use domestic employment and to contribute to the number of work places
- ★ to increase surpluses in trade
- ★ to use trade wars as a pressure tool abroad

Along with all this, disadvantages are sufficient. So, trade wars;

- ✓ raise costs
- ✓ increase inflation
- ✓ cause lack of products
- ✓ reduce choices in market
- ✓ weaken trade
- ✓ influence economic progress negatively
- ✓ has a negative impact on bilateral relations
- ✓ can cut diplomatic contacts

Occasionally, scientists call trade wars as a cold war. Countries use trade wars to weaken others. Last years, most famous trade war is the US and China trade war.

Market-oriented economic methods affect the competitiveness of a product in terms of its market value. Management arrangements apply outside of the market. When the WTO's economic interests are at work, imports controls are applied in today's world, with all its shortcomings, but the reality of the purpose of the

establishment of international trade is under consideration. Managing trade measures consist of for very small groups of objects, working for a limited time and requiring urgent intervention by the government, without interfering with the normal operation of the markets. Believe it or not you can do this too. Do not be unfamiliar with it. This is because personal shortcomings in economic activities are reduced by the profitability of the executive branch.

However, it is important to note that as economic and tax approaches approach, they are less consistent. Among commercial economic activities, customs include the following sort of types of customs taxes (including some taxes and duties, given compensation and anti-dumping services), and economic incentives (export and credit insurance, export tax).

In the modern world, it is one of those places where commercial design life. Under the slogan “free trade”, developed countries try to weaken monetary and tax exemptions in order to understand the export of products they use as ready-to-use products within the framework of the World Trade Organization. It ought to be noted that anyone of the foreign countries did not say no implementation of the import and export control system. ( https://odi.org/en/press/poorer-countries-risk-losing-out-amid-growing-pressure-on-global-trade-system-odi-experts/, 2017)

It is important to focus on one of these priorities where the victims are 50% of mining areas from developed countries, 30% of petrol and 10% of textiles. Distribution of international imports is made in the United States, Canada, Mexico, India and South Korea. By export with accreditation and regulation, the EU and the United States host exports from developed countries from the textile and footwear industry, sophisticated metallurgy products, carpets, electricity, and automobiles. Japan's technical barriers to protecting the domestic market from the cheapest products in the "Third World" countries are annoying.

In the modern world, all countries in the world use many methods to protect their domestic market from foreign competition, tax and non-tax measures, internal defense

measures for domestic production, money and credit terms, etc. Most of the implementation of these tools is governed by the Multilateral International Convention 20 and international law set out in the Convention. The major complication of said the agreements is the formal and official basis and fundament of the World Trade Organization.

Being main trade organization the World Trade Organization is as an international organization established in 1995 as the beneficiary of the General Agreement on Trade and Price (GATT). The WTO is the only international organization that establishes universal rules for international trade. Its predominant function is to make trading balanced, fair, possible and free. The aspiration is to go up the welfare of member states importantly. The WTO enforces international trade regulations on international trade agreements. However the new order of international trade system from the 1940 to the 1950 GATT board.

> *Post-GATT stage world trade began to prosperous sharply. The world economy is in turbulent parts of the multilateral trading system. What are the benefits of international peace. The judgments of the hands are applied in cases of burns, for example, in the case of an escalating income history.*
>
> *This is what they do is not complicated, but it is true. Take the case will have brighter as account of the action.*
>
> *What then was there installed system? In fact, for two reasons. The work was the repeat of the city, escaped in time of strife, which I had seen in front of the art of the first World War 2. The other more easily engage in trade with the countries, according to the pragmatic desire of the producers.*
>
> *As a result, the verdict on Trade Tariffs (GATT), signed in 1948 after the war. And yet their success led reforms and the World Trade Organization (1992) goals in 1995. While he was thus an increasing number of countries in the global trade rules, which are near by. And there are binding upon the right of trade boundaries and limits aid... (https://www.wto.org/english/thewto_e/whatis_e/10thi_e/10thi09_e.htm)*

## 3.3. WTO development prospects

The World Trade Organization (WTO) is the global international organization that manages problems of trade between countries. WTO agreements concluded at the level of world trade countries are a key part of it. The purpose is to succor suppliers of goods and services, enterprises, and importers.

From 1948 until 1994, the GATT supplies the rules for world states or trades show the biggest growth percent in international commerce. It created in these years but during those 47 years, it was a demandable contract.

The WTO's foundation on 1 January 1995 which formed as the biggest international trade since the end of the Second World War. The GATT deal with trade in services, the WTO and its contract also cover trade in services and intellectual property.

The aim is to create, instead of administrative boundaries, favorable economic conditions for foreign trade activities that enhance economic efficiency and address specific social and economic development problems, rather than hindering international trade. Limitations on the contrary, it creates a vicious circle of economic strain on companies that have a negative impact on the country's economy. For these purposes, increase or decrease import duties from foreign economic trade routes, change foreign trade rules, etc.

After Uruguay round, WTO is founded in 1994. Essence of Post-GATT is emphasized specially, because the WTO regulates international trade mostly. International trade operations carry out usually commitments of the WTO. The WTO also is a crucial tool prospers of import and export. Simultaneously, trade rises day by day via conditions of the organizations. Actually, this organization has got regulation of trade treatment over 160 countries. All developed countries are members of the WTO. Then WTO wants to raise the contacts to non-member countries. In general, WTO supports free trade. Meanwhile, some countries continue strict protectionist policies. Protectionism is definitely against conditions of this organization.

International organizations play a vital role in building the WTO. International organizations, in contrast with international organizations, have legal entities and are subject to certain market control procedures. They were created for use under international conventions. They establish partnerships to address this goal, provide information on global market trends and trends, and take steps to control global value. The active bodies of the International Council are general meetings, committees, and secretaries.

In the WTO framework, the circle of sub-organizations of manufacturers and distributors of raw materials is very broad. Intra-state manufacturers of raw materials were created in the 1960s with special powers under the umbrella of developed countries. The aim here was to strengthen the national vision of stabilizing the natural resources and markets for raw materials. (Tri-Dung Lam, 2015)

Some organizations call it organizations. Globally, organizations around the world play a special role in the production and export of raw materials. The real impact of climate markets regulate on several organizations. OPEC countries are very successful. The main reasons for this shortage of oil are as a basis for crude oil, its slow growth in certain developed countries, its reliance on oil imports in developed countries, and its interest in 21 global companies.

Increase oil prices. Oil prices have risen sharply in OPEC countries, a new mortgage system has been put in place, and resource development conditions are backed by Western companies. In modern times, OPEC has a major influence on global oil market regulation by determining oil prices. (https://www.eia.gov/petroleum/weekly/, 2021)

World Trade Organization represents the legal and regulatory framework of the international trade system. This document outlines the main functions of the agreement that the government should direct them to the development and implementation of local laws and regulations in high trade. In addition, it is a forum in

which trade relations between countries continue in partnership. Conversation, negotiation and conflict follow.

The World Trade Organization (WTO) is the world's largest economic organization that defines and regulates international trade in intellectual property, business and commodity. The WTO now includes 164 countries. About 95% of the world trade in goods and services goes to the WTO. The special value of the WTO is important for countries that are less involved in international cooperation.

All of WTO structures the largest organization is the Cabinet meeting in which all WTO members participate. The conference performs WTO functions. Meetings should be held at least once every two years and have the power to decide on all issues. It is associated with one of the most dynamic trading agreements. The day-to-day running of the WTO is carried out by a number of sub-organizations, focusing on the General Assembly, which includes representatives of all WTO members. The treaty is concluded by the constitution of the General Assembly of the WTO.

National Design enters into cooperation agreements with other international organizations. General Assembly and Council of Minister is responsible for submitting a report on its activities. In addition to its regular function on behalf of the Council of Ministers, the Council of Ministers also operates in two specific ways.

It is a type of trade policy review document that prepares for the implementation of dispute resolution procedures and the regular review of trade policies of other WTO members. The activities of the WTO are carried out by representatives of the governments of the member states, but their roots go back to their daily economic and commercial activities. (https://www.lowyinstitute.org/publications/world-trade-organization-optimistic-pre-mortem-hopes-resurrection, 2020)

Trade policies and forums are negotiated in the capital, but private companies, corporations, farmers, buyers Organizations and other interest groups are often among them as an important advisor.

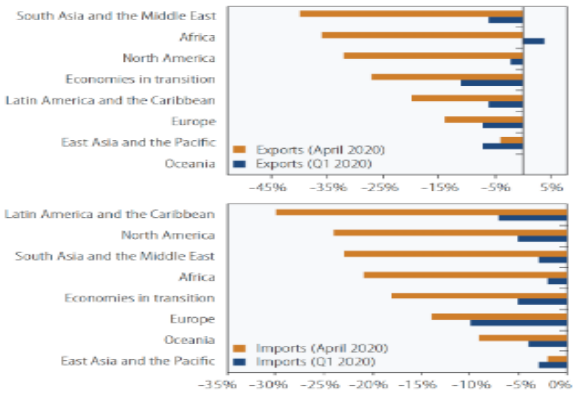
Most countries have a consultative mission at the WTO headquarters in Geneva. The Special Representative of the WTO Ambassador is on their minds. The staff of these representatives participates in the communication or resolution of administrative problems within the various institutions of the WTO Institute. Experts and experts can come directly to the capital and ask specific questions to the government.

A key element of the WTO's goal is the co-operation of the International Monetary Fund and the World Bank, in order to establish a strong partnership in global economic policy. The importance associated with this work has been recognized.

The declaration welcomes the reliance on various aspects of economic policy and calls on the WTO to develop cooperation with international financial and financial institutions. (https://www.wto.org/english/tratop_e/serv_e/s_negs_e.htm, 2021)

The Declaration also acknowledges the contribution made to free trade in the growth and development of the global economy. At the same time, freedom is seen as an important factor in assessing the growing success of all economic development programs that many WTO member states are currently implementing in the life of such a program performance often incurs significant social costs during the transition. Additionally, we can cite developing and developed countries some data volume of export in 2020 via Figure 12.

**Figure 12**: **Regional merchandises export and import year-one-year grows first quarter of 2020**




**Source:** UNCTAD calculations based on national statistics, 2020

The applicant government sets out the applicant's consent and obligations for its assets and obligations to provide appropriate government services within the negotiating members of the organization. In addition, there are certain benefits that WTO members will enjoy by participating in new discussions. (https://www.lowyinstitute.org/publications/world-trade-organization-optimistic-pre-mortem-hopes-resurrection, 2020)

The members of the organization are leaving. After reviewing the applicant's business structure and concluding negotiations on market access, the Working Group will formulate key membership principles.

Finally, the results of the group work are presented in the form of a report on the work done, to assess the draft Membership Protocol and the agreed list of permits and obligations that follow the outcome of the negotiations. It will be sent to General Assembly or Council of Ministers. If two thirds of the WTO member states vote in favor, the applicant signs the Protocol again.

More importantly, the transparency of the World Trade Organization is major. According to the principle of all kinds of illegal monopolies, corruption, mechanisms for the sale of dirty money, the shadow complete society in the future by abolishing the economy democratization as well. The right to choose consumers provided lead to difference. Of course, at this time the national labor market measures to protect force are crucial must have.

This applies to the group of countries with economies in transition conditions for increasing customs duties, a number of non-tariffs allowing the application of restrictions use of protectionism, quotas and licensing does not prohibit some sectors of the economy. It is allowed to subsidize, and as a result, it is also national can be used as a market protection mechanism.

While the WTO controlling by its member trades, it could not be function without its Secretariat. The Secretariat employs over 600 workers, such as law person,

economy person, and communications experts — help WTO members, and that the rules of international trade are correctly applied and enforced.

- Trade discussion
- Execution and interrogation
- Argument agreement
- Creating state dimensions
- The extent of reaching out

In the WTO, the agreement for their facility became more complicated, which is not long enough to cover a wide range of businesses, as most of them work across these forms of document creation. These principles are the basis of the polygonal state system.

- Non-racism - A state does not have to differentiate between its state accomplices and it does not have to distinguish between its special and foreign goods.
- Clearer - Decreasing trade obstacles is the clearest forms to improve the state or trade; Obstacles which are used in order to decrease obstacles involve tariffs.
- Anticipated and clear - External firms, creators and governments have to be uncourageous that state obstacles do not have to be increased gradually. With anticipation, jobs are established and demanders enjoy the advantages of contest.
- With the argument or contest – Dishonest works, like export subsidies or taxes and disposing goods at lower expenditure to earn market share; the problem are complicated, and the regulations want to solve what is true or false for people, and how we can define them. (https://twn.my/title2/sdc2012/sdc2012.100901.htm, 2010)
- Preserving the world - The WTO's contacts let members to create the projects that are useful for our world, especially our health, animals and plants' life. But, these factors show it has to use for in the same form for local and global

businesses. Additionally, members have to use harmless things in order to protect their and other's life.

The future aim of the WTO is gaining a number of Millennium Development Goals, like as MDG 8 that acknowledges that, for poorer countries to get another one MDGs, it is major to establishing an international environment. The WTO's cooperation to getting a stable many-sided trading system is that important to building a more economical environment for improving countries.

Since the large number of WTO members is improving countries, some WTO's member is known that they profit equality from international state. A foundation purpose of the Doha Round of trade discussions ensure that improving countries are satisfied with the trade opportunities. A lucky result to the Doha Round will come up with commonly to the purpose of the MDGs. (https://twn.my/title2/sdc2012/sdc2012.100901.htm, 2010)

In both the agricultural and the non-agricultural firms, open trade will ensure many pros, when the opening of goods trade can satisfy many chances to improving countries. But, there are some developing countries that are called the least-developed countries, and they will need assistance like technical or financial or economical help from international community.

The WTO is facilitating the achievement of MDG that worries satisfying access to reasonable drugs on a basis in improving countries. Countries without enough enterprises can make beneficial use of obligatory patents, which gives poor countries additional unit suppleness under the TRIPS Contrast to get access to available important drugs.

The future works of the WTO are also having an influence on the attainment of other MDGs, especially MDG 1. The WTO's aim on opening trade in environmental services also demonstrate to the achievement of the MDGs, as do its pros to increase the flow of technology and innovation.

In order to achieve these goals, the WTO will pursue to connect forces with other international firms and other actors to make the attainment of the MDGs. To summarize, in modern attitudes, future development concepts of WTO as follows:

- to take part world trade more closely
- to be bases of trade again
- to raise volume of trade as countries
- to establish more flexible management
- to struggle with unfair competition
- to cope with new challenges
- to cover entire world with services
- to impact trade policy of non-member countries of the WTO (Christian B, 2018)

However, there are some issues that must be addressed in trade. We can divide them into the following parts, which are very dangerous and must be limited to prevent:

- ★ trade relations of human trafficking and illegal sale of human organs
- ★ trade for the sale of narcotic drugs and psychopathic substances
- ★ trade relations related to arms, illegal arms trade and, consequently, support for terrorism
- ★ illegal import and export of endangered flora and fauna, etc.

## CONCLUSIONS AND RECOMMENDATIONS

In the contemporary international economy, for in trade is key in terms of development, so trade contributes to countries, consumers, enterprises and etc. Overall, international trade is multifaceted in modern world. On the other hands, countries, consumers, firms face many problems in trade. Overall, trade is bilateral, import and export. Individuals must determine quantity and quality indicators in foreign trade. Challenges and advantages are many trades. Import and export are implemented as goods, commodities and services.

If we imagine shortly that trade is not and trade block reigns. Majority of our demand are welcomed by foreign goods and services. When trade is lockdown, we will not have mobile phones, cars, foods and other foreign things. Overall, majority of our demands imports from various countries.

This research also revealed that there are many bases in protectionist policies, such as protection of internal market, national security, increasing in work places, activities against unfair competition.

Nowadays, WTO plays an important role in regulation of trade. Countries choose to trade policies, free trade and protectionist policy. Today almost 80 percent of world countries are member of WTO. The WTO promotes freer trade. Researches show that there are advantages and disadvantages both free trade and protectionist policies. Briefly, we can illustrate pros and cons of those policies. My topic mostly talks about problems of protectionist policy in world trade by developing countries. Today there are many problems in protectionist policy and countries are propped to free trade. World Trade Organization worries problems about protectionist policies. Problems are as follows:

- Consumers purchase more expensive prepared products
- Fair competition violates
- Foreign trade weakens
- Product choices decreases

- Monopoly powered
- Only temporary settlements for problems
- Knowledge cannot spread across borders
- Quality of products do down
- Market forces cannot work properly

The WTO strives to achieve free trade in entire world country, however the organizations cannot accomplish application of WTO policies in approximately 30 countries. The countries believe that protectionist policies are useful for their countries and consumers. They consider free trade can destroy their economy. Fortunately, the majority of countries of non-member are already observers in the WTO. Non-members countries outline some arguments against WTO. The arguments are as follows:

- Protection domestic jobs
- State security
- Protecting infant industries
- Preventing unfair competition
- Using restrictions as a bargaining chip

The important role of foreign trade in the state economy involved in almost every area of economic activity to help bridge the gap domestic consumer services, investment, finance and technology. To manage the bad practice of foreign trade, that domestic producers maintain a strong domestic market in all regions, familiarize countries with regions in the global economy, and national tools to regulate foreign trade uses the country and the region diligently.

We must know that population suffers from expensive prices. Protectionist policies increase prices in markets. Because markets will increase market prices automatically owing to earn money. Currently, the evolution of global economic processes shows that market economy conditions, economic development is closely

linked from relationships between internal and external economic factors. Global economic relations should be used to ensure economic development. It should not be effectively excluded from international trade and integrated into the global world to economic system. It is impossible to imagine economic development without it to be integrated into the global economic system. Importance of reduction of foreign trade and electricity in the development of the local economy directly depends on economic eliminate existing country

These researches taught me different knowledge. As a result, I recommend some thesis about problems in WTO regarding protectionist policies in developing countries. My recommendations as follows:

- All countries have to prefer free trade
- Countries must obey commitments of WTO
- Developing countries should increase trade channels
- Developing countries must endeavor to use practices of members of countries of WTO
- Countries must increase communications and contacts with foreign trade partners

People should know about application of trade policy in their country by government. People should investigate advantages and disadvantages of trade policy which is applied in their country as well, because trade policies directly influence citizens.

My recommendation takes the trade to new and higher advanced level. Hence, countries, individuals use advantages of trade and earn useless from trade. They improve their welfare,

To sum up, trade is predominant providers of living standards in globally, so easy trade automatically improves choices, life. Development of freer trade is vital for citizens.

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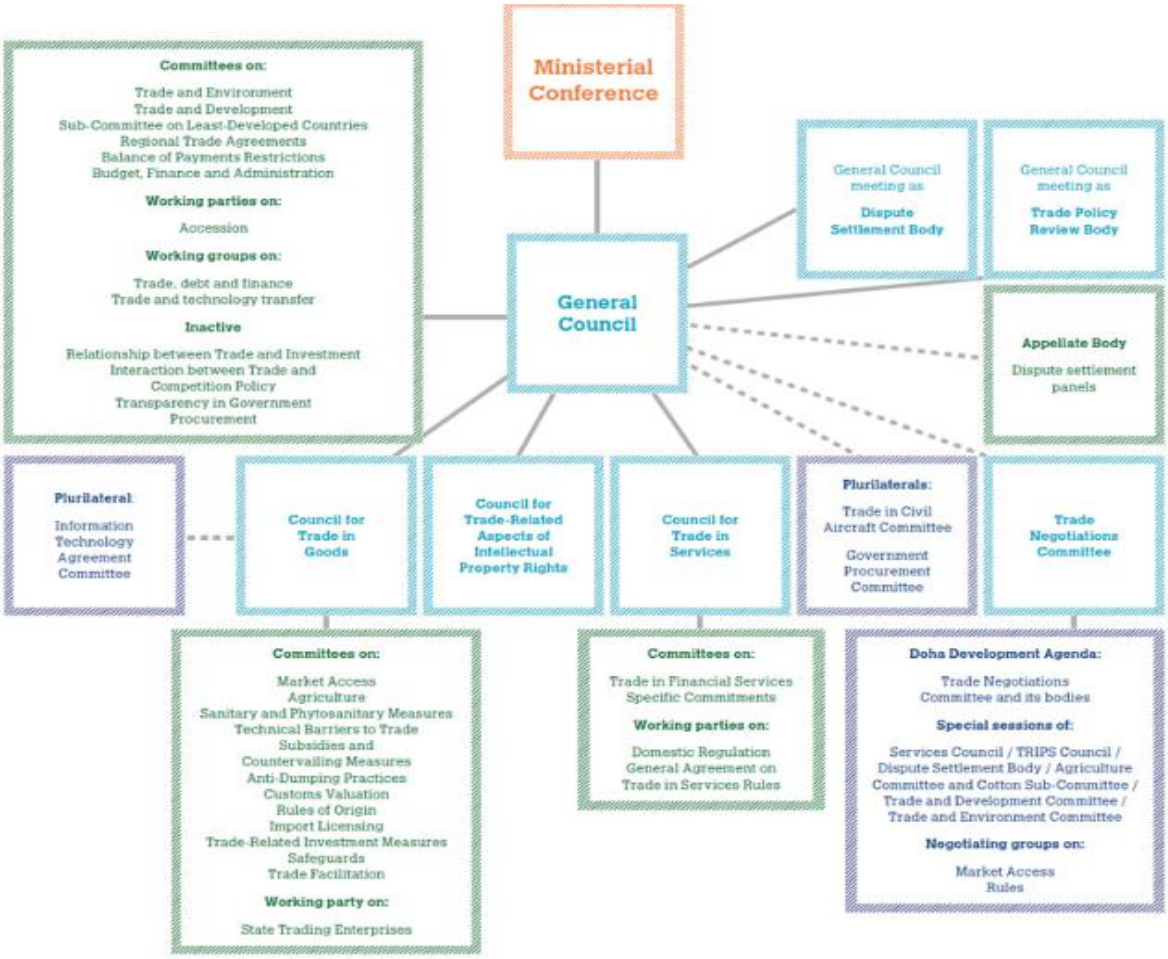
# Appendixes

## Appendix 1

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