



HISTORICAL AND LEGAL FOUNDATIONS OF THE WORLD TRADE ORGANIZATION

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Annotation: *The article offers a thorough examination of the World Trade Organization (WTO)'s origins, structure, and core legal principles. It highlights the organization's historical development, operational framework, guiding rules, major agreements, accomplishments, and ongoing difficulties.*

Key words: *The World Trade Organization, the General Agreement on Tariffs and Trade, the Uruguay Round, the Marrakesh Agreement, the Doha Development Agenda, Ministerial Conference, General Agreement on Trade in Services, Agreement on Trade-Related Aspects of Intellectual Property Rights.*

The World Trade Organization (WTO) is the only global international organization dedicated to regulating and facilitating trade between nations. Established on January 1, 1995, it serves as a forum for negotiating trade agreements, settling disputes, and ensuring that trade flows as smoothly, predictably, and freely as possible. Its core mission is to use trade to raise living standards, create jobs, and promote sustainable development, as outlined in its founding agreements. With 166 member countries representing over 98% of world trade, the WTO plays a pivotal role in the global economy, managing rules that cover goods, services, intellectual property, and more. Headquartered in Geneva, Switzerland, the WTO succeeded the General Agreement on Tariffs and Trade (GATT), which was created in 1947 as part of post-World War II efforts to foster economic stability and peace through open trade. The organization's budget for 2024 is approximately 205 million Swiss francs,



supported by a secretariat of 623 staff members.¹ Dr. Ngozi Okonjo-Iweala, the current Director-General since March 1, 2021, is the first woman and first African to hold this position, emphasizing the need for a stronger, more inclusive trading system.

The roots of the WTO trace back to the GATT, established in 1947 with 23 signatories to reduce tariffs and promote international trade after the devastation of World War II. Over the decades, GATT evolved through eight rounds of negotiations, significantly lowering trade barriers and expanding global commerce. The most transformative was the Uruguay Round (1986-1994), which broadened the scope beyond goods to include services, intellectual property, and dispute settlement mechanisms.²

This round culminated in the Marrakesh Agreement, signed in April 1994, establishing the WTO on January 1, 1995. The transition from GATT to WTO marked a shift from a provisional agreement to a full-fledged international organization with stronger enforcement powers. Key milestones include the Doha Development Agenda launched in 2001 to address developing countries' needs, and recent achievements like the 2022 Geneva Package at the 12th Ministerial Conference (MC12), which included agreements on fisheries subsidies, food security, and COVID-19 responses. Since its inception, world merchandise trade has increased by 267% through 2019, underscoring the WTO's impact on global economic growth. The WTO is a member-driven organization where decisions are made by consensus among all members, ensuring equality regardless of economic size. No power is delegated to a board or the Director-General; instead, authority rests with the membership as a whole.

The highest decision-making body is the **Ministerial Conference**, comprising representatives from all members, meeting at least every two years to

¹ https://www.wto.org/english/thewto_e/whatis_e/who_we_are_e.htm

² https://www.wto.org/english/docs_e/gattbilaterals_e/indexbyround_e.htm (Page title: "Derestriction of bilateral negotiating material from GATT rounds of negotiations")



address any multilateral trade issues.³ Below it is the **General Council**, which handles day-to-day operations and meets regularly in Geneva. It also functions as the Dispute Settlement Body (DSB) and Trade Policy Review Body (TPRB).

Three main councils report to the General Council:

- ❖ **Council for Trade in Goods** (oversees GATT-related agreements).
- ❖ **Council for Trade in Services** (manages GATS).
- ❖ **Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council)**.

Subsidiary committees address specific areas like agriculture, anti-dumping, and technical barriers to trade. The WTO Secretariat, led by the Director-General, provides technical and administrative support but does not make decisions. Informal consultations, coalitions, and transparency mechanisms ensure inclusive decision-making, though consensus can be challenging with 166 member. The WTO's primary functions include administering trade agreements, serving as a negotiation forum, resolving disputes, monitoring trade policies, providing technical assistance to developing countries, and cooperating with other international bodies like the IMF and World Bank.

Core principles underpin its operations:

1. Non-discrimination: Most-favored-nation (MFN) treatment ensures equal trade advantages for all members, and national treatment requires equal treatment of foreign and domestic goods/services.

2. Reciprocity and predictability: Through binding commitments on tariffs and rules.

3. Transparency: Regular trade policy reviews.

4. Fair competition and special treatment: For developing economies. The dispute settlement system is a cornerstone, allowing members to resolve conflicts

³ The Marrakesh Agreement Establishing the World Trade Organization (1994), Article IV: Structure of the WTO.



through panels and an Appellate Body (though the latter has faced challenges since 2019 due to vacancies).⁴

The WTO oversees about 60 agreements, with the Marrakesh Agreement as the umbrella. Major ones include:

- **General Agreement on Tariffs and Trade (GATT):** Covers goods trade, reducing tariffs and eliminating quantitative restrictions.
- **General Agreement on Trade in Services (GATS):** Liberalizes services trade.
- **Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS):** Protects patents, copyrights, and trademarks.
- **Agreement on Agriculture:** Addresses subsidies and market access.
- **Trade Facilitation Agreement:** Simplifies customs procedures.
- **Others:** Anti-dumping, subsidies, technical barriers to trade (TBT), sanitary and phytosanitary measures (SPS), and fisheries subsidies.⁵

These agreements have led to significant tariff reductions and cover emerging issues like digital trade, environment, and gender in trade. Membership requires accession negotiations, with 166 current members and several observers. Achievements include facilitating trade growth, resolving over 600 disputes, and supporting developing countries through aid-for-trade initiatives. The WTO has helped integrate economies, reduce poverty, and promote stability, covering 98% of global gross domestic product.

Despite successes, the WTO faces criticisms for being slow in negotiations (e.g., stalled Doha Round),⁶ favoring developed nations, and inadequate handling of

⁴ https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm (Title: "Understanding the WTO – Principles of the trading system")

⁵ https://www.wto.org/english/thewto_e/whatis_e/tif_e/understanding_e.pdf

⁶ https://www.wto.org/english/tratop_e/dda_e/dda_e.htm (Doha Development Agenda overview)



issues like climate change and digital trade. The Appellate Body crisis has highlighted reform needs. Recent efforts, like MC12 outcomes, show progress, but geopolitical tensions and protectionism pose ongoing challenges.

The WTO remains the foundation of the multilateral trading system, promoting open and fair trade for global prosperity. As DG Okonjo-Iweala notes, collaborative reforms can address modern challenges, ensuring the organization continues to benefit all nations in an interconnected world.

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