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Overview of Major Institutions and Documents of the International Trade System

Qin Zhengxuan,
PhD student,
Department of International Law, Law Institute, Peoples' Friendship University of Russia named after Patrice Lumumba (RUDN University),
Moscow, Russian Federation;
e-mail: zhengxuan.eva@gmail.com;
ORCID: https://orcid.org/0009-0007-2084-4672

Abstract. International trade is an essential aspect of the global economy, founded on a complex legal and institutional system that governs trade relations, dispute settlement, and economic development. This article examines the evolution of international trade law through historical economic treaties, multilateral rules, and regional trade agreements. It analyzes the General Agreement on Tariffs and Trade and the creation of the World Trade Organization in order to evaluate their influence on the modern trading system. The article also considers regional trade agreements, bilateral investment treaties, and trade facilitation measures as important elements of the contemporary trade order. Particular attention is paid to the functions of the WTO, UNCTAD, the IMF, the World Bank, and regional institutions in shaping global economic governance. Finally, the article discusses digital trade, geopolitical fragmentation, and sustainability as challenges that require continued adaptation of international trade law. The analysis shows that legal institutions remain central to ensuring certainty, fairness, and efficiency in international commerce.

Keywords: international trade law; GATT; WTO; regional trade agreements; bilateral investment treaties; digital trade; dispute settlement; trade liberalization

Халықаралық сауда жүйесінің негізгі институттары мен құқықтық құжаттары: шолу және талдау

Цинь Чжэнсюань,
PhD докторанты,
Халықаралық құқық кафедрасы, Заң институты, Патрис Лумумба атындағы Ресей халықтар достығы университеті (РУДН университеті),
Мәскеу, Ресей Федерациясы;
e-mail: zhengxuan.eva@gmail.com;

ORCID: https://orcid.org/0009-0007-2084-4672

Аңдатпа. Халықаралық сауда жаһандық экономиканың маңызды бөлігі болып табылады және сауда қатынастарын, дауларды шешуді әрі экономикалық дамуды реттейтін күрделі құқықтық және институционалдық жүйеге сүйенеді. Бұл мақала халықаралық сауда құқығының эволюциясын тарихи экономикалық шарттар, көпжақты қағидалар және өңірлік сауда келісімдері арқылы талдайды. Зерттеуде Тарифтер мен сауда жөніндегі бас келісімнің және Дүниежүзілік сауда ұйымының құрылуының қазіргі сауда жүйесіне ықпалы қарастырылады. Сонымен қатар өңірлік сауда келісімдері, екіжақты инвестициялық шарттар және сауда рәсімдерін жеңілдету шаралары қазіргі халықаралық сауда тәртібінің маңызды элементтері ретінде бағаланады. Мақалада ДСҰ, ЮНКТАД, ХВҚ, Дүниежүзілік банк және өңірлік институттардың жаһандық экономикалық басқарудағы рөлі көрсетіледі. Зерттеу халықаралық құқықтық құжаттардың мемлекеттер арасындағы экономикалық өзара тәуелділікті реттеудегі маңызын, сондай-ақ дамушы елдердің көпжақты сауда жүйесіне қатысу мүмкіндіктерін айқындайды. Соңында цифрлық сауда, геосаяси бөлшектену және тұрақты даму халықаралық сауда құқығының одан әрі бейімделуін талап ететін өзекті сын-қатерлер ретінде қарастырылады. Талдау құқықтық институттардың халықаралық саудадағы айқындықты, әділеттілікті және тиімділікті қамтамасыз етудегі маңызын дәлелдейді. Нәтижелер болашақтағы құқықтық үйлестіру бағыттарын айқындауға мүмкіндік береді.

Түйін сөздер: халықаралық сауда құқығы; ГАТТ; ДСҰ; өңірлік сауда келісімдері; екіжақты инвестициялық шарттар; цифрлық сауда; дауларды шешу; сауданы либерализациялау

Основные институты и нормативные источники системы международной торговли: обзор и анализ

Цинь Чжэнсюань,
аспирант,
кафедра международного права, Юридический институт, Российский университет дружбы народов имени Патриса Лумумбы (РУДН),
Москва, Российская Федерация;
e-mail: zhengxuan.eva@gmail.com;
ORCID: https://orcid.org/0009-0007-2084-4672

Аннотация. Международная торговля является неотъемлемым элементом мировой экономики и основывается на сложной системе правовых и институциональных механизмов, регулирующих торговые отношения, разрешение споров и экономическое развитие. В статье рассматривается эволюция международного торгового права через призму исторических экономических договоров, многосторонних норм и региональных торговых соглашений. Особое внимание уделяется Генеральному соглашению по тарифам и торговле и созданию Всемирной торговой организации, а также их влиянию на современную торговую систему. Анализируются региональные торговые соглашения, двусторонние инвестиционные договоры и меры по упрощению процедур торговли как важные элементы современного торгового порядка. Рассматривается роль ВТО, ЮНКТАД, МВФ, Всемирного банка и региональных институтов в формировании глобального экономического управления. Исследование также показывает значение международных правовых документов для согласования интересов государств, поддержания предсказуемости торговых отношений и участия развивающихся стран в многосторонней системе. Отдельно освещаются цифровая торговля, геополитическая фрагментация и устойчивое развитие как вызовы, требующие дальнейшей адаптации международного торгового права. Проведенный анализ показывает, что правовые институты остаются ключевым условием определенности, справедливости и эффективности международной торговли.

Ключевые слова: международное торговое право; ГАТТ; ВТО; региональные торговые соглашения; двусторонние инвестиционные договоры; цифровая торговля; разрешение споров; либерализация торговли

Introduction

Trade, specifically international trade, has been central to the development of the international economic system for centuries. Trade helps countries to unlock local competitive strengths, creates competitiveness and encourages efficiency improvements in the manufacturing and services industries of individual countries. However, with growth in the trade activities, trading partners require formulating clear legal frameworks that will foster stability, information disclosure and reciprocal fairness (Chen and Gao, 2022, pp. 227-238). For many years, several trade liberalization measures and organizations have also evolved to foster cooperation, solve conflicts, and standardize international relations.

In this paper, the international trade system is defined by examining its evolution, the main legal instruments of international trade and the primary international organizations regulating the trade system. The study traces the origins of trade law from early economic treaties and mercantilist policies to the development of contemporary multilateral and regional trade agreements. It also considers the summary of the major trade agreements like the General Agreement on Tariffs and Trade (GATT, 1947) and formation of the World Trade Organization (WTO) and their relevance towards trade liberalization and integration on the global scale.

Besides, it also outlines the characteristic features of Regional Trade Agreements (RTAs), Bilateral Investment Treaties (BITs), and trade facilitation arrangements that define modern trade policies. This article also assesses the roles of key organizations, including the WTO, the United Nations Conference on Trade and Development (UNCTAD), and International Monetary Fund (IMF) in the management of international trade and their prevailing roles and approaches to navigating current issues like e-commerce, sustainability, and economic nationalism. This article therefore endeavors to give a critical evaluation of these developments in order to offer a prognosis regarding the future of international trade governance in a more digitalized world. Trade helps countries to unlock local competitive strengths, creates competitiveness and encourages efficiency improvements. However, the liberalization of global trade requires a comprehensive system of rules that would guarantee stability, transparency, and fairness. In time, conventions and institutions that facilitate these agreements materialized to include tariffs, the protection of intangible assets, the management of trade disputes, and trade liberalization.

This paper therefore aims to not just discuss the global trading system at the micro level through understanding the development of the international trading system, but also elaborate the law governing trade, and the organizations involved in international trade regulation. From early economic treaties to modern multilateral and regional trade agreements this work demonstrates the importance of the legal framework for promoting trade. Further, it discusses the issues around free trade, protectionism, and the future evolution of trade rules in the context of digitalization.

Materials and methods

The study is based on a qualitative legal analysis of international trade instruments, institutional documents, and academic literature. The research question is how the major legal agreements and institutions of international trade have evolved and how they respond to contemporary challenges, including digitalization, regionalization, and sustainability. The working hypothesis is that the international trade system remains institutionally resilient, but its rules require further adaptation to new technological and geopolitical conditions. The research was conducted in four stages: first, the historical formation of trade regulation was reviewed; second, key multilateral and regional legal instruments were examined; third, the role of international and regional institutions was analyzed; and fourth, current challenges were assessed in light of recent scholarship and institutional practice. The methods used include historical analysis, comparative legal analysis, institutional analysis, and doctrinal interpretation of legal sources. Language editing and formatting assistance, including assistance from ChatGPT, was used in preparing the manuscript; the selection of sources, legal analysis, and final conclusions remain the responsibility of the author.

Literature review

The literature review covers classical and contemporary scholarship on commercial law, international economic law, WTO law, regional trade integration, investment protection, and digital trade governance. The reviewed works identify the transition from customary commercial practices to treaty-based and institution-based regulation, while recent studies emphasize fragmentation, WTO dispute settlement difficulties, data governance, and the growing interaction between trade rules and sustainability objectives. These studies provide the analytical basis for identifying gaps in the current trade regime and for assessing the need for further legal adaptation.

Historical evolution of international trade law

International trade regulation has evolved significantly overtime due to various factors such as different theoretical frameworks used by individual countries and regional blocks to enhance trade, geopolitical factors, and the emergence of different international organizations. The earliest known legal frameworks governing trade can be dated back in Mesopotamia, the Greeks, and the Roman empires where trade law and trading custom duties enabled commerce (Chen, 2024, pp. 421-432). One of the early legal systems for the regulation of trade was the Code of Hammurabi that contained legal provisions for commerce, contracts, and debt security in Mesopotamia (Bhagwati, 2002, pp. 10-15). In Ancient Greece, through city-state such as Athens and Corinth, the administration established legal frameworks on trading with foreign traders while in ancient Rome commercial law was formalized into set laws that other future European traders would emulate (Trakman, 1983, pp. 120-130). This laid the foundation for formation of legal frameworks that guided how different governments enabled commerce in their territories.

In the medieval period, with the growth of trading across Europe, the concept of Lex Mercatoria, a customary trade law was established by the merchants themselves and was upheld by the trading courts (Trakman, 1983, pp. 120-130). This promoted the growth of commercial transactions across different jurisdictions by establishing standard form contracts, credit instruments, and ways to solve disputes. The growth of giant trading cities, including the Hanseatic League, enhanced international trade through affording legal relations of protection to the merchants (Findlay and O'Rourke, 2007, pp. 145-150). The establishment of these legal frameworks made it possible for merchants to trade freely across Europe.

At the same time, developments in international trade were not limited to Western Europe. In other regions, state involvement in trade relations followed different trajectories. For example, the Russian Empire combined elements of protectionism with selective openness, relying on customs regulation and state-controlled trade routes to manage external economic relations (Kahan, 1985, pp. 80-95).Similarly, in the Ottoman Empire, trade was often structured through capitulations that granted privileges to foreign merchants, reflecting a distinct legal approach to cross-border commerce (İnalcık, 2000, pp. 100-120). In East Asia, the Chinese tributary system represented yet another model, where trade was embedded within a broader framework of political hierarchy rather than governed by market-based principles (Fairbank, 1953, pp. 200-215).

These developments also brought about changes in the structure and scale of global trade during the 19th century as improved transportation and communication made it easier to carry out sales between other nations. The Gold Standard, developed in the late nineteenth century, maintained more stable rates of exchange and increases exchange rate certainty through linking currencies to gold (Eichengreen, 2018, pp. 45-

60). Furthermore, the establishment of international banks offering credit facilities enabled businesses to expand their operations through cross border transactions (Helleiner, 2014, pp. 120-135). These banks enabled access to capital across borders, broadening the scope of international trade and creating the need for stronger and more diverse laws that protected the interest of both traders and the money lending institutions.

The twentieth century witnessed a shift towards a multilateral institutional framework for managing the international trade system and creating international trade laws. After the economic disaster of the Great Depression, mainly due to protectionism in the 1930s, world leaders realized the necessity for an international trade system. The Bretton Woods Conference (1944) marked the beginning of the post-war economic order by creating entities like the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) for Restoration and Development (Feng, 2006, pp. 80-95). The General Agreement on Tariffs and Trade (GATT), signed in 1947, was the first major movement in regulation of global commerce, providing the framework for tariff negotiations and the settlement of trade disputes (Feng, 2006, pp. 80-95). In subsequent decades, GATT evolved through many negotiation rounds, such as the Kennedy Round (1963-1967), the Tokyo Round (1973–1979), and the Uruguay Round (1986-1994) which culminated in the formation of the WTO in 1995.

As the twenty- first century commenced, the field of international trade law has not only remained relevant but has also adjusted to accommodate globalization, technological innovations, and geopolitical realignments. The Role of Regional Trade Agreements such as the North American Free Trade Agreement (NAFTA now USMCA), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has risen significantly in determining trade policies (Zahoor et al., 2023, pp. 823-859). Besides, digital trade, intellectual property rights, and environmental protection and advocacy all have emerged as critical elements in current trade negotiations, leading to new legal work including WTO Joint Statement Initiative on E-Commerce and Digital Economy Partnership Agreement (DEPA) Trade 4.0 (Chen and Gao, 2022, pp. 227-238). All these are developments that are unique to the 21st Century and point to a new direction in the formulation and implementation of international trade laws.

East Asia was a focal point and unique in the history of international trade, throughout the periods discussed above. As early as the Han dynasty China became the eastern end of the Silk Roads - a huge interwoven system of trading paths, connecting East Asia with Central Asia, the Middle East and the Mediterranean - where Chinese products like silk, lacquerware, porcelain and iron tools were traded with the rest of the world. Importantly, the domestic Chinese economy was substantial enough to support the needs of the state and its population without imports, i.e. the balance of trade power was almost always skewed in favor of East Asia. In East Asia, East Asian states did not have multilateral treaties that governed trade but instead the Chinese tributary system as a hierarchical structure where neighboring states like Korea, Vietnam and the Ryukyu Islands used diplomatic missions to Beijing so that the states receive political acknowledgement and trading rights (Haggard and Kang, 2020, pp. 1-30). Although tributary missions were involved in commerce, that trade was strictly regulated and otherwise regarded as incidental to the diplomatic and political functions of the order, and the land-based political economies of the central states pushed trade to an unregulated periphery. During the 17th to the second half of the 19th century, Japan further limited its foreign trading contacts, confining trade to Korea and China and barring foreign trade with the Western powers, except a small Dutch trading-post in southern Japan. The western expansion of their imperialists essentially destabilized this regional order: the First Opium War between Britain and Qing dynasty between 1839-1842 is generally considered the tipping point where the western powers took a direct challenge to the status quo of the East Asian international system and compelled China to open its ports on unequal conditions and exposed the region to the European commercial law. During the post-World War II period, the East Asian nations took different directions: Japan, with no natural resources and equipped with an educated labor force, chose to encourage industrial production to be exported, a course of action that proved fruitful with the three other so-called four tigers: Hong Kong, South Korea, Taiwan, and Singapore. Then, towards the end of the 20th century, there was a radical turn to institutionalized trade governance in the region. China, Japan, Korea, Mongolia and Taiwan were virtually the only nations, in the whole region, which treated the WTO principle of the Most-Favored-Nation completely with respect, WTO, prior to the region then embarking on a wide-ranging spate of bilateral and regional agreements. In 2020, ASEAN became a member of Australia, China, Japan, New Zealand and South Korea to establish the Regional Comprehensive Economic Partnership (RCEP) Council on Foreign Relations and present East Asia as one of the keystones of the modern rules-based trading order.

In conclusion, analyzing the historical development of international trade law helps demonstrate the transition from bilateral to multilateral and regional approaches. The ever-evolving trade law due to economic, technological, and political factors thus requires a strong and adaptable trade law to understand and cope with the evolving nature international trade in the modern word.

Results and discussion

Major Legal Agreements in International Trade

General Agreement on Tariffs and Trade (GATT) and the WTO

The General Agreement on Tariffs and Trade (GATT) was created as a result of the inability to form a more global International Trade Organization (ITO) in the wake of the Bretton Woods conference. GATT was agreed upon by 23 countries at Geneva in 1947, and took effect on 1 January 1948; originally intended as a transitional measure until a permanent United Nations trade agency was established, it was increasingly expanded and became by far the most effective tool of world trade liberalization in the second half of the twentieth century. It had an underlying architecture that was based on three principles. The first article of GATT, the mostfavoured-nation (MFN) principle, meant that, each time a country reduced a barrier to trade, or opened a market, it must also do the same to the same goods or services of all its trading partners, both rich and poor, weak and strong. The national treatment principle also stipulated that imported goods must not be accorded less favorable treatment than domestically produced goods once they were in the market and that in tariff binding signatories were obliged to face (higher) ceiling rates to which they could not reduce without prior agreement. Combined, these non-discriminatory agreements were the foundation of what would become the multilateral trading system.

Over eight rounds of multilateral negotiations between 1947 and 1994, GATT continued to broaden its membership and reach as well as the subject matter of the agreement. In 1947 the average tariff rates among leading members of the GATT were about 22 percent; at the end of the Uruguay Round rates were reduced to less than 5 percent. The initial rounds focused on tariff reduction, but the Kennedy Round of the mid-1960s signified an important evolution and included the GATT Anti-Dumping Agreement, and a separate section on development, and the Tokyo Round of the 1970s was the first serious effort to address non-tariff barriers, and to improve the whole system. Under the Metropolitan Museum of Art The Tokyo Round, the 102 nations involved in the event cut tariffs as well as instituted new rules aimed at combating the spread of non-tariff barriers and voluntary export quotas, leading to compromises on about 190 billion dollars of trade.

The Uruguay Round (1986-1994), the last and the most radical round, changed the foundation of the international trading order, re-architecting it. It bore the largest negotiating mandate on trade ever concurred, expanding the trading system into new large regions, specifically trade in services and intellectual property, and a reform of trade in the sensitive sectors of agriculture and textiles, with all original GATT articles subject to review. The round brought about the first use of MFN and national treatment obligations to services sectors, the General Agreement on Trade in Services (GATS), as well as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which had set minimum standards on the protection and enforcement of intellectual property across the world and the Agreement on Agriculture (AoA), which initiated the complex process of subjecting agricultural subsidies and market-access restrictions to multilateral discipline (Zhou and Chen, 2023, pp. 193-211). As importantly, the Uruguay Round established the permanent World Trade Organization on 1 January 1995 to replace the provisional GATT secretariat with an institution with legal personality, a full dispute settlement mechanism and a mandate over goods, services and intellectual property all at the same time.

The WTO Dispute Settlement Understanding (DSU) was a qualitative breakthrough on the previous dispute procedures that the GATT had. In contrast to its predecessor, the DSU produced a new and different rule, the so-called reverse consensus, under which panel reports could be adopted virtually without dissent by individual members, but an Appellate Body was established on a standing basis to review the lawfulness of panel determinations and maintain a high degree of consistency and predictability between decisions. During the period between 1995 and

2023, WTO members made 621 consultation requests which resulted in 283 panel reports having been drafted and 203 panel reports having been adopted, making WTO dispute settlement system one of the most prolific international adjudicative systems in the world, even surpassing even the International Court of Justice in output during the same time (European Parliament, 2024). Nevertheless, the system has been in structural crisis since December 2019, when the continued blocking of new Appellate Body appointments by the United States made the second-instance body inquorate and substantially disabled the binding appellate review. This institutional stalemate, whereby appealing parties can have panel decisions reviewed on administrative leave, has led to the creation by a group of WTO members of the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) as a stand-in, although there has been no consensus to revise the dispute settlement mechanism on a larger scale (European Parliament, 2024). Nevertheless, the combination of these strains makes GATT and the WTO the most important multilateral success in the regulation of international trade which has introduced the rules-based framework under which regional and bilateral agreements since have been conducted.

Regional Trade Agreements (RTAs) and Bilateral Investment Treaties (BITs)

Regional Trade Agreements (RTAs) have emerged as effective tools for attaining trade liberalization outside the multilateral framework. NAFTA (North American Free Trade Agreement), signed in 1994 but later replaced by the United States-Mexico-Canada Agreement (USMCA) in 2020, exemplifies the broader shift toward regionalism in the formulation and implementation of trade laws and policies (Zahoor et al., 2023, pp. 823-859). Similarly, the Regional Comprehensive Economic Partnership (RCEP) — which includes members of the Association of Southeast Asian Nations (ASEAN) and their major trading partners, including China, Japan, South Korea, Australia, and New Zealand — constitutes the largest trade agreement in the world by economic coverage, establishing common rules for trade across the Asia-Pacific region (Patunru and Rahardja, 2015, pp. 5-15). RTAs afford countries an opportunity to negotiate trade rules tailored to their specific economic interests, accompanied by investment protections and dispute resolution mechanisms. In this context, Bilateral Investment Treaties (BITs) serve a complementary function by protecting foreign investments and maintaining legal stability for investors operating across borders. For instance, China's BIT with Germany (1983, revised 2003) established investor-state dispute settlement (ISDS) mechanisms allowing disputes to be resolved through international arbitration rather than domestic courts (Dolzer and Schreuer, 2012, pp. 13-18). China is likewise a member of several RTAs, including RCEP, aimed at consolidating its interests in global trade and securing preferential access with regional partners.

Digital Trade and Emerging Legal Frameworks

Due to the increasing digitization of commerce and services, legal systems have been compelled to adapt in order to accommodate emerging digital trade practices. The WTO's Joint Statement Initiative on E-Commerce (JSI on E-Commerce), launched in

2017 and involving over 90 WTO members, represents a significant multilateral effort to establish binding rules on digital trade. Concrete negotiating outcomes have included draft provisions on electronic authentication, electronic contracts, consumer protection online, and the prohibition of customs duties on electronic transmissions — issues that remain central to ensuring a predictable legal environment for cross-border digital commerce (Wunsch-Vincent, 2006, pp. 30-50). Similarly, the Digital Economy Partnership Agreement (DEPA), concluded in 2020 among Chile, New Zealand, and Singapore, is a landmark agreement specifically designed to govern cross-border data transfers and digital trade enablement. Concretely, DEPA introduced modular commitments on artificial intelligence governance, open government data, digital identities, and fintech cooperation — areas not previously addressed in traditional free trade agreements — thereby setting a new template for digital trade rule-making (Burri, 2017, pp. 65-132). Its provisions on consumer protection, intellectual property, and taxation further aim to foster the uninterrupted flow of digital transactions across an integrated world economy.

Bilateral Investment Treaties (BITs) continue to provide foundational legal standards of treatment that promote and safeguard foreign investment, thus contributing to overall trade stability (Dolzer and Schreuer, 2012, pp. 13-18). However, the advancement of digital trade and e-commerce has raised new legal questions that go beyond what existing BITs were designed to address, necessitating purpose-built instruments such as DEPA or dedicated negotiations under the WTO JSI on E-Commerce. Key unresolved issues include cross-border data transfers, data localization requirements, cybersecurity obligations, and the protection of intellectual property rights in electronically executed transactions — all of which require coordinated international legal responses as digital commerce continues to expand (Kim, 2022, pp. 156-193).

Institutions Governing International Trade

The World Trade Organization (WTO)

The WTO acts as the chief forum for multilateral trade deal implementation by negotiating, monitoring, and resolving international trade disputes through its Dispute Settlement Body (DSB) (Hoekman and Wolfe, 2022, pp. 567-580). Established in 1995 to succeed the General Agreement on Tariffs and Trade (GATT), the WTO became the primary institutional forum for negotiating and administering global multilateral trade rules and agreements (Qin, 2003, pp. 483-522). The organization safeguards and defines the legal and institutional measures that facilitate implementation and compliance with trade agreements, with the overarching goal of maintaining free and fair trade across the world.

One of the WTO's most critical functions is its dispute settlement system, long regarded as the "crown jewel" of the multilateral trading system. However, this system is currently in a state of institutional paralysis. The WTO Appellate Body — the seven-member standing tribunal that serves as the second and final tier of the dispute settlement mechanism — has been non-functional since December 2019. This crisis was precipitated by the United States' sustained blocking of new Appellate Body appointments, a practice that began under the Obama administration but intensified significantly under the Trump administration, on the grounds that the Appellate Body had overstepped its mandate by creating binding precedent and engaging in judicial overreach (Johannesson and Mavroidis, 2017, pp. 357-408) (Hillman, 2021, pp. 10-25). With the number of sitting members falling below the three required for a quorum, the Appellate Body ceased to be able to hear new appeals, effectively allowing losing parties to render dispute settlement decisions unenforceable by simply filing an appeal "into the void." As of 2024, the Appellate Body remains non-operational, and no consensus has been reached among WTO members on a comprehensive reform to restore it (Van den Bossche and Zdouc, 2021, pp. 243-251).

In response, a coalition of WTO members established the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) in 2020 as a temporary substitute for appellate review, though the United States and several other major trading nations have not joined it, limiting its effectiveness as a universal solution (European Parliament, 2026). Beyond the Appellate Body crisis, the WTO has also faced broader criticism, including delays in dispute resolution, the proliferation of regional trade agreements that bypass the multilateral framework, and the difficulty of concluding new multilateral negotiations — most notably the stalled Doha Development Round. These cumulative challenges have progressively undermined the WTO's central mandate and contributed to a growing loss of confidence in its capacity to govern global trade law effectively in the future.

The United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC)

United Nations Conference on Trade and Development (UNCTAD) works to promote trade and development in the developing world through policy analysis, investment planning and advisory services (Baldwin, 2022, pp. 219-230). UNCTAD is an important organization of the United Nations, which was created in 1964 to address global trade challenges and promote fair trade for developing countries. This includes critical insights on trade flows, the outlook for the internationalization of the digital economy, and trends in international investments (Bhagwati, 2002, pp. 10-15). Further, the International Trade Centre (ITC), a body affiliated with the WTO and the UN, assists SMEs in export readiness by linking them to global markets and improving their competitiveness (Zahoor et al., 2023, pp. 823-859). ITC contributions consist of capacity development, trade policy, and market data, which positions the organization as an important player in promoting trade for all.

The Role of the World Bank, IMF, and OECD

The World Bank finances trade infrastructure in areas of transportation, supply chain development, and customs. According to Rodrik (2021), the World Bank invested heavily in large development projects to improve the connection and openness of the global trading system. The International Monetary Fund (IMF) oversees the balance of payments and fiscal and financial ties between countries, stabilizing exchange rates to enable international trade (Eichengreen, 2018, pp. 45-60). The IMF also offers financial support and advice to countries encountering trade-related economic shocks. Organization for Economic Corporation and Development (OECD) is a key institutional actor that informs international trade by generating knowledge, producing trade reports, and offering policy advice and data. Its work in trade agreements, taxation, and digital trade rules makes sure that its members' policies align with international standards and encourages best practice. These organizations are highly significant in the process of implementing global trade laws as their financing plays a major role in the development and implementation of trade policies that makes it easier for countries and regional blocks to refund loans and grants.

The Influence of Regional Trade Institutions

Besides global organizations, regional trade institutions like the European Union (EU), the Association of Southeast Asian Nations (ASEAN), and the African Continental Free Trade Area (AfCFTA) play a significant and complementary role in the regulation of international trade. The EU represents the most deeply integrated regional trade bloc in the world, having progressively formulated standardized trade, competition, and regulatory policies that have created a solid legal foundation for regional integration. Concretely, the EU Single Market — established through the Single European Act (1986) and deepened by the Treaty of Maastricht (1992) — eliminated tariff and non-tariff barriers among member states, introduced the free movement of goods, services, capital, and persons, and established a common external tariff applied uniformly to third-country imports (Pelkmans, 2013, pp. 45-67). The EU also negotiates trade agreements on behalf of all its member states, such as the EU-Mercosur Agreement and the Comprehensive Economic and Trade Agreement (CETA) with Canada, which include detailed provisions on tariff reduction, regulatory cooperation, investment protection, and sustainable development (Woolcock, 2021, pp. 1031-1048).

ASEAN facilitates intra-regional integration primarily through the ASEAN Free Trade Area (AFTA), established in 1992, which introduced the Common Effective Preferential Tariff (CEPT) scheme to systematically reduce tariffs on goods traded among member states, and through the ASEAN Economic Community (AEC) Blueprint, which aims to create a single market and production base across Southeast Asia (Ing and Kimura, 2017, pp. 20-40). These instruments contain concrete provisions governing the elimination of import duties, the harmonization of customs procedures, and the facilitation of trade in services and investment across the ten ASEAN member states.

Similarly, the AfCFTA — which entered into force in May 2019 and became operational in January 2021 — constitutes the largest free trade area in the world by number of participating countries, covering 55 African Union member states. Its foundational legal instruments include the Agreement Establishing the AfCFTA, the Protocol on Trade in Goods, the Protocol on Trade in Services, and the Protocol on Rules and Procedures on the Settlement of Disputes. The Protocol on Trade in Goods, for instance, commits state parties to eliminating tariffs on 90 percent of tariff lines, reducing non-tariff barriers, and establishing rules of origin to ensure that preferential treatment benefits genuine intra-African trade (Signé, 2018, pp. 50-70).

These regional trade institutions supplement the multilateral approach by addressing trade-related issues specific to their geographic and economic contexts and by promoting deeper economic cooperation than what is achievable at the global level. Taken together, regional trade blocs protect the commercial interests of both individual member states and the broader regional grouping, enabling the freer flow of trade while providing a structured legal framework to govern the tariff and non-tariff measures applied by individual states (Wu et al., 2020, pp. 995-1017).

The Future Evolution of Trade Rules in the Context of Digitalization

Digitalization, broadly defined in trade law scholarship as the process by which digital technologies transform economic activities, business models, and the delivery of services across borders, has become a central organizing concept in contemporary international trade governance. The WTO Joint Statement Initiative on E-Commerce (JSI on E-Commerce) — one of the most authoritative ongoing multilateral legal processes addressing digital trade — defines digital trade to encompass "digitally ordered and digitally delivered trade," including cross-border data flows, electronic transactions, and digital services, thereby providing a working legal framework for understanding what digitalization means in the context of international commerce. Similarly, the Digital Economy Partnership Agreement (DEPA, 2020) conceptualizes the digital economy as comprising "the use of digital technologies and data to drive economic activity and productivity across all sectors," explicitly recognizing that digitalization extends beyond e-commerce into areas such as artificial intelligence, fintech, and open government data. The OECD further defines digitalization in its Going Digital policy framework as "the transformation of economies, societies and institutions driven by the adoption and integration of digital technologies," emphasizing that its trade law implications require regulatory adaptation across multiple domains simultaneously (OECD, 2019, p. 18).

The growing application of digital technology in international business has profoundly impacted global trading systems, necessitating fundamental changes to accommodate new economic dynamics. Digitalization has introduced digital e-commerce, digital services, and cross-border data flows that require dedicated regulatory frameworks addressing fair competition, intellectual property protection, cybersecurity, and consumer rights. Traditional and conventional trade agreements were historically designed around the regulation of physical goods and, later, services delivered through established modes of supply — frameworks that are increasingly inadequate to capture the full range of digitally enabled transactions (Burri, 2017, pp. 65-132).

Data governance has emerged as one of the most contentious and consequential areas in the regulation of digital trade. Several major economies have enacted data localization measures — requirements that data generated within a jurisdiction be stored and processed domestically — which risk fragmenting the global digital market and creating significant barriers to cross-border digital trade. The WTO JSI on E-Commerce has specifically sought to address this fragmentation by developing draft provisions on cross-border data flows, the prohibition of data localization requirements, and consumer protection in electronic commerce, though negotiations remain ongoing and consensus has not yet been achieved among all participating members (Yakovleva, 2018, pp. 477-508). Regional agreements have moved faster in this regard: DEPA, for instance, contains binding commitments on cross-border data flows and explicitly prohibits data localization requirements among its parties, establishing a model that subsequent digital trade agreements have sought to replicate.

Artificial intelligence and blockchain technologies have additionally been recognized as transformative forces in the future of trade, with concrete applications in supply chain transparency, smart contract enforcement, and trade finance and logistics. However, these technologies raise significant legal challenges, as different jurisdictions are developing divergent regulatory frameworks for AI governance and the legal recognition of digital contracts and blockchain-based transactions. The absence of harmonized international standards risks producing regulatory fragmentation that could function as a new category of non-tariff barrier to digital trade (Chen and Gao, 2022, pp. 227-238). As Maskus (2012) observes, the tendency toward divergent regulatory standards in digital trade increasingly functions as a structural obstacle to cross-border innovation and market integration (Maskus, 2012, pp. 89-95).

Sustainability concerns intersect with digitalization in important ways. The expansion of digital infrastructure — including data centers, cloud computing facilities, and telecommunications networks — generates significant energy consumption and electronic waste, raising questions about whether the growth of digital trade is compatible with states' commitments under international climate agreements such as the Paris Agreement (2015). International trade institutions are increasingly being called upon to align digital trade rules with environmental sustainability objectives, including through provisions on green digital infrastructure and the circular economy (Maskus, 2012, pp. 89-95).

The future trajectory of trade rules in this domain will likely be shaped by three principal developments: first, the conclusion and implementation of binding multilateral rules on digital trade through the WTO JSI on E-Commerce; second, the proliferation of regional and bilateral digital trade agreements modeled on DEPA and analogous instruments; and third, the development of internationally recognized legal standards for AI governance, blockchain-based transactions, and data protection in cross-border commerce (Kim, 2022, pp. 156-193). The WTO and regional trade institutions must adapt and deepen international cooperation to ensure that the emerging digital trade order is not only technologically innovative but also legally predictable, inclusive, and fair — particularly for developing countries that risk being left behind in the transition to a digitalized global economy (Van den Bossche and Zdouc, 2021, pp. 243-251).

Conclusion

International trade law and institutions have developed over time to help understand the challenges of international trade. International trade law has been an evolving concept from the barter trade practices of early civilizations to trade laws as seen in treaties today. Legal structures like the GATT and the successor WTO shifted the structure and legalized the discussion and regulation of global trade, making it less chaotic through providing framework for appropriate mechanisms for dispute settlement and trade.

However, the current development of international trade law reveals a number of difficulties that should be described more precisely than by simply referring to “challenges.” The problem is not only that the system is under pressure, but that these pressures affect its legal structure in different ways. One difficulty arises from the growing multiplication of regional and bilateral arrangements. As more trade relations are governed outside the multilateral framework, States increasingly operate under overlapping commitments that do not always fit together smoothly. This makes the legal environment less coherent and complicates the question of which rules should prevail where norms point in different directions.

Another difficulty is connected with the present condition of WTO dispute settlement. The paralysis of the Appellate Body has done more than interrupt a procedural mechanism. It has weakened confidence in the enforceability of common trade rules and created more room for unilateral responses. In practical terms, this means that predictability — one of the central promises of the multilateral trade order — has become harder to preserve. A further difficulty concerns digital trade. Existing trade instruments were not drafted for problems such as data localization, cross-border data governance, platform regulation, or the legal consequences of algorithmic market organization. As a result, regulation develops unevenly. Some issues are addressed in regional or plurilateral arrangements, while others remain unresolved at the multilateral level. This unevenness itself has become a legal problem. The same can be said of sustainability-related concerns. Once trade agreements begin to incorporate environmental and climate-related objectives more directly, the question is no longer whether trade law should respond, but how far such integration can go without blurring the limits of the trade regime itself. This introduces a more complex relationship between trade law and other branches of international law. For that reason, the contemporary transformation of international trade law should not be understood merely as a series of isolated policy adjustments. What is taking place is a broader structural change in the way international trade is regulated, interpreted, and contested.

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