

**THEORETICAL APPROACHES TO THE STUDY OF THE EFFECTS OF COUNTRIES'  
ACCESSION TO THE WTO ON THE ECONOMY**

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**Annotation.** *The article examines the key features and consequences of countries' accession to the World Trade Organization (WTO). Particular attention is paid to the WTO accession process, trade liberalization commitments, the impact on the distribution of gains and losses, and the economic arguments for the existence of the WTO and its contribution to the Sustainable Development Goals. Various studies are analyzed, which show that the impact of WTO accession on the economies of countries is ambiguous and depends on many factors.*

**Keywords:** *World Trade Organization, WTO, international trade, liberalization, distributional effects, Sustainable Development Goals.*

In the modern world, the issues of trade regulation of trade and economic relations is an important component of complex international relations. The only international organization that regulates the rules of trade between countries is the World Trade Organization (WTO). One of the main goals of the WTO is to abolish protectionism and prevent self-protection. This organization provides a favorable legal system for international trade. In order for importers and exporters of goods and services to function successfully in the world market in the WTO there are mutually beneficial important documents that make states responsible for implementing their trade policies according to agreed criteria. The important objectives of the WTO include ensuring fairness in trade agreements, liberalizing international trade, promoting economic growth and the welfare of the people, which requires countries that are members of the WTO to liberalize their domestic market. And it is quite difficult to achieve this. The crisis is faced by domestic producers who cannot compete with cheap and high-quality products of foreign producers. Accession to the WTO can increase growth rates after accession, if the country went through strict accession procedures, leaving positive long-term effects on the size of the country's economy. Membership in the WTO is, in the words of the organization itself, "a balance of rights and obligations." Currently, the WTO has 164 members and 24 countries in the

process of accession, and each of them can justify their membership in different ways.

In their review of WTO accession, Cattaneo O. and Primo Braga C.A. written in 2009, "Everything you always wanted to know about WTO accession," list some of the basic rights that members receive, including improved market access in the form of most-favored-nation status, protection from special protectionist measures by other members, a seat at the table to negotiate international trade rules, and access to the WTO dispute settlement mechanism. Note that countries can use WTO commitments to pursue more effective trade policies, block business environment reforms, signal a commitment to reform to other countries, and demonstrate a desire for global cooperation. Countries join the WTO through an accession process in which existing members and the acceding country agree on a series of reforms, ranging from tariffs and commitments on global market access to commitments on domestic rules and policies that the acceding country will adopt to bring itself into compliance with WTO norms. In the "Marrakesh Agreement" establishing the WTO on the basis of the GATT, Article XII deals with new accessions to the multilateral body. A country accedes to the WTO "subject to the terms and conditions agreed between it and the WTO". The WTO Secretariat has developed additional guidelines and a consistent set of procedures, including the establishment of a Working Party, a memorandum from the applicant country detailing its foreign trade regime, negotiations, both bilateral and multilateral as necessary, on schedules of specific commitments on goods and services, and a report of the Working Party's deliberations, a draft decision, and a Protocol of Accession to be approved by existing Members.

Some studies, both prospective and retrospective, assess the distributional effects of WTO accession and conclude that different sectors and factors of production are not equally affected. Few additional generalizations can be drawn from these studies for two main reasons. First, scholars often categorize sectors, firms, or countries differently. Second, countries differ in resource allocation, comparative advantage, policies, and other socioeconomic considerations, so WTO accession affects each country differently.

On the question of why countries should join the World Organization, American economists Bagwell, K. and Staiger R.V. in their scientific works "Economic Theory and the Interpretation of GATT/WTO", written in 2002, give economic arguments in favor of the existence of GATT/WTO as a whole. They argue that, apart from any political considerations, the GATT/WTO was

created to solve the "prisoners' dilemma involving the terms of trade" between major countries. Within this prisoner's dilemma, where large countries can influence world prices through tariff and non-tariff barriers (NTBs) in their favor by increasing their welfare through protective measures they choose, to the benefit of other countries, GATT/WTO creates a system based on mutual agreement and coercive guidelines. Large countries find tariff reductions mutually beneficial. These principles encourage trade through liberalization policies and effective enforcement of low tariffs, removing the main incentive for systemic gaming.

In 1995 the World Trade Organization was established. The Marrakesh Declaration of April 15, 1994 states that the results of the activities of this organization are aimed at strengthening the world economy, expanding trade and investment worldwide, which will lead to increased employment of labor force, income growth. In addition, it is also a platform that develops trade relations between countries through collective discussions, negotiations, and proposals. The parliaments of the member states approved a number of agreements: WTO agreement on trade in goods, agreement on trade in services offered, agreement on intellectual property.

Based on studies by economists, the results of WTO accession have contributed to the development and expansion of the trading system in four specific areas:

- domestic reforms;
- market access;
- updating of rules;
- international cooperation.

In theory, WTO membership can also help developing countries reduce poverty. The WTO claims that many of its treaties and agreements are directly linked to the UN Sustainable Development Goals (SDGs). For example, SDG 17 on strengthening the global partnership for sustainable development has a separate section on trade, including a commitment to promote a "universal, rules-based, open, non-discriminatory and equitable multilateral trading system" within the WTO.

The accession of countries to the WTO is a complex process that entails significant changes in trade policy and economy. While there are various economic arguments in favor of WTO membership, the impact of accession on different sectors and factors of production in each country is ambiguous and depends on a variety of socio-economic factors. Nevertheless, the WTO can help countries integrate into the global economy and achieve

sustainable development goals by promoting an open, non-discriminatory trading system.

### LIST OF REFERENCES

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