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THE ROLE OF INTERNATIONAL TRADE ORGANIZATIONS IN ENHANCING COOPERATION AND FREE TRADE BETWEEN COUNTRIES

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Abstract
The International Trade Organization (ITO) plays a crucial role in enhancing economic cooperation and strengthening free trade between countries. Organizations such as the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank act as facilitators in creating fair and transparent trade policies. The ITO plays a role in reducing trade barriers, such as tariffs and quotas, and resolving trade disputes that can hamper global economic growth. In addition, this organization also helps developing countries increase their trade capacity through technical and financial assistance. With the role of the ITO, countries can more easily access international markets, increase product competitiveness, and strengthen global economic stability. Therefore, cooperation in the ITO is the main key to realizing sustainable and equitable free trade for all parties.
Keywords: International Trade Organization, free trade, economic cooperation, WTO, trade barriers.

INTRODUCTION

International trade is an important aspect of the global economy that continues to grow along with increasing interactions between countries (Baena-Rojas, J. J., & Herrero-Olarte, 2020). In an increasingly connected world, countries cannot rely solely on domestic resources, but need cooperation in trade to meet their economic needs. Therefore, the presence of international trade organizations is very significant in facilitating free trade and increasing economic cooperation between countries.

History records that international trade has undergone various transformations from a bilateral trade system to a more complex era of

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multilateral trade. In the past, trade barriers such as high tariffs, protectionist policies, and strict regulations often hampered the flow of goods and services between countries. However, with the existence of international trade organizations such as the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank, various policies leading to free trade have been introduced. These organizations act as intermediaries in formulating trade rules, reducing tariff barriers, and resolving disputes between member countries (Eldeeb et al., 2023).

According to Yoo, I. T., & Kim, I. (2016) international trade organizations have a major role in creating a conducive environment for free trade. One of its main roles is as a facilitator in negotiating trade agreements between countries. The WTO, for example, has contributed to trade agreements that reduce import duties and open markets for developing countries. In addition, this organization also provides a platform for member countries to negotiate and resolve trade conflicts with transparent and fair mechanisms. Thus, the role of international trade organizations is crucial in building trust between countries in global trade. In addition to being a facilitator, international trade organizations also function as regulators that set global trade standards and regulations. This standardization covers various aspects such as product quality, intellectual property rights, to labor regulations (Hoekman, B. M., & Mavroidis, 2015). With clear regulations, countries can trade with better legal certainty, thereby reducing the risk of uncertainty in international trade transactions. In this case, the WTO plays an important role by establishing various regulations that must be adhered to by member countries in order to create healthy and fair competition.

In addition, international trade organizations also function as mediators in resolving trade conflicts between countries. In the dynamics of global trade, disputes often occur regarding economic policies implemented by a country that can harm other countries. In situations like this, international trade organizations provide a dispute resolution mechanism that can help countries find fair solutions without having to get involved in larger conflicts. The WTO has a Dispute Settlement Body (DSB) which plays a role in handling trade dispute cases with transparent and fair procedures (Blind et al., 2018).

The existence of international trade organizations also provides great benefits for developing countries. Through various trade policies implemented, developing countries gain wider access to the global market, as well as obtain technical and financial assistance that supports increasing their production capacity. The World Bank and IMF, for example, provide support in the form of loans and economic restructuring programs that help developing countries increase their competitiveness in the international market. Thus, international trade organizations not only function as facilitators for developed countries, but also provide opportunities for developing countries to develop economically. However, despite having various benefits, the existence of international trade organizations also faces various challenges. One of the main challenges is the existence of different national interests between member countries. Developed countries are often more dominant in setting global trade policies, thus creating inequality with developing countries. In addition, several policies implemented by international trade organizations are also often criticized because they are considered to benefit certain countries more than others. Therefore, it is important for international trade organizations to continue to adapt and seek more inclusive solutions in managing global trade.

In addition to internal challenges, globalization also brings new challenges for international trade organizations. Advances in technology, digitalization, and e-commerce have changed the global trade landscape, creating the need for more modern and adaptive regulations (Saayman et al., 2016). Digital trade is now an important aspect of the global economy, so international trade organizations need to develop relevant rules to accommodate the growth of this sector. In addition, environmental issues are also increasingly becoming a concern in international trade. Several countries have implemented sustainability-based trade policies to reduce negative impacts on the environment, such as regulations related to carbon emissions and protection of natural resources.

Therefore, international trade organizations need to develop policies that support sustainable trade without hindering global economic growth. In recent decades, there has also been a trend of trade regionalization, where countries form regional trade blocs such as ASEAN, the European Union, and NAFTA. These trade blocs aim to increase economic cooperation in the regional scope, while also providing new challenges for international trade organizations in harmonizing global trade policies (Mavroidis, 2016). Therefore, further efforts are needed to ensure that free trade does not only benefit certain groups, but also provides equitable benefits to all countries. Overall, the role of international trade organizations in promoting cooperation and free trade between countries cannot be ignored. With clear regulations, transparent dispute resolution mechanisms, and various policies that support free trade, these organizations help create a more stable and beneficial trading environment for all countries. Despite facing various challenges, international trade organizations remain a major pillar in supporting global economic growth and strengthening economic relations between countries. By adapting to the times and new challenges, international trade organizations will continue to play a role in creating fair, sustainable, and inclusive trade for all countries.

RESEARCH METHOD

The research method used in this study is a literature review, which is a research approach by collecting and analyzing various relevant written sources. The sources used include scientific journals, books, research reports, and official documents that discuss the topic being studied. The data collection process is carried out through a systematic search using academic databases such as Google Scholar, ScienceDirect, and ResearchGate, with keywords that are in accordance with the focus of the research.

The literature selection criteria are based on relevance, source credibility, and year of publication to ensure that the information obtained is up-to-date and reliable. Furthermore, the data collected is analyzed using the content analysis method to identify patterns, concepts, and main findings from various literatures. This analysis is carried out by critically reading each source, grouping information based on relevant themes, and comparing the results of previous studies to find research gaps and contributions that can be made by this study. With this approach, the research is expected to provide a comprehensive understanding of the topic being studied without collecting primary data.

RESULT AND DISCUSSION

International Trade Organization on Free Trade

According to Qureshi, A. (2022) the International Trade Organization has an important role in forming and overseeing free trade rules around the world. Free trade itself is an economic system that prioritizes freedom for countries to exchange goods and services without barriers such as tariffs, quotas, or other protectionist regulations. Organizations such as the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank are the main pillars in overseeing and encouraging global trade liberalization.

The WTO as the main body in regulating international trade has a central role in setting free trade policies. The WTO is tasked with ensuring that international trade runs fairly and transparently through various agreements that bind its member countries. One of the main functions of the WTO is to resolve trade disputes that arise between member countries. Thus, the WTO contributes to creating stability in world trade and preventing detrimental practices such as dumping and unhealthy subsidies (Gremillion, 2016).

In addition to the WTO, the IMF also plays an important role in free trade. The IMF functions to maintain global monetary stability and provide financial assistance to countries experiencing economic difficulties. With the financial stability maintained by the IMF, countries can more easily engage in free trade without having to worry about the uncertainty of currency exchange rates. The IMF also provides policy recommendations to its member countries to improve economic competitiveness in global trade (Matsushita et al., 2015).

The World Bank, on the other hand, has a more focused role in economic development and infrastructure in developing countries. By providing loans and technical assistance, the World Bank helps these countries increase their production capacity and competitiveness in international trade. Without adequate infrastructure, developing countries will find it difficult to compete in an increasingly competitive free market (Cottier, 2015). However, although free trade brings many benefits such as increased economic efficiency, job creation, and faster economic growth, there are also challenges. One of the main criticisms of free trade is its impact on certain sectors within a country. When trade barriers are removed, less competitive domestic industries may have difficulty competing with cheaper imports. This can lead to bankruptcy of local companies and loss of jobs.

In addition, developing countries often face difficulties in adjusting to free trade. They often do not have strong enough production capacity to compete with developed countries. Therefore, the WTO and other international trade organizations often provide special and different treatment for developing countries to help them adapt to the global trading system.

In addition to the economic aspect, free trade also has significant political implications. In many cases, free trade agreements become a tool of economic diplomacy used by large countries to expand their influence. Developing countries often face pressure to adjust their economic policies to suit the interests of developed countries. This raises debate about the extent to which free trade truly provides fair benefits for all parties (Milner, 2017).

In recent years, the phenomenon of protectionism has emerged again in several countries. Protectionism is an economic policy that is contrary to free trade, where countries impose tariffs and regulations to protect their domestic industries from global competition. Protectionist policies often arise as a response to injustice in international trade, especially when countries feel that their domestic industries are threatened by cheaper imports (Howse, 2016). However, protectionist policies have their own risks. If too many countries implement protectionism, the flow of global trade can be hampered, which can ultimately slow down world economic growth. Therefore, international trade organizations continue to strive to maintain a balance between free trade and protection of domestic industries so that there is no excessive economic inequality.

In the future, free trade is expected to continue to grow along with advances in technology and digitalization. E-commerce and digital trade open up new opportunities for countries to engage in the global market without having to face significant geographical barriers. International trade organizations are also increasingly focusing on digital trade regulations to accommodate changes in global trade patterns (Al Atiyat et al., 2024).

In conclusion, international trade organizations have a crucial role in regulating and facilitating free trade at the global level. Although free trade brings many benefits to economic growth, there are still challenges and controversies that accompany it. Therefore, a balanced policy is needed so that international trade can provide fair benefits to all countries, both developed and developing.

The Role of the WTO in Promoting Free Trade

According to Koopman et al., (2020) the World Trade Organization (WTO) is an international institution that plays a role in regulating and facilitating trade between countries. The WTO has an important role in increasing free trade worldwide by creating rules and policies that support fairer, more transparent, and more open trade.

As an organization that regulates the global trading system, the WTO has the main task of ensuring that trade between countries can take place without excessive barriers. One of the main ways the WTO increases free trade is by reducing tariffs and non-tariff barriers. Through various agreements that have been agreed upon by member countries, the WTO has succeeded in significantly reducing trade tariffs, allowing goods and services to flow more freely in the global market. This tariff reduction benefits both developing and developed countries by increasing their access to international markets (Orbie et al., 2018).

In addition to reducing tariff barriers, the WTO also plays a role in upholding the principles of fair and non-discriminatory trade. One of the main principles upheld by the WTO is the Most Favored Nation (MFN) principle, which ensures that member countries do not give preferential treatment to any particular country, but rather provide equal treatment to all members. This creates a more stable trading environment and prevents protectionist practices that can harm the global economy (Drieghe, L., & Potjomkina, 2019). In addition, the WTO also plays an important role in resolving trade disputes that arise between member countries. The WTO dispute settlement mechanism provides an independent and transparent forum for countries in dispute in international trade. With this mechanism, member countries can resolve trade conflicts in a more peaceful manner and based on international law, thereby preventing greater economic tensions (Simo, 2020). The WTO also contributes to creating global standards in trade. Through various agreements and regulations, the WTO helps harmonize trade rules among member countries. This includes aspects such as product safety standards, protection of intellectual property rights, and regulations on subsidies and antidumping. With uniform standards, companies from various countries can participate in international trade more easily and efficiently.

In addition, the WTO plays a role in supporting developing countries to participate more actively in global trade. Many developing countries face major challenges in competing in the international market, such as inadequate infrastructure, limited access to technology, and low production capacity. The WTO helps these countries through various technical assistance and training programs, so that they can improve their competitiveness and expand access to the global market. Thus, the WTO plays a role in reducing the economic gap between developed and developing countries (Adamchick, J., & Perez, 2020).

Although the WTO has a very important role in promoting free trade, this organization also faces various challenges and criticisms. One of the main criticisms that is often raised is that the WTO tends to benefit developed countries more than developing countries. Many developing countries feel that the trading system regulated by the WTO is still not completely fair and often provides greater benefits to countries with stronger economies. In addition, the negotiation process at the WTO is often slow and complex, given the differences in interests between member countries (Wang et al., 2024).

Amid these challenges, the WTO continues to strive to reform and adjust its policies to be more inclusive and responsive to global economic dynamics. Some of the efforts that have been made include encouraging more flexible trade negotiations and strengthening dispute resolution mechanisms to be more effective. With ongoing reforms, it is hoped that the WTO can continue to play its role as a guardian of fairer and more sustainable free trade for all member countries.

Strategy for Optimizing the Role of International Trade Organizations

The strategy of optimizing the role of international trade organizations is becoming increasingly relevant in facing the ever-evolving global dynamics. Organizations such as the World Trade Organization (WTO), the International Chamber of Commerce (ICC), and the United Nations Conference on Trade and Development (UNCTAD) have a crucial role in regulating, facilitating, and supervising trade between countries. To increase their effectiveness, these organizations must implement various strategies that are oriented towards increasing inclusiveness, adapting to changes in the global economy, and optimizing the role of technology in international trade (World Health Organization, 2020).

According to Chaffey, D., & Smith, P. R. (2022), one of the main strategies in optimizing the role of international trade organizations is to increase inclusiveness by strengthening the involvement of developing countries in the global trading system. Developing countries often face various obstacles such as limited market access, technological limitations, and lack of capacity in trade negotiations. Therefore, international trade organizations must be more proactive in providing technical assistance, training, and building the capacity of these countries so that they can participate more actively and gain maximum benefits from global trade.

In addition, adaptation to changes in the global economy is a key factor in maintaining the relevance of international trade organizations. Economic crises, trade wars, and pandemics such as COVID-19 have shown how vulnerable the global trading system is to external disruptions. Therefore, trade organizations must have flexible mechanisms that allow for rapid and effective adjustment of trade policies. Simplifying regulations, more adaptive trade agreements, and closer coordination between countries are important elements in ensuring the stability and growth of global trade.

The use of technology in international trade is also a strategy that cannot be ignored. Digitalization has changed the trade landscape, with e-commerce and blockchain becoming an integral part of international transactions. International trade organizations need to encourage the adoption of this technology by creating regulations that support transparency, security, and efficiency in digital trade. In addition, digital platforms can be used to improve access to information for small and medium enterprises (SMEs) so that they can compete more fairly in the global market (Kolagar et al., 2022).

No less important, international cooperation in resolving trade disputes is also a crucial aspect in optimizing the role of international trade organizations. A transparent, fair, and effective dispute resolution mechanism will increase trade actors' trust in the existing system. In addition, increasing economic diplomacy and constructive multilateral dialogue can be a solution to overcome various trade barriers, including protectionism and discriminatory trade policies.

Challenges in Implementing Free Trade

According to Olayiwola, W. (2020) free trade is a form of economic cooperation that aims to increase economic growth and the welfare of the countries involved. By eliminating tariff and non-tariff barriers, free trade is expected to create economic efficiency, increase competitiveness, and expand the market for business actors. Although it has many benefits, the implementation of free trade also faces various complex challenges, both in terms of economy, social, and politics.

One of the main challenges in free trade according to Bekkers, E. (2019) is the economic inequality between the countries involved. Developing countries often have difficulty competing with developed countries that have more sophisticated technology, better infrastructure, and more skilled workers. This leads to the possibility of domination by stronger countries, so that developing countries can have difficulty in getting optimal benefits from free trade. This inequality also has the potential to widen the welfare gap between countries and increase economic dependence on more developed countries.

In addition, the negative impact on local industry is also a significant challenge. With free trade, products from abroad can enter more easily and are often cheaper than domestic products. This condition can make domestic industries, especially those that are still developing, have difficulty competing and are even threatened with bankruptcy. This can lead to increased unemployment and economic instability in the country. Therefore, although free trade encourages efficiency and innovation, the state must also ensure that there is a balanced protection policy to protect domestic industries without violating the principles of free trade.

Another challenge that is no less important is the social impact caused by free trade. In some cases, free trade can cause major changes in the social and cultural structure of a country. For example, the increasing flow of foreign investment and the expansion of multinational companies can bring about changes in people's consumption patterns, which are sometimes not in line with local cultural values (Hassan, 2020). In addition, large-scale labor migration can also cause social problems, such as uncontrolled urbanization, labor exploitation, and widening social disparities.

In terms of regulation and policy, the implementation of free trade often faces obstacles in the form of differences in rules and policies between countries. Each country has different regulations in terms of taxation, labor protection, product quality standards, and environmental protection. This inconsistency can be a barrier to the effective implementation of free trade. In addition, free trade agreements often become a long and difficult negotiation arena, especially when the countries involved have conflicting interests. In addition, environmental issues are also a serious challenge in free trade. Increased trade and production activities can lead to excessive exploitation of natural resources and increased carbon emissions that have an impact on climate change. Many companies, in pursuit of profit, ignore the sustainability aspect in their operations. Therefore, it is important for countries implementing free trade to continue to pay attention to the principles of sustainability to ensure that the resulting economic growth does not damage the environment in the long term.

CONCLUSION

International trade organizations play an important role in promoting economic cooperation and free trade between countries. Organizations such as the World Trade Organization (WTO), the ASEAN Free Trade Area (AFTA), and various regional trade agreements aim to reduce trade barriers such as tariffs, quotas, and excessive regulations. With these organizations, countries can more easily establish mutually beneficial trade relations and increase market access for their products and services.

In addition, international trade organizations help create stability and certainty in global trade by establishing fair and transparent rules. They play a role in resolving trade disputes between countries, preventing unfair trade practices, and encouraging fairer competition. This allows countries, especially developing countries, to participate more in international trade without having to face economic discrimination from developed countries.

Overall, the role of international trade organizations is crucial in driving global economic growth and strengthening relations between countries. With policies that support free trade, countries can increase investment, create jobs, and encourage innovation and technology transfer. Therefore, the existence and effectiveness of these organizations are very important in creating a more open, inclusive, and sustainable international trade system.

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