
RETALIATORY TARIFFS AND THE EROSION OF GLOBAL TRADE JUSTICE: A THIRD WORLD PERSPECTIVE

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ABSTRACT

The essay discusses the systematic marginalization of developing countries in the international trade framework and claims that the World Trade Organization's (WTO) so-called egalitarianism has reinforced rather than dismantled colonial-era economic structures. Through analysis of GATT evolution, WTO dispute resolution mechanisms, and contemporary trade practices, the research demonstrates how developed countries maintain their status as 'rule-maker' while relegating the Global South to the position of 'rule-taker'. The study shows that 95 of 143 developing countries are still dependent on commodities, caught in the cycle of exporting raw materials only to import manufactured goods at declining price terms. The incapacitating of the WTO Appellate Organ since 2017, led by the USA, showcases how Western regimes weaponize institutional mechanisms when the outcome of legality challenges their hegemonic status. The essay reveals extensive practices of non-tariff barriers, tariff escalation, and selective market access policies, which systematically disadvantage the economies of developing countries. However, the analysis also identifies emerging forms of contact within South-South networks of cooperation, such as the 56% increase in intra-BRICS trade between 2017-2022, along with regional agreements, such as RCEP and AfCFTA, that may provide a safeguard against Western retaliation. The research posits that the breakdown of multilateral trade law has given rise to a hegemony-based system that fundamentally undermines the Global South's aspirations for development and perpetuates existing global economic hierarchies.

Keywords: Global South Marginalization, Tariff Escalation, WTO Dispute Settlement Crisis, Dependency Theory, South-South Cooperation

1. Introduction

The United States¹, at the 2005 Hong Kong meeting², opened its market to 97% of the goods produced by the least developed countries. It seems to be a genuine effort by a Western country, unless we see the products specified for the market opening. What is the major industry in Bangladesh? Textiles and apparel, so these should have been the major products exempted from the tariff. But the US expects that Bangladesh will export jet engines to it.³ For developing nations to increase their exports and generate the foreign exchange required to pay for their imports, they must have access to the markets of developed economies. Therefore, in the medium term, they aim to get market access in industries like agriculture or textiles where they currently have a comparative advantage.⁴

Tariff imposition by a country is a legal step in the eyes of international trade law. But there is no guarantee that the international trade law cares for the least developed countries, which are not even capable of establishing industries to produce the goods, and the West opens its markets, showing the world that they are concerned about the development of the poor countries, which makes it a point of hypocrisy. Taking a very famous example of the orange export by Brazil to the developed nations. When a developing country tries to export any processed products, it has to face heavy tariff duties, so it is not capable of competing with the local industries in the same sector.⁵

The standards in international trade somehow seem to be trying to make the different member states of the World Trade Organization stand on an equal platform, but the imbalance of economic power and governmental actions makes the developing nations incapable of competing with the hegemonic influence of developed nations in international markets. The developing nations, before colonization, used to export capital to the West, but now those nations are the major seekers of capital from the West. The reason is that the major Western economies never let industrialization take place in those poor countries that might have created

¹ World Trade Organization, *United States and the WTO*, WTO, https://www.wto.org/english/thewto_e/countries_e/usa_e.htm (last visited Sept. 9, 2025).

² World Trade Organization, *LDC Rules from Hong Kong Ministerial Conference*, WTO (last visited Sept. 9, 2025), https://www.wto.org/english/thewto_e/minist_e/mc9_e/brief_ldc_e.htm.

³ Joseph e. Stiglitz, *Making Globalization Work* 83 (1st ed. 2006).

⁴ Thomas Bernhardt, *North-South Imbalances in the International Trade Regime: Why the WTO Does Not Benefit Developing Countries as Much as it Could*, 12 *Consilience* 124 (2014), <https://www.jstor.org/stable/26476156>.

⁵ Stiglitz, *supra*, 88.

a path of development for them.⁶ This shows how the international law regime has a Eurocentric approach, and the WTO standards, which were theoretically designed for equality in international trade, but practically fail in their sole purpose. This Essay focuses on the development, structure, and principles of international trade law and tries to look at it from the perspective of the global south. Further, it also tries to answer the concerns about what went wrong with the global south and what options or paths come in front to these countries to diplomatically manage the situation while thinking best for their future economic development.

2. Past to present in tariffs and international trade standards

The legitimacy of tariffs rests primarily on the General Agreement on Tariffs and Trade (GATT) of 1947⁷ and its institutional successor, the World Trade Organization⁸, established in 1995. The foundational GATT principles explicitly aimed for "substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce". This framework emerged from post-World War II negotiations designed to prevent the protectionist policies that had contributed to economic instability and political conflict in the inter-war period.⁹

2.1 Globalization and the issue of fairness in international trade

Globalization made a propose for developed economies to make their markets available for exportation from developing countries, decrease or remove government-initiated barriers to services and goods distribution, alongside allowing the unrivalled potential of globalization to manifest itself. Nevertheless, several scholars have a different opinion on trade liberalization. They feel it is a controversial aspect of globalization because the purported downsides such as decline in wages, unemployment, and negation of national sovereignty eclipse its potential to improve economic efficiency and promote economic expansion. Concerning free trade's failure to offer the intended outcomes, it would be imprecise to attribute the phenomenon to a lack of trying. Past trade agreements do not adhere to the principles of trade fairness or free exchange.

⁶ Hyman Chitonge, *Industrialization as an Act of Decolonization: A Productive Capability Approach*, 14 *Agrarian S.: J. Pol. Econ.* 208 (2025), <https://doi.org/10.1177/22779760251338101>

⁷ World Trade Organization, *The General Agreement on Tariffs and Trade (GATT 1947)*, WTO (last visited Sept. 9, 2025), https://www.wto.org/english/docs_e/legal_e/gatt47_e.htm.

⁸ World Trade Organization, *About the WTO*, WTO (last visited Sept. 9, 2025), https://www.wto.org/english/thewto_e/thewto_e.htm.

⁹ General Agreement on Tariffs and Trade 1947, Oct. 30, 1947, WTO, https://www.wto.org/english/docs_e/legal_e/gatt47_e.htm.

They embraced asymmetry, which saw markets in developing countries exposed to foreign goods without a reciprocal gesture. The trade barriers that persisted implicitly inhibited fair trader. The asymmetric globalization exposed developing countries to significant disadvantages, leaving them in a worse-off situation than in a world characterized by genuine free and fair trade.¹⁰

The battle for equity in international trade has gotten more serious as globalization has revealed the hidden issues in a system that assures mutual gain but results in unequal outcomes. Dependency theory academics contend that the present international trade system continues to preserve colonial dominance, with developing nations locked in a cycle of sending raw materials at a premium to pay for industrial commodities.¹¹ This aspect of trade, often referred to as "unequal exchange," gives rise to the fact that Global South states are always experiencing poor value in trade limitations that entail industrialization and eradicating economic diversification.¹² 95 out of 143 developing countries are commodity dependent meaning they are earning more than 60% of the revenue from exporting the primary commodities. Particularly 79% of the sub-Saharan countries are commodity dependent which is highest globally and nearly 85% of the least developed countries are trapped in this cycle.¹³

Especially when we look at the gap in the export composition between developed and the least developed, Nigeria exports 95% primary commodities and 5% manufactured goods, Angola exports 98% primary commodities and 2% manufactured goods and Chad 93% primary commodities and 7% manufactured goods¹⁴ while Germany exports 8% primary commodities and 92% manufactured goods, Japan exports 5% primary commodities and 95% manufactured goods and United States exports 12% primary commodities and 88% manufactured

¹⁰ Stiglitz, *supra*, 62.

¹¹ Wil Hout, Dependency Theory, in *Elgar Encyclopedia of Development* 162 (M. Clarke & X. Zhao eds., Edward Elgar Publ'g 2023), <https://doi.org/10.4337/9781800372122.ch35>.

¹² Dossier No. 84, *Towards a New Development Theory for the Global South*, Tricontinental: Institute for Social Research (Jan. 14, 2025), <https://thetricontinental.org/towards-a-new-development-theory-for-the-global-south/>

¹³ *Commodity Dependence Runs Deep: Developing Countries Must Add Value to Turn the Tide*, UN Conf. on Trade & Dev. (July 21, 2025), <https://unctad.org/news/commodity-dependence-runs-deep-developing-countries-must-add-value-turn-tide>; *Do Differences in the Types of Commodities Exported Matter for Export Concentration?*, UN Trade & Dev. (UNCTAD), *UNCTAD/DITC/COM/2019/4* (Nov. 26, 2019), <https://unctad.org/publication/do-differences-types-commodities-exported-matter-export-concentration>.

¹⁴ United Nations Dev. Programme, Regional Bureau for Africa, *Primary Commodity Booms and Busts: Emerging Lessons from Sub-Saharan Africa* (Mar. 2016), https://www.undp.org/sites/g/files/zskgke326/files/migration/gh/UNDP_GH_IGC_Primary-Commodity-Booms-and-Busts_Digital.pdf

goods.¹⁵ Africa imports nearly 3 times more manufactured goods than it exports. Global merchandise exports fell 4.3% in 2023, with developing economies declining 6.2% vs 2.8% for developed countries.¹⁶

2.2 GATT and the Trade Negotiation Rounds

General Agreement on Tariffs and Trade (GATT), introduced in 1947 and changed the nature of modern international trade via eight rounds of negotiations conducted over almost five decades. The GATT is the product of the post-World War II Bretton Woods conference; initial signatories - 23 countries representing 80% of world trade, included the US, the first nation to sign-up and cut its tariffs by 35%.¹⁷

Empirical evidence regarding the growth in GATT rounds reflects a consistent surge in volumes of participation across a variety of issues coupled with increasing integrative complexity. The first four rounds, Geneva (1947), Annecy (1949), Torquay (1950-51) and Geneva (1956), sought, to facilitate negotiations on tariffs at a product-by-product level using a “request/offer” approach, making extensive tariff commitments worth billions of dollars. One round, Geneva featured 45,000 tariff concessions, while the Torquay Round retroactively accomplished a near 9,000 tariff reductions with a reduction in tax levels of 25%. The Kennedy Round (1964-67) was revolutionary as it expanded the focus to broader policy issues beyond mere tariff reductions, including the first Anti-dumping Code and a wider examination of trade expansion needs for developing countries. The Tokyo Round (1973-79), included all aspects of trade extent by including non-tariff barriers, and the Uruguay Round (1986-94) included the creation of the World Trade Organization and encompassed for services, agriculture and intellectual property for multilateral trade governance.¹⁸

Trade negotiation rounds have been systematically Western-centric, with developing countries experiencing persistent marginalization despite growing membership in the multilateral system. The Green Room process institutionalized exclusionary decision-making, with an

¹⁵ Enzo R. Grilli & Maw Cheng Yang, *Primary Commodity Prices, Manufactured Goods Prices, and the Terms of Trade of Developing Countries: What the Long Run Shows*, 2 *World Bank Econ. Rev.* 1 (1988).

¹⁶ United Nations Conference on Trade and Development, *Handbook of Statistics 2024* (TD/STAT.49, 2025), <https://unctad.org/publication/handbook-statistics-2024>.

¹⁷ *Derestricition of bilateral negotiating material from GATT rounds of negotiations, General Agreement on Tariffs and Trade Documents*, World Trade Organization (last visited Sept. 3, 2025), https://www.wto.org/english/docs_e/gatt_documents_e.htm.

¹⁸ David Kageenu, *GATT Trade Agreements Rounds – 1940s to 1960s*, Fie-Consult (Sept. 26, 2022), <https://fieconsult.com/gatt-trade-agreements-rounds-1940s-to-1960s/>.

average of 88.5% of developing countries systematically excluded from key negotiations across all major rounds.¹⁹ The Uruguay Round Exemplified Western dominance, where private US corporations directly drafted the TRIPs Agreement while developing countries' alternative proposals were completely ignored. Academic analysis confirms that developed countries maintain "rule-maker" status while developing countries become "rule-takers," with power asymmetries in trade agreement texts enabling rule-makers to increase exports by 16.3% compared to only 8.8% for rule-takers.²⁰ The Doha Round's failure demonstrated continued Western obstinacy, as the US and EU maintained \$160 billion in agricultural subsidies while demanding reciprocal market access from developing countries.²¹ Contemporary plurilateral agreements represent the latest evolution of this exclusionary system, with 96% of developing countries excluded from current negotiations on digital trade and investment.²²

2.3 Establishment of WTO

The establishment of the World Trade Organization in 1995 marked the completion of nearly five decades of GATT evolution, taking international trade governance from a temporary arrangement into the realm of a permanent institutional structure. The WTO was formed out of the Uruguay Round negotiations²³ (1986-94) among 123 countries and dealt with the broadest set of trade matters in history, which included services, agriculture, textiles, and intellectual property. The change marked a radical evolution from GATT's concentration on goods to an all-encompassing system, covering all categories of international economic relations.²⁴

The WTO's establishment incorporated the recognition of a deficiency in GATT's informal structure to govern the complexities of today's contemporary global trade that extended beyond the 1980s service, investment, and technology transfer to include conventional merchandise.

¹⁹ Margaret Liang, *Evolution of the WTO Decision-Making Process*, 9 *Sing. Year Bk. Int'l L.* 125 (2005), <http://www.asianlii.org/sg/journals/SGYrBkIntLaw/2005/10.pdf>.

²⁰ Julia Seiermann, *Only Words? How Power in Trade Agreement Texts Affects International Trade Flows*, UNCTAD Research Paper No. 26 (2019), https://unctad.org/system/files/official-document/ser-rp-2018d8_en.pdf.

²¹ Marcelo de Paiva Abreu, *Developing Countries and the Uruguay Round of Trade Negotiations*, in *Proceedings of the World Bank Annual Conference on Development Economics 1989* (1990), <http://documents1.worldbank.org/curated/en/528281468765615536/pdf/multi-page.pdf>.

²² South African Institute of International Affairs, *North-West University TRADE Research, & Trade Matters, Plurilateral Trade Agreements and the Impact on LDCs – To Participate or Not to Participate?* (Final Report, Oct. 25, 2017), prepared for UK Dep't for Int'l Dev., https://assets.publishing.service.gov.uk/media/5a33d23fe5274a7908e350d7/PO_40104262_-_DFID_-_FINAL_REPORT.pdf.

²⁴ *Derestriction of bilateral negotiating material from GATT rounds of negotiations*, General Agreement on Tariffs and Trade Documents, World Trade Organization (last visited Sept. 3, 2025), https://www.wto.org/english/docs_e/gatt_documents_e.htm.

The establishment of the organization complemented the provision of standing governing bodies, compulsory membership in all WTO agreements, and a more reliable dispute settlement mechanism with enforceable results. This institutional setup was a notable divergence from GATT's accommodation of flexibility as it aimed to generate binding requirements, which states could not selectively decide to accept or reject manner.²⁵

2.4 WTO Principles

The WTO operates officially as a democratic institution with a governance model rooted in the "one country, one vote" principle, and decisions are made by consensus. However, in reality, not all member countries share equal influence over the agenda and decisions, leading some to describe the institution as an "informal oligarchy"²⁶.

On the point of legal standards, the World Trade Organization primarily focuses on discrimination-free trade, meaning that any country in matters of trade cannot favour any other nation. This pulls out two concepts in trade without discrimination, as the concept of most favoured nations and national treatment.²⁷ The General Agreement on Tariffs and Trade (GATT), 1947, in its first article, conveys the concept of most favoured nations (MFN), which says that countries cannot discriminate in their trading partners in the case of customs duty. Any trade concession granted to one member state must be equally available to all other WTO members, ensuring uniform access to trade advantages, subject to some exceptions, like special access to developing countries.²⁸ Two other agreements under the shadow of the WTO, the General Agreement on Trade in Services and the Agreement on Trade-Related Aspects of Intellectual Property Rights, give place to this concept. Under Article 3 of the GATT, member states are required to apply the national treatment principle, meaning that once foreign products

²⁵ Michael Unger, *GATT Rounds: Who, What, When*, TradeVistas, The Hinrich Foundation (Dec. 7, 2017), <https://www.hinrichfoundation.com/research/tradevistas/wto/gatt-rounds/>.

²⁶ Thomas Bernhardt, *North-South Imbalances in the International Trade Regime: Why the WTO Does Not Benefit Developing Countries as Much as it Could*, 12 *Consilience* 124 (2014), <https://www.jstor.org/stable/26476156>

²⁷ World Trade Organization, *Understanding the WTO - Principles of the Trading System*, https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm (last visited Sept. 4, 2025); Sparsh Mali, *Non-Discrimination Principle: MFN and National Treatment in GATT*, IP LEADERS BLOG (June 21, 2019), <https://blog.ipleaders.in/non-discrimination-principle-most-favoured-nation-mfn-and-national-treatment-in-the-general-agreement-on-tariffs-and-trade-gatt-1994/>.

²⁸ S. Afr. Inst. of Int'l Affs. et al., *Plurilateral Trade Agreements and the Impact on LDCs* (Final Report, Oct. 25, 2017), *supra* note 22.

enter a market, they should face the same regulatory and tax treatment as local goods.²⁹

The second principle of the WTO tends to promote free international trade by means of negotiations, as till now 8 trade negotiation rounds have taken place (9 including the Doha round). These negotiations were concerned with reducing the customs duty, which resulted very effective and in the decade of 90's it went lower than 4%. WTO encourages the decisions of the economies to be predictable, which would bring stability in international trade, including the commitment to the future imposition of tariffs. Promoting fair competition and encouraging development and economic reform are two other principles of the WTO.³⁰

3. The condition of Dispute settlement mechanism in WTO

Generally, once rules are agreed to by WTO member states themselves, all of these states are bound to the commitments that the states made through the WTO's dispute settlement mechanism (DSM). The DSM is an instrument that can be invoked by any member state that argues that another member state is violating WTO rules. It is important to note that no WTO organs have competence to initiate litigation and impose sanctions in case of rules' violations. Rather, WTO agreements allocate competence to that effect, via trade retaliation, to member states themselves. In practice, the DSM has been effective: it has been used fairly vigorously and, importantly. It has been used in all directions, meaning developed and developing states have used it against developed and developing states.³¹ But the effectiveness of the trade retaliation by the developing countries can be seen with Dispute Resolutions till now;

The World Trade Organization's dispute resolution system, which is regularly referred to as the "crown jewel" of the multilateral trading system, has been transformed into an institutionalized practice of Western legal colonialism that is biased against developed countries and relegates the Global South to the periphery. A thorough examination of the data shows that there is a deep imbalance in the number of disputes, as developed nations have filed 320 disputes while all Least Developed Countries have filed an overall of 5 disputes. This is despite the fact that they have been successful in 65% of the complaints lodged, while the LDCs have only

²⁹ *General Agreement on Tariffs and Trade art. I*, Oct. 30, 1947, 61 Stat. A-11, 55 U.N.T.S. 194; Ministry of Econ., Trade & Indus., Japan, Most-Favoured-Nation Treatment Principle, in WTO REPORT 2015, https://www.meti.go.jp/english/report/data/2015WTO/02_01.pdf.

³⁰ Unger, *GATT Rounds*, supra note 24.

³¹ Thomas Bernhardt, *North-South Imbalances in the International Trade Regime: Why the WTO Does Not Benefit Developing Countries as Much as it Could*, 12 Consilience 123 (2014), <https://www.jstor.org/stable/26476156>

succeeded in 20%. The gap is not only in numbers, as 80 developing countries together have raised fewer WTO disputes than the United States as a whole, resulting in the systematic exclusion of the majority of WTO membership from predicated substantive access to the system.³²

The makeup of the WTO Appellate Body shows a systematic overrepresentation of Western nations that destroys any illusion of objective adjudication. Western countries (US, EU, and other developed countries) have held 48% of Appellate Body slots despite accounting for only 21% of WTO membership, while African countries, which make up 30% of WTO membership, have held only 7.4% of AB slots. Even more disturbing, 63% of all Appellate Body members have degrees from US colleges, creating a narrow intellectual lens that inevitably gives credence to western legal interpretations and commercial practices. The average appointment age of 60 years strengthens the bias, as it favors senior and highly experienced Western legal experts over younger jurists from developing countries who might possess different insights on international trade law.³³

Since 2017, the United States has weaponized the Appellate Body crisis to dodge adverse rulings and uphold its license to flout WTO rules with impunity, the clearest proof of the legalization system's subordination to Western power over the rule of law. Even as 130 WTO members have urged restoring the Appellate Body repeatedly, the US has obstructed appointments more than 75 times to methodically paralyze a system when it started to yield results untenable for Washington. The ruthless efficacy of this move is reflected in the US's behavior of appealing into the void in 9 out of 11 cases, where it lost at the panel level, never to face legal consequences for keeping WTO-violating tariffs on \$370 billion in Chinese items and for steel/aluminum duties against 9 WTO members. Such system destruction was laid bare by US Trade Representative Robert Lighthizer explicitly stating "if the Appellate Body never goes back into effect... that would be fine."³⁴

³² Fabien Besson & Racem Mehdi, *Is WTO Dispute Settlement System Biased Against Developing Countries? An Empirical Analysis*, presented at the EcoMod International Conference on Policy Modeling (EcoMod 2004, Univ. Paris I Panthéon-Sorbonne, June 30–July 2, 2004), <https://ecomod.net/sites/default/files/document-conference/ecomod2004/199.pdf>.

³³ Eric Arias, *Impartiality & US Influence in International Trade Courts: Evidence from the WTO Appellate Body* (Mar. 2023), p. 9 (The World Bank), <https://thedocs.worldbank.org/en/doc/3e5537ac17a795823a3e3c46b12c0351-0050022023/related/16-Impartiality-US-Influence-In-International-Trade-Courts-Evidence-From-The-WTO-Appellate-Body.pdf>.

³⁴ Kristen Hopewell, *Unravelling of the Trade Legal Order: Enforcement, Defection & the Crisis of the WTO Dispute Settlement System*, 101 *Int'l Aff.* 1103 (May 2025), <https://doi.org/10.1093/ia/iaaf055>.

4. Global South Marginalization

To understand this imposed phenomenon, the most relevant example we can see is; October 2020, the global pandemic of COVID-19 was at peak. Some global south nations like India, Brazil, South Africa submitted a proposal to the WTO, requesting for a waiver of the patent protection on all COVID-19 vaccines and the medicinal equipment. The logic behind this was to suspend the intellectual property rights on the vaccines so that the developing countries could make their own vaccines to achieve a widespread vaccination and ensure the global community rather than buying it from the western pharma companies. But there was a swift and brutal obstruction as a response from the developed countries.³⁵ About 21% of members objected to the TRIPS waiver, 28 of the 35 opposing members being from the European Union or European Union delegation.³⁶ On August 6, United States' president said that he would increase the reciprocal tariff rate on India to 50 percent, effective August 27, as a "penalty" for their Russian oil purchases.³⁷ Table 4.1 provides some data showing the imposition of US tariff on the developing countries which makes a clear view that how global south is being treated in world trade in the influence of west;

Countries facing US tariffs	Current Tariff Rate
Algeria	30%
Bangladesh	20%
Brazil	50%
Brunei	25%
China	30%
Costa Rica	15%
India	50%
Indonesia	19%
Iraq	35%
Jordan	20%
Kazakhstan	25%
Laos	40%
Libya	30%

³⁵ Tahir Amin & Aaron S. Kesselheim, *A Global Intellectual Property Waiver Is Still Needed to Address the Inequities of COVID-19 and Future Pandemic Preparedness*, *Inquiry* (2022), 59, <https://doi.org/10.1177/00469580221124821>.

³⁶ Jillian Clare Kohler, Anna S. Y. Wong & Lauren Tailor, *Improving Access to COVID-19 Vaccines: An Analysis of TRIPS Waiver Discourse among WTO Members, Civil Society Organizations, and Pharmaceutical Industry Stakeholders*, 24 *Health & Hum. Rts. J.* 159 (Dec. 2022).

³⁷ Erica York, *Trump Tariffs: Tracking the Economic Impact of the Trump Trade War*, Tax Foundation (Feb. 13, 2025), <https://taxfoundation.org/research/all/federal/trump-tariffs-trade-war/>.

Malaysia	19%
Mexico	25%
Moldova	25%
Myanmar	40%
Philippines	19%
South Africa	30%
Sri Lanka	20%
Switzerland	39%
Syria	41%
Taiwan	20%
Thailand	19%
Tunisia	25%
Vietnam	20%

Table 4.1; Source: <https://taxfoundation.org/research/all/federal/trump-tariffs-trade-war/>

It's a need to look onto some conceptual terminations providing an idea about the marginalization of the developing countries and the least developed countries;

4.1 Dependency Theory and Trade Escalation

Frank's theory of "development of underdevelopment"³⁸ is validated by new evidence proving that 66% of developing nations (95 of 143) are still commodity dependent despite decades of so-called development aid and trade liberalization.³⁹ The continuity of colonial trading patterns shows that integration into the global capitalist system under conditions of subordination instead of alleviating the underdevelopment but perpetuates it, precisely as dependency theorists have predicted.⁴⁰ The principal argument of dependency theory is that the world economy is composed of rich countries in the centre and poor countries in the periphery, and that the economic neo-colonialism consists of the extraction of human and natural resources from poor countries to the economies of rich countries.

³⁸ Institute for New Economic Thinking, *Dependency Theory: An e-Book on Global Structural Inequality* (Young Scholars Initiative, 2017), <https://www.ineteconomics.org/uploads/downloads/Dependency-theory-e-book-online.pdf>.

³⁹ *Commodity Dependence Runs Deep: Developing Countries Must Add Value to Turn the Tide*, UN Conference on Trade & Development (July 21, 2025), <https://unctad.org/news/commodity-dependence-runs-deep-developing-countries-must-add-value-turn-tide>.

⁴⁰ "Is Dependency Theory Still Relevant Today? A Perspective from the Global South," Global South Development Magazine (Nov. 18, 2020), <https://www.gsdmagazine.org/is-dependency-theory-still-relevant-today-a-perspective-from-the-global-south/>.

Prebisch's center-periphery model is statistically substantiated by the continuous deterioration of the terms of trade, with the prices of primary commodities, decreasing by 0.6% annually relative to the price of manufactured goods since 1900, exactly as his hypothesis posited. This secular decline causes peripheral economies to export increasing amounts of raw material in order to keep the same capacity to import manufactured commodities, creating the "development of underdevelopment" through unequal exchange.⁴¹

The technological dependency dimension has increased drastically, with Global South paying \$62 billion/year for technology licenses to developed countries while R&D spending is concentrated at a level of \$450 billion in OECD countries, compared to \$50 billion in all developing countries. This technological dependency assures developing nations to become "rule-takers" instead of "rule-makers" of the global economy that keeps them in a subordinate position in global value chains.⁴² Financial dependency through multilateral instruments makes creates what contemporary scholars refer to as "aid colonialism", under which countries that receive bilateral aid are 23% less likely to win WTO disputes against their donors. Nigeria illustrates this inconsistency being the world's 8th largest aid-recipient while 40% of its people live below the poverty line, showing that aid does not alleviate but perpetuates dependency relationships.⁴³

In modern times that dependency theory comes to us as a concept of trade escalation, wherein the developed countries modify their tariff policies as to harm the developing countries, particularly whose major exports are dependent on the agricultural products. Here to restrict the industrial development in the developing countries major economies imposes higher tariffs on processed goods but at the same time they import the raw products at very low rates. The same example of the orange exports fits here perfectly, the imposition of low tariff rates on the raw oranges but it gets too high on processed orange juice. This practice can particularly be seen on the sectors where the developing countries have some advantage such as textiles, footwear, leather products, and wood industries. Examples like cocoa beans have no tariff but US imposes 60% tariff on chocolate products, Japan imposes 260% tariff on

⁴¹ Raúl Prebisch and *Economic Dynamics: Cyclical Growth and Center-Periphery Dynamics*, IDEAs Working Paper No. 01/2014 (IDEAs Working Paper Series, Feb. 2014), https://www.networkideas.org/working/feb2014/01_2014.pdf.

⁴² Wil Hout, *Dependency Theory*, in *Elgar Encyclopedia of Development* 162 (M. Clarke & X. Zhao eds., Edward Elgar Publ'g 2023), <https://doi.org/10.4337/9781800372122.ch35>.

⁴³ Besson & Mehdi, *supra* note 27, at 8.

the foot wears.⁴⁴

4.2 Non-tariff trade barriers

Let us get back to the Hong Kong meetings, United States opens its market for the products from the developing countries at 97%, but it at most not included the main products produced in those nations, of course the Bangladesh had no restrictions to export the jet engines to the United States of America. Joseph Stiglitz in his book “Making Globalization Work” gives four forms of the non-tariff barriers as to restrict the goods import from particularly the developing countries, these are the Safeguards, Dumping Duties, Technical Barriers and the Rule of Origin.⁴⁵ Safeguards are the temporary tariffs imposed on foreign goods temporarily to balance the local production and make adjustments to increase efficiency. This could have been the tool for the developing countries but was been exploited by the United States. Dumping duties are designed to restrict the unfair trade where any country exports the goods below the manufacturing costs. But ones United States used this tool to stop the import of catfish from the Vietnam unnecessarily because it was impacting the local sellers of catfish. There are some technical rules in the international trade like Phyto-sanitary conditions,⁴⁶ which are restrictions to protect the human or animal life from any disease coming out of any foreign product. But these standards are too abused by the West. The rule of origin of a product is being used as an arbitral measure by the west by giving preference to the goods which ultimately is being made benefiting their economies like a shirt being made in Mexico or Bangladesh, US would buy from the country who have bought the cotton from US.⁴⁷

5. Alternative options for developing countries

The ongoing paralysis of the WTO dispute settlement system, the imposition of structural adjustment conditionalities by traditional multilateral development banks, and the persistency of tariff escalation that ensnares the Global South in primary commodity exports have propelled developing nations to the recourse of South-South cooperation mechanisms, as well as regional

⁴⁴ “Tariff Escalation’ Keeps Developing Economies from Moving Up Global Value Chains,” UN Conference on Trade & Development (Mar. 14, 2025), <https://unctad.org/news/tariff-escalation-keeps-developing-economies-moving-global-value-chains>.

⁴⁵ Stiglitz, *Making Globalization Work*, at 90–96.

⁴⁶ Melvin Spreij & Shane Sela, *Trade’s Hidden Barriers: Navigating Non-Tariff Measures*, The World Bank (May 21, 2025), <https://blogs.worldbank.org/en/trade/trade-s-hidden-barriers--navigating-non-tariff-measures>.

⁴⁷ *Analysis of Non-Tariff Barriers of Concern to Developing Countries*, OECD Trade Policy Working Paper No. 16 (Mar. 2005), https://www.oecd.org/content/dam/oecd/en/publications/reports/2005/06/analysis-of-non-tariff-barriers-of-concern-to-developing-countries_g17a1704/223281783722.pdf.

trade agreements, in their efforts to mitigate the effects of instances of economic retaliation and institutional discrimination.

5.1 South-South cooperation as an alternative framework

South-South cooperation has been transformed into the most revolutionary alternative to Western-dominated development institutions and the flow of trade has increased with a pace from \$1.4 trillion in 2000 to \$5.6 trillion in 2023 - being the most vibrant trade route in the world in the last 20 years. This eight-fold expansion shows that developing nations could establish self-sufficient economic relationships that restrict classic North-South, which presupposes the need for Western markets and institutions for Global South evolution.⁴⁸

The New Development Bank (NDB) illustrates how South-South institutions can supply viable alternatives to the conventional multilateral development banks, with \$40 billion in approved financing and a \$100 billion Contingent Reserve Arrangement to draw upon. As opposed to the structural adjustment conditionalities of the World Bank and the austerity policies of the IMF, the NDB employs market-based lending models with low conditionality and the respect for national sovereignty and development priorities.⁴⁹

BRICS's expansion to embrace key oil-producing nations (Iran, Saudi Arabia, UAE) in addition to its existing heavyweights fosters a vigorous economic alliance that accounts for more than 2/5 of the world's population and 35% share of world economy. Trade between the BRICS countries climbed 56% during the 2017-2022 period to hit \$614.8 billion, confirming vitality amid Western sanctions and proving that other trading dynasties can be prosperous.⁵⁰ The enlargement plan utilizes established free trade relationships: India spearheads the SAFTA, Russia oversees the EAEU, South Africa is involved in the AfCFTA, Brazil steers the MERCOSUR, and China pushes the RCEP. This "connectivity of connectivities" gives rise to synergistic trade frameworks that may sidestep Western-dominated multilateral trading

⁴⁸ *Advancing South-South Cooperation through Data*, UN Conference on Trade & Development (Sept. 16, 2025, Online, New York), <https://unctad.org/meeting/advancing-south-south-cooperation-through-data>.

⁴⁹ Zhu Jiejun, *New South-South Co-operation and the BRICS New Development Bank*, IDEAs Working Paper No. 2/2014 (Feb. 2014), South African Institute of International Affairs, <https://saiaa.org.za/wp-content/uploads/2015/03/BRICS-Insights-2.pdf>.

⁵⁰ *BRICS Investment Report* (UNCTAD/DIAE/2023/1) (Apr. 4, 2023), United Nations Conference on Trade & Development, <https://unctad.org/publication/brics-investment-report>.

structures.⁵¹

5.2 Regional Trade Agreements as Buffers Against Retaliation

Regional trade agreements have been shown to be highly efficient as buffer in the face of external economic pressure, and successful examples indicate how common bargaining power and trade diversion can protect member countries from Western backlash. Hence, well integrated regional bloc is capable of sustaining growth and resilience in the face of extreme external pressure while availing alternative markets and dispute settlement mechanisms.

The Regional Comprehensive Economic Partnership (RCEP) can be seen as the clearest case of regional agreements playing the role of an effective buffer against the adverse impacts of the US-China trade war, on the one hand, and the contribution of these agreements to the maintenance of growth and the successful implementation of the 'China+1' diversification plan on the other. RCEP countries have exhibited growth responses that were resilient to +25% US tariffs on Chinese imports and -30% Chinese retaliatory tariffs, and intra-ASEAN trade surged by more than 7% in 2024.⁵²

The African Continental Free Trade Area is a visionary project meant to use regional integration as a counterpoint to colonial economic ties, involving 54 countries with 1.3 billion people and a GDP of USD 3.4 trillion. The agreement's strategic value would be to create continental markets for African goods and services to cut Africa's reliance on former colonial powers.⁵³

6. Conclusion

The systematic destruction of the WTO's DSM since 2018 has created a catastrophic paradigm shift from rules-based to power-based international trade, fundamentally marginalizing the Global South while dismantling seven decades of multilateral progress. The United States' deliberate paralysis of the WTO Appellate Body blocking appointments since 2017 and leaving

⁵¹ Yan Liang, *BRICS Expansion: Economic Cooperation and Implications*, Taihe Institute (Feb. 2, 2024), <http://www.taiheinstitute.org/Content/2024/02-02/1954124404.html>

⁵² Neville Lai Yunsheng, *RCEP: How Will This Trade Agreement Shape the Future of Multilateralism*, World Econ. Forum (Mar. 25, 2025), <https://www.weforum.org/stories/2025/03/rcep-how-will-this-trade-agreement-shape-multilateralism/>.

⁵³ Anayochukwu Basil Chukwu, *Tobechi Faith Agbanike & Lasbrey Iheanyi Anochiwa, African Continental Free Trade Area (AfCFTA) Agreement and the Mega-Regional Trade Agreements (MRTAs): What Are the Underlying Challenges and Prospects for Africa-South-South Trade?*, 9 J. Perspektif Pembiayaan & Pembangunan Daerah 413 (2021), <https://doi.org/10.22437/ppd.v9i5.13937>.

zero operational judges since December 2019 has enabled 24 panel rulings to be appealed into the void as of November 2024, with 64 percent of panel reports issued between 2020 and 2023 being appealed into this legal limbo. This has precipitated a significant reduction in the WTO dispute settlement system's case load, as WTO members resort much less than before 2020 to litigation, signalling the effective collapse of the legal architecture that previously protected smaller economies from unilateral trade aggression.⁵⁴

The consequences of this institutional breakdown fall disproportionately on developing nations, who lack the economic leverage to engage in the bilateral power politics that have replaced multilateral rule of law. The approach proposed by the US to deal with trade disputes will marginalise developing countries, as they cannot match the retaliatory capacity of major powers in escalating trade wars. The shift toward "toxic unilateralism", exemplified by US reciprocal tariffs that explicitly violate Article I (MFN treatment), Article II (bound tariff rates), and the Dispute Settlement Understanding has created a vicious circle of discriminatory measures that collectively threaten the foundational non-discrimination principles upon which developing countries depend for market access.⁵⁵

This is nothing less than a resurgence of the power based international trading system that multilateral institutions were supposed to guard against where market access is determined by economic might rather than legal right. The Global South - which constitutes two-thirds of the WTO membership and had always used the dispute settlement to challenge the discriminatory practices of the major powers - is now seeing a world where trade rules are being dictated by economic coercion rather than the ruling of law against its practices. The demise of the rule of law in international trade thereby signals the end of the marginalization of developing countries as they find themselves in a subordinate role in a new age of economic imperialism that masquerades as trade policy.

⁵⁴ Kristen Hopewell, *Unravelling of the Trade Legal Order: Enforcement, Defection & the Crisis of the WTO Dispute Settlement System*, 101 *Int'l Aff.* 1103 (May 2025), <https://doi.org/10.1093/ia/iaaf055>.

⁵⁵ Franziska Sucker & Clair Gammage, *Why Developing Countries Must Unite to Protect the WTO's Dispute Settlement System*, *The Conversation* (Feb. 28, 2024), <https://theconversation.com/why-developing-countries-must-unite-to-protect-the-wtos-dispute-settlement-system-224102>.

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