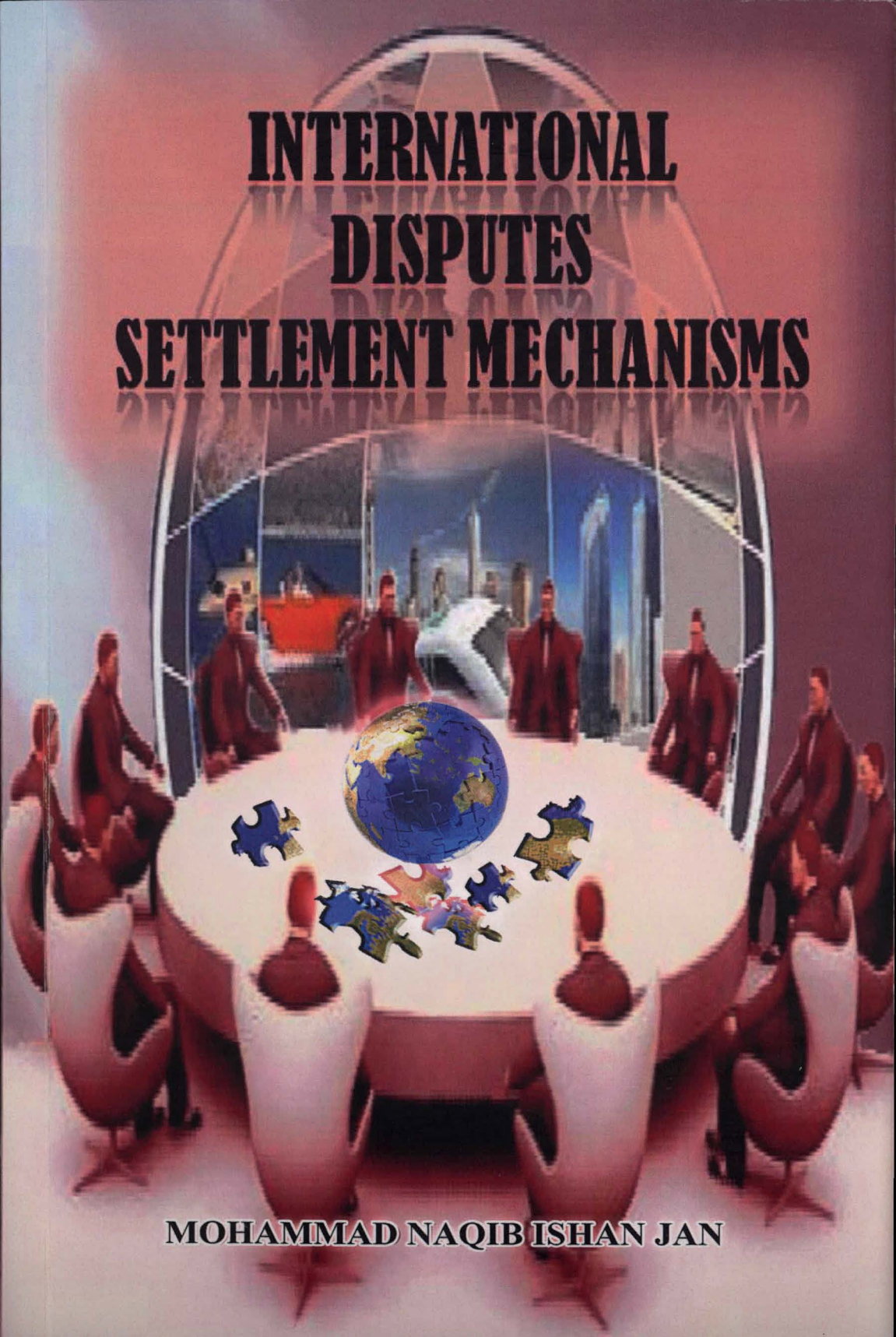


# **INTERNATIONAL DISPUTES SETTLEMENT MECHANISMS**



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## CHAPTER 6

# SETTLEMENT OF INTERNATIONAL TRADE DISPUTES

*by*

*MOHAMMAD NAQIB ISHAN JAN*

### **INTRODUCTION**

Dispute settlement is the backbone of the international trading system<sup>1</sup> – a system which began to evolve from the middle of last century and has now produced one of the most effective mechanisms of international dispute settlement. The system has produced international trade rules<sup>2</sup> – rules which create obligations that are meant to be complied with and when the obligations are not complied or the rules are understood differently by the parties dispute will surely arise necessitating for mechanisms to resolve the dispute so as to ensure the stability of the global economy. The rules were concluded first by the General Agreement on Tariffs and Trade (GATT)<sup>3</sup> in 1947 and later by its successor, i.e., the World Trade Organizations (WTO) since 1995. Both the GATT and WTO developed not only substantive rules but also dispute settlement systems that aim at resolving international trade related disputes. This chapter briefly refers to the GATT's