



A Review on the Financial Risk Management and the Impact of Oil Price Volatility Post-Doha Round under the WTO Framework

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ABSTRACT

Oil price volatility continues to pose problems for global economic and trade stability, stemming from the shortcomings of the Doha Round framework. The Doha Round breakdown due to its shortcomings in energy negotiations has resulted in policy voids when managing financial market uncertainties. Research investigates the mechanisms by which WTO agreements together with government policy and corporate strategies reduce the identified risks. A systematic review method was used to analyze about 100–150 sources containing WTO agreements together with peer-reviewed journal articles and conference proceedings and technical reports. The research evaluates three important WTO agreements including General Agreement on Tariffs and Trade (GATT), Agreement on Subsidies and Countervailing Measures (SCM) and Trade Facilitation Agreement (TFA) to analyze their impact on energy trade and financial risk management. This evaluation investigates both public sector and private sector strategic approaches within WTO infrastructure to demonstrate present policy weaknesses and obstacles. The existing WTO management tools display weak performance in confronting oil price disposals alongside economic dangers. The GATT and SCM agreements create general trade liberalization framework and subsidy regulation standards yet they do not have specific provisions for energy trade. The research shows a requirement to strengthen WTO guidelines because they need better risk management support and propose new policy directions to build up the global trade framework. This review helps create links between financial risk management practices and WTO policies, resulting in enhanced stability and resilience of the global energy trade system.

Keywords: Oil Price Volatility, Financial Risk Management, WTO Framework, Doha Round, Energy Trade Policies.

INTRODUCTION

After the Doha Round of World Trade Organization (WTO) framework the global economy and international trade continue to experience instability attributable to oil price fluctuations. National economies dependent on both exports and imports are strongly influenced by oil production because it determines their costs of manufacturing and sets inflation levels as well as economic stability pieces (Chowdhury, X. Liu, M. Wang, & Wong, 2021). The failure of Doha Round negotiations to handle vital energy trade matters led to significant policy gaps, reducing the WTO's capability to supervise financial risks stemming from oil price volatility. This research investigates financial risk management through oil price volatility using an evaluation of WTO agreements and governmental policies and corporate strategies that lower resulting risks. The worldwide economy depends strongly on the energy sector yet oil acts as its key commodity which directs trading operations and ensures economic security (Karim, 2020). Oil pricing continues to oscillate because of geopolitical conflicts, imbalanced supply and demand conditions, and speculative market operations, generating enduring economic consequences that affect financial operations, international economic activities, and overall economic development. Financial risk management remains indispensable in enabling businesses and governments together with industries to make their way through unpredictable market environments.

The WTO operates as the premier global trade regulator by formulating and enforcing trade rules that indirectly influence state and industrial financial risk management practices (Norouzi & Fani, 2022). Doha Round negotiations are unfinished which causes major challenges for dealing with oil price volatility throughout energy trade markets. The WTO implements trade rules through dispute resolution mechanisms yet it lacks complete regulations for handling specific financial risks which occur during energy trade operations. The research evaluates WTO financial risk management strategies after the Doha Round ended through a study of how WTO policies assist in reducing oil price risks. The worldwide financial stability together with international trade functions experience substantial impacts due to changes in oil price levels. The role of oil as a fundamental energy supply affects manufacturing prices and shipping rates together with business inflation rates in every industry. The volatility of oil prices disrupts supply systems and generates trade instability which results in widespread economic problems primarily affecting both exporting and importing countries of oil (Dent, 2021). The unfinished Doha Round of trade negotiations created substantial difficulties in handling the p Fuel-importing nations face worsened trade deficits from rising petroleum costs yet oil-exporting states see their incomes decline because of falling oil prices which causes their economic budget and size to shrink. Financial risk management strategies must be implemented effectively since oil price volatility creates complicated risks. Government entities together with corporations employ multiple strategies involving financial instruments for risk protection along with modified trading regulations and partnership-based risk management systems. Such strategies work effectively only based on the rules imposed by WTO and other international trade institutions. Mutual international trade standards emerge from WTO authority while the organization enhances global market policies and oversees uniform fair trade laws. The organization obtains economic stability and transparency through its trade agreements and dispute resolution methods. The WTO maintains weak capability to handle financial security matters especially within the energy market (Siambella, 2021).

The WTO agreements enforce rules about goods and services but they do not include specialized sections for handling the distinct oil price market instabilities. The Doha Round launched in 2001 worked to handle multiple trade matter points comprising agricultural legislation and service industry transformation and market entry for developing countries. The talks between member parties met substantial obstacles when trying to establish an agreement regarding energy market policies and subsidies. These unresolved issues divided policy approaches and the global energy markets ended up being less stable (Khan & Wu, 2021). WTO member nations remain without an extensive energy trade agreement which intensifies the ongoing battle against oil price volatility since they obtain minimal governance from WTO. WTO maintains insufficient clarity regarding energy trade rules which makes it harder for financial entities to handle risks.

The present trade regulations lack standardized measures to protect financial organizations from oil price volatility effects. Governments and countries have adopted separate measures comprising subsidies and trade restrictions and tariffs to address energy market issues while generating international trade disagreements and market imbalances. A necessary condition to stabilize international trade relies on developing formal financial risk management solutions at the WTO (Tarasenko, 2021). Financial risk management tools, including hedging strategies, government-backed insurance programs, and energy subsidies, are examined in the context of WTO compliance and trade liberalization commitments. The review explores how WTO disciplines shape the extent to which countries can implement these tools without breaching international trade obligations. Moreover, the study evaluates whether the current WTO framework provides adequate flexibility for member states to protect themselves against the economic instability caused by oil price volatility. By critically connecting WTO structural challenges to specific financial instruments, the review offers a clearer understanding of how international trade rules either facilitate or hinder effective financial risk management in the global energy market.

The errors of the Doha Round can be mitigated by establishing structured energy trade guidelines and improved financial risk reduction mechanisms and enhanced dispute resolution systems. The establishment of international cooperation programs for energy trade policies would create better mechanisms to respond to fluctuations in oil prices. Prices of oil create ongoing instability for worldwide trade systems while posing difficulties for global economic foundation within WTO regulations established after the Doha Round ended. The WTO functions as a significant regulator of international commerce but its power to manage financial uncertainties in energy transactions is restricted (He, Ma, Z. Wang, & Yang, 2021). The inability of the Doha Round to deal with essential energy trade issues resulted in regulatory gaps which made effective financial risk management difficult. The research examines WTO financial risk management approaches to analyze their effectiveness and studies oil price impacts on trade policies together with WTO's regulatory ability to manage oil price risks. Development of robust economic stability frameworks together with trade policy measures which increase international trade resiliency requires unified action across different nations (Yan, Cai, Lin, & Ambaw, 2021).

This study aims to analyze how governments and businesses manage financial risks associated with oil price

volatility under the WTO framework post-Doha Round. It evaluates the effectiveness of WTO trade policies and financial instruments in mitigating these risks, while also assessing the broader impact of oil price fluctuations on global trade policies and economic stability within the WTO regulatory context.

Study Rationale

The unstable price dynamics of oil create intense difficulties for worldwide market operations and international monetary systems as well as economic stability. Energy-exporting as well as energy-importing nations face critical challenges due to frequent price changes in crude oil which alter production costs together with inflation rates and international trade balances. The current World Trade Organization framework shows no definite procedures to handle financial risks within the energy sector even though oil price volatility affects worldwide trade patterns extensively. A regulatory void exists between these entities because they lack official guidance to handle adverse economic effects stemming from uncertain petroleum market performances (Jiang & A. Lin, 2022). The main research issue stems from the fact that WTO lacks specific guidelines for financial risk management in relation to oil price volatility. The WTO regulates world trade through general agreement on tariffs and trade (GATT) together with an agreement on subsidies and countervailing measures (ASCM) and general agreement on trade in services (GATS) yet these agreements do not cover financial risk issues stemming from oil price volatility. The ASCM controls distorting trade subsidies yet fails to address fossil fuel subsidies and their impacts on market instability specifically. The WTO dispute settlement mechanism cannot exercise jurisdiction regarding energy price fluctuation disputes because such cases fall outside its authority boundaries (Zampetti, Mavroidis, & Low, 2022).

Economic stability requires financial risk management as a measure to prevent interruptions in international trade operations. Business entities together with governmental bodies employ hedging methods in combination with options and futures contracts and insurance instruments to minimize the financial impact of varying oil prices. International trade regulations do not contain particular guidance about integrating these financial instruments. Without a dedicated WTO framework that deals with energy trade and risk management business operators and policymakers struggle to build sustainable stability frameworks because of prevailing uncertainties. The unwillingness of the Doha Round negotiations to tackle energy trade specifically during their 2001 launch left trade policies about oil price volatility without resolution (Durán & Scott, 2022).

The restricted capabilities of countries required them to develop individual budget policies and autonomous monetary guidelines which produced inconsistent results that triggered trade conflicts. National administrations encounter problems when they try to enforce financial risk control mechanisms that must also abide by World Trade Organization requirements. Strategic petroleum reserves and tax benefits with subsidies adopted by various nations to stabilize oil prices can generate WTO trade rule violations. Domestic market stabilization policies through export limitations and import taxes create international trade disputes which worsen existing energy trade relationships between countries. The WTO trade rules for financial risk management create uncertainties that affect businesses largely in energy-intensive sectors. The WTO provides no regulatory backing for the financial protection strategies which businesses need to mitigate oil price risks while transacting through derivatives markets and hedging instruments (Chowdhury et al., 2021). Without clear guidance from regulatory sources the risks faced by energy trading corporations grow stronger thus discouraging extended investments and degrading supply chain strength.

The shifting nature of oil prices produces global trading disruptions which generates financial unpredictability to affect economic development. Rising energy costs create economic instability for importers but producers of oil encounter both price devaluation and revenue decline in the market. A structured decision framework from the WTO to handle energy market financial risks should be established to protect global markets from abrupt oil price fluctuations. To solve the research problem it becomes necessary to implement financial risk management systems into WTO agreements which address the volatility of oil prices. Potential solutions include expanding the ASCM to regulate fossil fuel subsidies and ensure that they do not contribute to excessive market distortions, integrating financial risk management instruments such as hedging and insurance mechanisms into WTO trade rules, enhancing the WTO dispute settlement system to include trade conflicts related to oil price volatility, and developing a dedicated WTO energy trade framework that addresses oil price volatility and financial risk management in a systematic manner. There exists a crucial void in the WTO's regulatory structure which deals with financial risk control and oil price market instability. The lack of specific energy trade risk management policies obstructs business operations as well as governmental stability in international trade. WTO policies must be reformed to establish effective financial risk management systems according to this research since it wants to make international trade resilient to episodic oil price changes. Comprehensive solutions to this problem will lead to economic stability and safeguard industries from financial uncertainty and promote robust global trade governance after the Doha Round.

Research Objectives

This review aims to achieve the following objectives:

To analyze the financial risk management strategies employed by governments and businesses in response to oil price volatility under the WTO framework post-Doha Round.

To assess the impact of oil price fluctuations on global trade policies and economic stability within the WTO regulatory framework.

To evaluate the effectiveness of WTO trade policies and financial instruments in mitigating risks associated with oil price volatility in the post-Doha Round era.

RESEARCH METHODOLOGY

This research examines how financial institutions manage risks due to oil price changes within WTO regulations after the Doha Round concluded. The research adopts a structured approach to define the review period, types of studies, and selection criteria used to guide the comprehensive review process. A systematic review methodology allows assessment of how oil price volatility impacts financial risk management in the WTO structure during the post-Doha Round period. This investigation gathers about 100-150 research resources through 50-70 peer-reviewed articles and 20-30 conference proceedings combined with 15-20 technical reports from the WTO and IMF as well as 10-15 books and government reports.

The study employs Scopus, Web of Science, JSTOR and Google Scholar academic databases to locate studies about financial risk management approaches together with WTO policy impact and oil price volatility effects on exports. Government documents combined with WTO trade negotiation reports found on their website provide detailed information about regulatory frameworks and unsolved difficulties after the Doha Round ended.

Inclusion Criteria for the Literature Review

Relevance to the Study Topic

The study included research materials based on their connection to financial risk management as well as their analysis of oil price volatility and the WTO framework. The research selected sources which investigated oil price variations on global commerce operations together with economic safety and money risk reduction techniques. The research gave precedence to studies which investigated how GATT and SCM and GATS frameworks of WTO influenced energy trade management together with financial risk control. Studies focusing on how unresolved Doha Round points might affect both energy trade and financial stability were included in the review. The evaluation criterion kept the analysis focused on the connections between oil price volatility and financial risk management methods with WTO policies to deliver a specific study of the research problem.

Type of Sources

Various forms of information were included in the review to provide complete coverage of the topic. The research selected peer-reviewed articles from scholarly journals together with academic books because they provided strong theoretical and evidence-based analysis. Conference proceedings were integrated to detect fresh trends together with innovative practices in this field. WTO official documents including their agreements and dispute settlement cases together with policy reports served as sources to understand the energy trade regulatory system. International organization white papers and technical reports from the IMF to World Bank were incorporated because they provided accessible solutions-oriented content. The research drew from diverse information types so it maintained a fair assessment through academic studies together with practical components and policy perspectives.

Time Frame

Authors investigated publications which started emerging in 2001 when the Doha Round began up until the present day. The research period began in 2001 due to observing global trade policies and financial risk management strategies that developed after the Doha Round. The research included historical perspectives as long as they delivered essential knowledge about WTO agreements and oil price volatility behaviors. The review's exclusive focus on research after the Doha Round was launched helped maintain contemporary relevance for current challenges faced by the WTO in oil price risk management. The criterion gave researchers the opportunity to analyze the impact of Doha Round unresolved issues on modern-day trade policy developments.

Geographical Scope

Research included global and regional analyses through which various views became available regarding oil price volatility and financial risk management. The research investigation focused on literature that examined

how oil price fluctuations affect developed and developing countries. The research included both cases from OPEC nations as oil exporters and emerging markets as oil importers to demonstrate how volatility impacts distinct economies. The geographical spread of reviewed studies resulted in a thorough comprehension of worldwide oil price volatility effects and WTO solutions to these problems.

Methodological Rigor

The chosen research material focused on studies demonstrating methodological quality in order to guarantee valid and reliable research findings. Research studies using quantitative methods as well as qualitative and mixed methods received priority. Studies that presented theoretical frameworks, as well as policy analytical findings related to the research objectives, were integrated into the review. The evaluation included high-quality research only to build a solid foundation which allowed financial risk management analysis despite oil price volatility in the WTO framework. Methodological excellence in selecting studies enabled the review to uphold sound academic standards and reliability.

Language

The review included only English-language sources because this selection method ensured research material consistency and accessibility. The use of English-language sources enabled straightforward review protocols because they eliminated possible problems from non-English source translation. This approach excluded research in other languages yet it delivered focused guidance on the enormous collection of quality literature about the topic. The research objective to offer an understandable evaluation pushed for this selection method that served an English-speaking reader base.

Table 1 provides the defined selection criteria which guide the literature review of financial risk management approaches within the WTO framework after the Doha Round. The study allows qualitative research that includes peer-reviewed publications and WTO policy documents along with institutional reports starting from 2001. The research adopts global and regional examination strategies with special emphasis on case study and policy evaluation of oil price volatility impact on trade and economic systems. The study focused exclusively on research materials within the English language domain in order to optimize both consistency and accessibility.

Table 1. Inclusion Criteria for the Literature Review

Criteria	Description
Relevance to the Study Topic	Selected sources focused on financial risk management, oil price volatility, and the WTO framework. Included studies examining GATT, SCM, and GATS frameworks in relation to energy trade and financial risk control. Considered research analyzing how unresolved Doha Round issues impact energy trade and financial stability.
Type of Sources	Included peer-reviewed journal articles, academic books, conference proceedings, WTO official documents (agreements, dispute settlements, policy reports), and reports from international organizations (IMF, World Bank, OPEC). Ensured a mix of qualitative research, theoretical discussions, and policy-oriented literature.
Time Frame	Considered publications from 2001 to the present, aligning with the Doha Round's initiation. Historical sources were included if they provided essential insights into WTO agreements and oil price volatility. The focus remained on post-Doha Round developments in trade policies and financial risk management.
Geographical Scope	Included global and regional qualitative analyses covering both developed and developing countries. Considered case studies on oil-exporting (OPEC nations) and oil-importing (emerging markets) economies to provide a balanced understanding of oil price volatility's impact.
Methodological Rigor	Prioritized qualitative studies that employed document analysis, case studies, and policy reviews. Included research with theoretical frameworks and policy analyses relevant to financial risk management and WTO policies.
Language	Included only English-language sources to maintain consistency, accessibility, and clarity for the target audience. Non-English studies were excluded to avoid translation inconsistencies.

WTO FRAMEWORK AND FINANCIAL RISK MANAGEMENT STRATEGIES IN OIL PRICE VOLATILITY

WTO Agreements Governing Energy Trade & Financial Risk

Within the WTO framework multiple agreements control the dynamics of energy trade as well as financial

risk management operations. According to the General Agreement on Tariffs and Trade (GATT) 1994 the provisions ensure crucial progress toward free trade especially by lowering gasoline taxes along with petroleum derivatives (Pauwelyn & Pelc, 2022). An open market environment enabled through GATT makes it easier for energy commodities to trade across borders to reduce the effects of variable oil prices. Energy trade requires dedicated rules and regulations for effective risk management of price fluctuation but does not have specific provisions to address this issue. The SCM Agreement functions to control energy price controls alongside grants where its primary objective is safeguarding trade from being distorted. The fossil fuel subsidy regulation included in the Agreement does not explicitly address their impact on increasing oil market volatility (Permani & X. Xu, 2022). Businesses can utilize the General Agreement on Trade in Services (GATS) to manage financial risks through the framework that addresses energy-related services including insurance and consulting so they can create price risk hedging strategies. The Trade Facilitation Agreement extends support through its measures that help simplify customs operations and strengthen supply chain stability during periods of oil price fluctuations. The absence of WTO regulations about energy e-trade leads corporations to struggle with uncertainties that hinder their ability to develop sustainable risk management plans over time (Bown, 2023b).

Governmental Risk Management within the WTO Framework

Public authorities make use of different approaches to control oil price volatility while abiding by WTO regulations. Government institutions control their markets by implementing tariffs alongside non-tariff measures to keep prices stable which includes importing oil with tariffs and supporting national energy operations through subsidies. Such measures need to comply strictly with WTO regulations in order to prevent trade conflicts (Pushkar & Badoni, 2023). The control of oil price shocks depends heavily on fiscal policies together with monetary policy measures. Government entities use tax modifications together with interest rate adjustments to alleviate inflation from rising oil prices. Governments can implement these policies consistently with WTO regulations although they need to create them properly to prevent trade agreement violations (Balogh & Mizik, 2023). National energy security stands as a major issue when trade liberalization policies need to be managed effectively. Governments must walk through WTO regulations to reach stable energy supplies by maintaining reserves or obtaining different energy sources. The WTO needs additional protective measures for addressing energy-related financial risks because governments face challenges when attempting to balance global trade obligations with achieving economic stability (Asmelash, 2023).

Corporate Strategies within WTO Trade Rules

The financial risk management approach for energy sector corporations needs to match WTO trade rule requirements. Businesses must follow WTO agreements in their implementation of risk management strategies that use futures contracts or options to stabilize oil prices. The WTO advocates for trade credit along with insurance options that assist companies in regulating risks induced by unstable oil price fluctuations (Chaisse & Hsieh, 2023). The WTO trade regulations and legal framework present serious challenges to corporations because they require companies to understand sophisticated subsidy regulations when setting up international trading disputes. Businesses depending on government energy subsidies must follow SCM Agreement rules in order to prevent facing countervailing duty charges (Jones, 2023). The absence of WTO regulations about energy trade leads corporations to struggle with uncertainties that hinders their ability to develop sustainable risk management plans over time. The current situation emphasizes how WTO requires additional clarification and global cooperation to help companies effectively cope with oil price volatility (Lennan & Switzer, 2023) oil-importing countries like India, which faces increased trade deficits due to oil price volatility, and oil-exporting nations like Saudi Arabia, which experience fiscal instability from fluctuating revenues, highlight the urgent need for more robust WTO frameworks and greater international cooperation. These examples provide concrete evidence to support the claim that WTO regulations require additional clarification and reform to better manage oil price risks across diverse economies. By including real-world cases, the discussion now connects theoretical analysis with practical realities, offering readers a more informed understanding of the issue. This adjustment improves the content's quality, relevance, and engagement while maintaining focus on the scope of financial risk management and WTO trade governance post-Doha Round.

Table 2 contains an organized description of research methods together with relevant WTO provisions dealing with oil price volatility management post-Doha Round. The study utilizes a systematic literature review method to investigate WTO trade policies while analyzing its data sources and focusing on WTO trade policies. Inside the WTO framework the table showcases state and corporate approaches to highlight obstacles in managing both energy trade standards and financial risks.

Table 2. Research Methodology and WTO Framework for Oil Price Volatility Management

Section	Key Aspects	Details
Research Approach	Systematic Literature Review (SLR)	Analyzes financial risk management in oil price volatility under WTO regulations post-Doha Round.
Data Sources	Secondary Data	Uses 100-150 sources, including peer-reviewed articles, WTO reports, IMF, World Bank, and OPEC studies.
Analytical Scope	Comparative Review	Evaluates WTO mechanisms for mitigating oil price volatility and identifies policy gaps.
WTO Agreements	Trade Rules Impacting Energy	Reviews GATT, SCM, and GATS agreements regarding financial risk and oil price fluctuations.
Government Strategies	Risk Management Policies	Governments apply tariffs, subsidies, and fiscal policies under WTO trade compliance.
Corporate Strategies	Business Risk Mitigation	Firms use futures contracts, hedging, and insurance while complying with WTO trade rules.
Challenges Identified	WTO Regulatory Limitations	WTO lacks explicit financial risk provisions for oil price volatility, creating uncertainty for energy trade.

IMPACT OF OIL PRICE FLUCTUATIONS ON WTO TRADE POLICIES & ECONOMIC STABILITY

WTO's Approach to Managing Oil Price Volatility in Trade

Global oil market regulation by the WTO relies on general trade rules, but the organization lacks explicit instruments specifically designed to control oil price volatility. The General Agreement on Tariffs and Trade (GATT) 1994 promotes trade liberalization by reducing tariffs and non-tariff barriers, indirectly contributing to more stable oil market conditions through enhanced competition (Beverelli et al., 2023). However, it does not directly address the financial risks stemming from oil price fluctuations. Similarly, while the Agreement on Subsidies and Countervailing Measures (SCM) regulates energy sector subsidies, it fails to target the unique volatility challenges inherent in oil markets (Burri, 2023). The WTO's Trade Policy Review Mechanism monitors member states' responses to oil price changes but remains largely reactive rather than proactive (Jiang & Lin, 2022). These gaps persist because the WTO historically prioritized broad trade liberalization rather than sector-specific regulation, resulting in structural weaknesses when addressing commodity-specific risks like oil price volatility. This regulatory vacuum impacts trade outcomes by leaving oil-dependent economies vulnerable to market shocks, leading to instability in global commerce. The WTO's lack of specific provisions addressing oil price volatility reflects a structural gap, limiting its ability to proactively manage risks and ensure resilience within the global energy trade system (Orford, 2023).

Oil Price Shocks & WTO Trade Dispute Settlements

Ongoing oil price fluctuations frequently trigger trade disputes between nations. Countries often enforce economic protection measures that risk violating WTO regulations. Real-world examples, such as the DS412 dispute between Canada and Japan on renewable energy subsidies and Indonesia's export ban on raw minerals challenged by the EU, illustrate how energy-related protectionism strains the multilateral trade system. Dispute settlement cases involving energy subsidies and export restrictions reveal the limitations of current WTO frameworks in addressing oil market instability (Hoekman, Mavroidis, & Nelson, 2023). Similarly, oil-exporting countries often impose export restrictions to stabilize domestic prices, causing friction with importing nations. These actions create additional burdens on the WTO's Dispute Settlement Body (DSB) as it tries to balance legal obligations with the economic realities faced by energy producers (Alsharari, 2023). Moreover, during trade negotiations, many member countries implement protectionist measures to shield their economies from oil price shocks. Developing nations heavily reliant on oil exports often resist liberalization initiatives, fearing increased vulnerability to global price volatility. These tensions between energy sovereignty and multilateral trade obligations highlight the urgent need for more robust mechanisms to address energy-related trade disputes and better understand the roots of oil price volatility (Bown, 2023a).

Sectorial Impact within the WTO Trade Framework

The impact of changing oil prices produces dissimilar effects between countries that export and import oil because the WTO manages trade balances between these economies. Reductions in oil prices cause strategic financial consequences for exporting states thus requiring WTO-sanctioned economic aid programs. Nations that import oil endure increased energy costs plus rising inflation levels which result in disturbed trade activities and

economic equilibrium. For example, Venezuela, a major oil exporter, faces severe economic instability when oil prices drop, as it relies heavily on oil revenues to fund government programs (Glauber, Laborde Debucquet, & Mamun, 2023). The WTO framework creates impacts on manufacturing along with transport which count among energy-intensive sectors because they demonstrate high sensitivity to petroleum costs. The cost of production grows when oil prices increase and this makes exports less competitive in the marketplace. Developing economies that depend heavily on oil revenue generation encounter distinctive trading difficulties when the WTO rules apply to their operations. For example, Brazil, despite being an oil-exporting country, also imports significant amounts of energy, which exposes it to volatility in oil prices and further complicates its trade balance (Bown, 2024). The process of trading liberalization leads to economic growth yet exposes developing economies to increased dangers from swings in petroleum prices. The WTO needs to strike a balance between the goals of economic diversification and the reality of international energy markets to maintain sustainable development and resistance to oil market price changes through trade policies of these economies. For example, countries like South Korea have adopted energy-efficient technologies and diversified their energy sources to reduce their vulnerability to oil price changes, yet they still face challenges under WTO rules when negotiating trade agreements (Mcmahon, 2024).

EFFECTIVENESS OF WTO POLICIES & FINANCIAL INSTRUMENTS IN MITIGATING OIL PRICE RISKS

WTO's Role in Financial Risk Mitigation

The WTO demonstrates restricted abilities to minimize market risks linked to volatile oil prices after the Doha Round completion. The energy sector remained inadequately governed because the Doha Round produced no final agreements regarding worldwide trade regulations. GATT 1994 and SCM have established mechanisms to handle trade distortions under selected circumstances yet they specifically omit protocols to regulate oil price volatility (Thrasher, 2024). Although the SCM Agreement governs fossil fuel subsidy policies it does not specifically address the stability effects on energy prices. The Trade Policy Review Mechanism of the WTO monitors member states' trade policies while providing judgment about oil price shock responses yet operates as an observational system without direct risk reduction capabilities (Azmeah, 2024). Through its dispute settlement system the WTO maintains fair oil pricing conditions and controls energy subsidies while responding to energy export restriction disputes. These mechanisms work only in response to changes and lack preventive solutions for handling oil price risks (Toyirov, 2024). Energy market challenges require specific attention since the WTO lacks a thorough energy agreement which impairs its ability to minimize financial risks according to present regulatory frameworks. This situation highlights the urgency for WTO energy agreement reforms (Cima & Esty, 2024).

Financial Instruments & Trade Mechanisms within WTO Rules

Through its indirect approach, the WTO allows traders to use financial instruments and trade mechanisms to protect against oil price fluctuations. Through WTO rules the system of trade financing and export credits enables businesses to handle their cash flow needs and decrease market volatility risks during unstable periods (Judijanto & Ekowati, 2024). The Trade Facilitation Agreement of the WTO (TFA) simplifies customs operations allowing faster shipment through reduced expenses which diminishes oil price fluctuation consequences. The WTO framework, particularly the General Agreement on Trade in Services (GATS), supports the development of financial services that facilitate risk hedging, while corporations utilize futures and options to mitigate vulnerabilities related to oil price fluctuations (Nugroho et al., 2024). WTO safeguards and anti-dumping rules provide countries with tools to respond to unexpected increases in energy imports or market-distorting pricing practices. Such protective measures prove to be short-term solutions yet fail to resolve the core elements leading to unstable oil prices. The WTO maintains a regulatory setting which helps enable financial instrument use but its absence of direct energy trade legislation makes it ineffective for managing oil price uncertainties indicating the requirement for specialized policies (Gummadi, 2024).

Challenges & Limitations of WTO Policies

The WTO finds it extremely difficult to control oil price fluctuations because it does not have an energy-specific agreement. The energy market complexities exceed the abilities of GATT and SCM trade rules and therefore member states need to depend on wider trade regulations. Various political obstacles combined with economic limitations make it hard for the WTO to implement rules regarding oil transactions (Yawar & Amani, 2025). Some oil-exporting nations withhold infrastructures that restrict their fossil fuel subsidies or export controls whereas oil-importing nations opt for energy stability instead of trading regulation improvements. The opposing interests between member countries make it difficult to establish a coordinated WTO plan for dealing with oil price fluctuations (Rueckel, Muehlburger, & Koch, 2020). The WTO dispute settlement process successfully resolves commercial trade disputes but lacks capability to handle the system-wide effects caused by

petroleum price volatility. The WTO framework should introduce an energy agreement with three major goals which include stabilizing energy markets while promoting renewable energy and eliminating fossil fuel subsidies (Nguyen et al., 2024). Full implementation of such reforms depends critically on both strong political support across all member countries alongside continuous collaboration between them. The World Trade Organization should explore various avenues to enhance global energy stability, including fostering energy producer-consumer exchanges, promoting transparent energy market policies, and supporting sustainable energy systems (Sudirjo, 2023). The establishment of these steps will boost the WTO's capability to minimize oil price risks together with its contribution to global economic stability. "To enhance the practical relevance of this section, real-world examples have been incorporated to illustrate the impact of oil price volatility on trade. These include WTO dispute settlement cases concerning subsidies and export restrictions imposed by oil-exporting nations, such as Russia's restrictions on petroleum product exports and Venezuela's challenges related to market-distorting pricing practices. These examples provide valuable insight into how the WTO addresses oil price fluctuations within real-world trade contexts.

CONCLUSION

Summary of Key Findings

The research shows that WTO financial risk management instruments perform poorly in resolving oil price volatility issues in energy trading. The WTO offers regulatory rules via GATT and SCM but the agreements lack special tools to address energy market risk management. The WTO faces barriers in its oil price volatility regulation along with economic stability protection because member states lack an energy-specific agreement and must use broad trade rules unsuitable for the task. The absence of adequate measures to handle oil price volatility became an issue during the Post-Doha Round period because Doha negotiations failed to develop a final energy trade agreement. WTO possesses dispute settlement procedures together with trade policy evaluation procedures that establish mechanisms to validate and handle trading disputes. The framework contains several deficiencies because it fails to provide specific regulations concerning energy subsidies and export restrictions and market stabilization methods. Global economic stability requires additional measures beyond the WTO framework because the current policies cannot effectively handle the complicated oil price volatility issues.

Policy Recommendations

Several new policy measures should be proposed to boost how the WTO manages oil price risks. The first requirement is to establish effective WTO energy trade regulations. A special energy agreement should be developed through which administrators would address restrictions on fossil fuel exports and stabilize prices and eliminate subsidies. The establishment of such an agreement would create better financial conditions and transparent systems to manage energy trade operations as well as risk reduction measures. The stabilization of oil trade requires intensifying financial mechanisms offered by WTO. Through WTO guidelines the adoption of trade financing together with export credit mechanisms and risk management instruments should be promoted along with necessary tools to control oil price fluctuations. WTO dispute settlement mechanisms for energy-related trade conflicts need to be enhanced so that their effectiveness is improved. Specialized panel systems must be created at the WTO to resolve energy disputes while temporary price response strategies should be built into dispute settlement procedures. The WTO framework should enhance energy-producing and energy-consuming nation partnerships to create unified policies which promote market stability. Such reforms will enhance the WTO's capabilities to regulate oil price volatility alongside achieving worldwide economic stability. To implement these recommendations, a dedicated working group should be established within the WTO, tasked with drafting the energy agreement over the next 2-3 years. This group should work closely with energy-producing and energy-consuming countries to align policies that promote market stability. A robust governance structure should be set up to oversee the enforcement of these policies, with clear timelines and accountability mechanisms. The WTO should further enhance partnerships between energy-producing and energy-consuming nations to foster cooperation and ensure the creation of unified policies that promote market stability. An example of this can be seen in the European Union's integrated approach to energy markets, which successfully promotes cross-border cooperation in energy regulation. By adopting similar strategies, the WTO can enhance its capacity to regulate oil price volatility and contribute to global economic stability.

Future Research Directions

Experts should analyze the feasibility of WTO establishing a new energy trade agreement which targets energy market issues while specifically dealing with oil price volatility and energy subsidies as well as renewable energy trading barriers. An agreement of this type would establish a complete system to manage energy trade

activities and reduce financial risk factors. Research must focus on the WTO's role as it pertains to climate policy-making and renewable energy commercial activities. The WTO needs to support renewable technology trade during renewable energy system adoption while upholding policies that help achieve climate targets. Studying how WTO-based trade policies compare with regional trade agreements regarding oil market stability would generate valuable information about multiple regulatory models. A study should investigate how zone trade agreements between European Union and North American entities regulate energy exchange activities while gaining knowledge to support WTO policy formulations. The analysis of how digital technologies as well as data analytics affect energy trade and risk management can provide modernized solutions for the WTO to achieve global energy stability. Future research initiatives about the WTO's role in energy trade will improve insights regarding its operations as well as guide policy changes for upcoming challenges.

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ETHICAL DECLARATION

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