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World Trade Organisation (WTO)

The World Trade Organisation (WTO) is an international organisation which sets the rules for global trade. This organisation was set up in 1995 as the successor to the General Agreement on Trade and Tariffs (GATT) created after the Second World War. It has 153 members. All decisions are taken unanimously but the major economic powers such as the US, EU and Japan has managed to use the WTO to frame rules of trade to advance their own interests. The developing countries often complain of non-transparent procedures and being pushed around by big powers. The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business. The WTO is essentially an alternative dispute or mediation entity that upholds the international rules of trade among nations. The organization provides a platform that allows member governments to negotiate and resolve trade issues with other members. The WTO's main focus is to provide open lines of communication concerning trade between its members .The World Trade Organization is the international organization whose primary purpose is to open trade for the benefit of all.

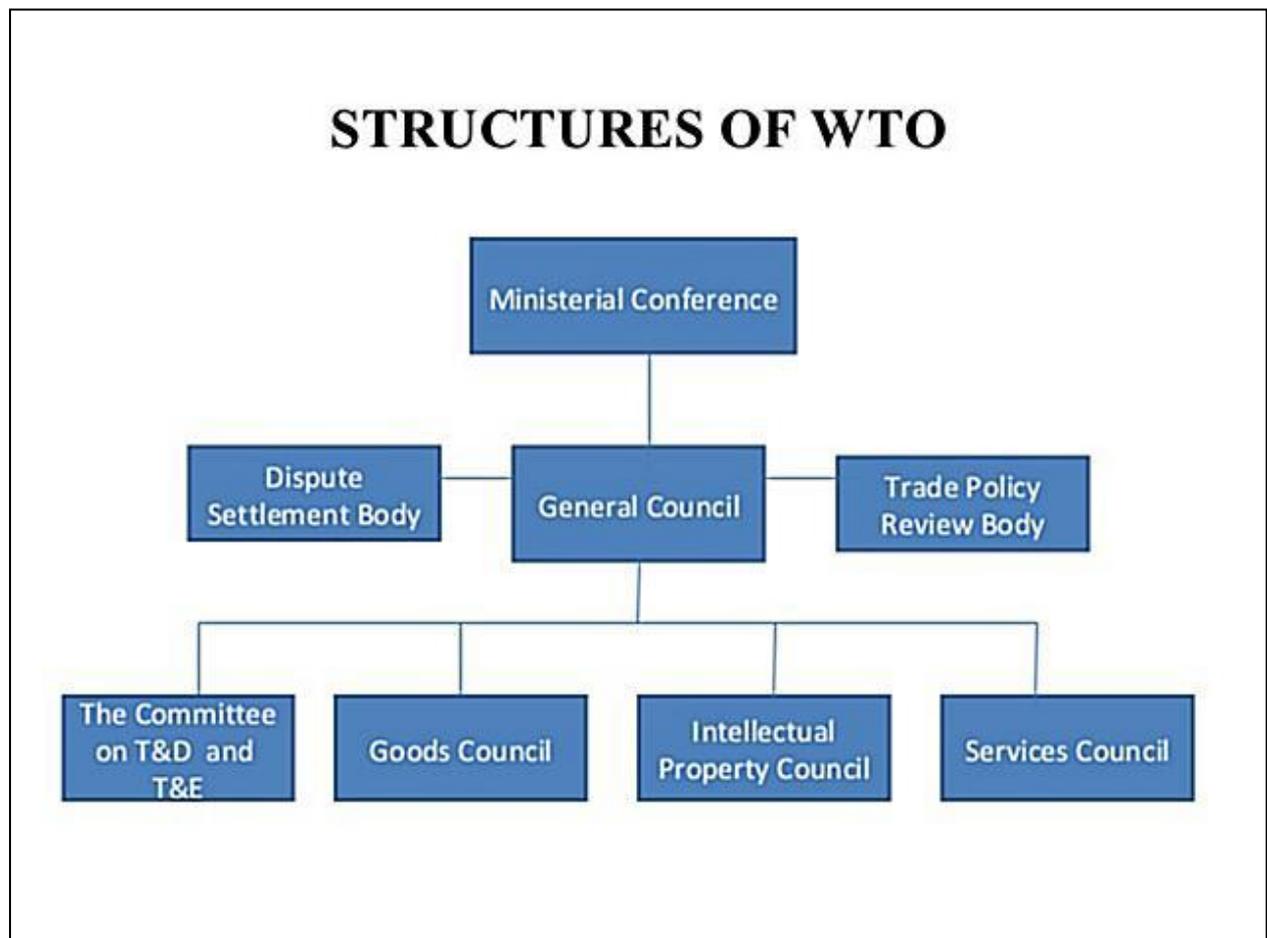
(1) The World Trade Organization is a global organization made up of 164 member countries that deals with the rules of trade between nations.

(2)The WTO oversees global trade rules among nations.

(3) The WTO has fueled globalization with both positive and negative effects.

(4) The main focus of the WTO is to provide open lines of communication concerning trade among its member

Structure and Functions of World Trade Organisation (WTO)



Ministerial Conference

WTO is headed by the Ministerial Conference who enjoys absolute authority over the institution. It not only carries out functions of the WTO but also takes appropriate measures to administer the new global trade rules. It is integrated by representatives of all WTO Members and shall meet at least once in every two years. It is the chief policy-making body of WTO and any major policy changes, such as a decision to alter competition policy or to rewrite the WTO agreement, require its approval.

General Council

In addition to these, the structure of the WTO consists of a General Council to oversee the WTO agreement and ministerial decisions on a regular basis. It is also formed by the

representatives of all WTO Members and acts on behalf of Ministerial Conference whenever the Conference is not in sessions. The General Council also meets as the Dispute Settlement Body and the Trade Policy Review Body. The Council sits in its headquarters Geneva, Switzerland usually once a month.

Trade Councils

Besides General Council, there is the Council for Trade in Goods, the Council for Trade in Services, the Council for Trade-Related Intellectual Property Rights (TRIPS). These Councils and their respective subsidiary bodies perform their respective functions. Each member has one vote. Decision-making is made by consensus. If consensus is not reached then majority voting plays the crucial role. In addition to these councils, Working Parties can be established by the General Council in order to deal with specific issues defined by General Council.

Trade Committees

Trade Committees are formed for delegation under four authorities, namely

- Under the terms of one of the Multilateral Trade Agreements
- By one of the Trade Councils
- By the Ministerial Conference
- Under the terms of one of the Plurilateral Trade Agreements

Each committee organizes its own procedures and may establish further subsidiary committees if it seems fit. They also serve as the forum for discussions on ways to improve trade. And the Committees meet once every two to three months.

Secretariat

The WTO secretariat (numbering 625 of many nationalities) is headed by Director General who is appointed by Ministerial Conference. The Secretariat of the WTO is responsible for servicing the WTO bodies with respect to negotiations and the implementation of agreements. Since decisions are taken by Members only, Secretariat has no decision making power.

Dispute Settlement Body

The task of ensuring that all Members live up to their commitments and that there is a common understanding of the nature of those commitments is a central part of the work of the WTO. WTO's procedure is a mechanism which is used to settle trade dispute under the Dispute Settlement Understanding (DSU). A dispute arises when a member government believes that another member government is violating an agreement which has been made in the WTO. And the dispute settlement under WTO not only ensures security and predictability to the multilateral trading system but is also concerned with the situations where a Member seeks remedy for damage to its trade interests caused by the actions/inactions of other members. There are different stages of dispute settlement under WTO which are as follows:

1. Consultations
2. Establishing a Dispute Panel
3. Implementing of Panel and Appellate Body Ruling

The Trade Policy Review Body is also composed of all the WTO members, and oversees the Trade Policy Review Mechanism, a product of the Uruguay Round. It periodically reviews the trade policies and practices of all member states.

The Councils on Trade in Goods and Trade in Services operate under the mandate of the General Council and are composed of all members. They provide a mechanism to oversee the details of the general and specific agreements on trade in goods (such as those on textiles and agriculture) and trade in services.

Objectives of WTO

The WTO agreements are lengthy and complex because they are legal texts covering a wide range of activities. But a number of simple, fundamental principles run throughout all of these

documents. These principles are the foundation of the multilateral trading system.

- A country should not discriminate between its trading partners and it should not discriminate between its own and foreign products, services or nationals.
- Lowering trade barriers is one of the most obvious ways of encouraging trade; these barriers include customs duties (or tariffs) and measure such as import bans or quotas, anti dumping duty that restrict quantities selectively.
- Foreign companies, investors and governments should be confident that trade barriers should not be raised arbitrarily. With stability and predictability, investment is encouraged, jobs are created and consumers can fully enjoy the benefits of competition — choice and lower prices.
- Discouraging ‘unfair’ practices, such as export subsidies and dumping products at below cost to gain market share; the issues are complex, and the rules try to establish what is fair or unfair, and how governments can respond, in particular by charging additional import duties calculated to compensate for damage caused by unfair trade.
- The WTO’s agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health. However, these measures must be applied in the same way to both national and foreign businesses. In other words, members must not use environmental protection measures as a means of disguising protectionist policies.

Functions of WTO

The WTO is run by its member governments. All major decisions are made by the membership as a whole, either by ministers (who

usually meet at least once every two years) or by their ambassadors or delegates (who meet regularly in Geneva). While the WTO is driven by its member states, it could not function without its Secretariat to coordinate the activities. The Secretariat employs over 600 staff and its experts — lawyers, economists, statisticians and communications experts — assist WTO members on a daily basis to ensure, among other things, that negotiations progress smoothly, and that the rules of international trade are correctly applied and enforced. How the WTO is organized

- administering trade agreements
- acting as a forum for trade negotiations
- settling trade disputes
- reviewing national trade policies
- building the trade capacity of developing economies
- cooperating with other international organization

Trade negotiations: The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open and keep open services markets. They set procedures for settling disputes. These agreements are not static; they are renegotiated from time to time and new agreements can be added to the package. Many are now being negotiated under the Doha Development Agenda, launched by WTO trade ministers in Doha, Qatar, in November 2001.

Implementation and monitoring: WTO agreements require governments to make their trade policies transparent by notifying the WTO about laws in force and measures adopted. Various WTO councils and committees seek to ensure that these requirements are being followed and that WTO agreements are being properly implemented. All WTO members must undergo periodic scrutiny of their trade policies and practices, each review containing reports by the country concerned and the WTO Secretariat.

Dispute settlement: The WTO's procedure for resolving trade quarrels under the Dispute Settlement Understanding is vital for enforcing the rules and therefore for ensuring that trade flows smoothly. Countries bring disputes to the WTO if they think their rights under the agreements are being infringed. Judgements by specially appointed independent experts are based on interpretations of the agreements and individual countries' commitments.

Building trade capacity: WTO agreements contain special provision for developing countries, including longer time periods to implement agreements and commitments, measures to increase their trading opportunities, and support to help them build their trade capacity, to handle disputes and to implement technical standards. The WTO organizes hundreds of technical cooperation missions to developing countries annually. It also holds numerous courses each year in Geneva for government officials. Aid for Trade aims to help developing countries develop the skills and infrastructure needed to expand their trade.

Outreach: The WTO maintains regular dialogue with non-governmental organizations, parliamentarians, other international organizations, the media and the general public on various aspects of the WTO and the ongoing Doha negotiations, with the aim of enhancing cooperation and increasing awareness of WTO activities.

Global trade rules

Global rules of trade provide assurance and stability. Consumers and producers know they can enjoy secure supplies and greater choice of the finished products, components, raw materials and services they use. Producers and exporters know foreign markets will remain open to them.

This leads to a more prosperous, peaceful and accountable economic world. Decisions in the WTO are typically taken by consensus among all members and they are ratified by members' parliaments. Trade frictions are channelled into the WTO's dispute settlement process, where the focus is on interpreting agreements and commitments and how to ensure that members' trade policies conform with them. That way, the risk of disputes spilling over into political or military conflict is reduced. By lowering trade barriers through negotiations among member governments, the WTO's system also breaks down other barriers between peoples and trading economies.

At the heart of the system – known as the multilateral trading system – are the WTO's agreements, negotiated and signed by a large majority of the world's trading economies, and ratified in their parliaments.

These agreements are the legal foundations for global trade. Essentially, they are contracts, guaranteeing WTO members important trade rights. They also bind governments to keep their trade policies transparent and predictable which is to everybody's benefit. The agreements provide a stable and transparent framework to help producers of goods and services, exporters and importers conduct their business. The goal is to improve the welfare of the peoples of the WTO's members.

Trade negotiations

The World Trade Organization came into being in 1995. One of the youngest of the international organizations, the WTO is the successor to the General Agreement on Tariffs and Trade (GATT) established in the wake of the Second World War. So while the WTO is relatively young, the multilateral trading system that was originally set up under the GATT is over 70 years old. The past 70 years have seen an exceptional growth in world trade. Merchandise exports have grown on average by 6% annually.

This growth in trade has been a powerful engine for overall economic expansion and on average trade has grown by 1.5 times more than the global economy each year. Total exports in 2016 were 250 times the level of 1948. The GATT and the WTO have helped to create a strong and prosperous trading system contributing to unprecedented growth.

The system was developed through a series of trade negotiations, or rounds, held under the GATT. The first rounds dealt mainly with tariff reductions but later negotiations included other areas such as anti-dumping and non-tariff measures. The 1986-94 round – the Uruguay Round – led to the WTO's creation.

The negotiations did not end there. In 1997, an agreement was reached on telecommunications services, with 69 governments agreeing to wide-ranging liberalization measures that went beyond those agreed in the Uruguay Round.

In the same year, 40 governments successfully concluded negotiations for tariff-free trade in information technology products, and 70 members concluded a financial services deal covering more than 95% of trade in banking, insurance, securities and financial information.

In 2000, new talks started on agriculture and services. These were incorporated into a broader work programme, the Doha Development Agenda, launched at the fourth WTO Ministerial Conference in Doha, Qatar, in November 2001.

The new work programme included negotiations and other work on non-agricultural tariffs, trade and the environment, WTO rules on anti-dumping and subsidies, trade facilitation, transparency in government procurement, intellectual property and a range of issues raised by developing economies as difficulties they face in implementing WTO agreements.

Negotiations on these and other topics have resulted in major updates to the WTO rulebook in recent years. A revised Government Procurement Agreement – adopted at the WTO's 8th

Ministerial Conference in 2011 – expanded the coverage of the original agreement by an estimated US\$ 100 billion a year.

At the 9th Ministerial Conference in Bali in 2013, WTO members struck the Agreement on Trade Facilitation, which aims to reduce border delays by slashing red tape.

When fully implemented, this Agreement – the first multilateral accord reached at the WTO – will cut trade costs by more than 14% and will lift global exports by as much as US\$ 1 trillion per year.

The expansion of the Information Technology Agreement – concluded at the 10th Ministerial Conference in Nairobi in 2015 – eliminated tariffs on an additional 200 IT products valued at over US\$ 1.3 trillion per year. Another outcome of the Conference was a decision to abolish agricultural export subsidies, fulfilling one of the key targets of the UN Sustainable Development Goal on “Zero hunger”. Most recently, an amendment to the WTO’s Intellectual Property Agreement entered into force in 2017, easing poor economies’ access to affordable medicines. The same year saw the Trade Facilitation Agreement enter into force.

WTO agreements

How can you ensure that trade is as fair as possible, and as open as is practical? By negotiating rules and abiding by them.

The WTO’s rules – the agreements – are the result of negotiations between the members. The current set is largely the outcome of the 1986- 94 Uruguay Round negotiations, which included a major revision of the original General Agreement on Tariffs and Trade (GATT).

The Uruguay Round created new rules for dealing with trade in services and intellectual property and new procedures for dispute settlement. The complete set runs to some 30,000 pages consisting of about 30 agreements and separate commitments (called schedules) made by individual members in specific areas, such as lower tariffs and services market-opening.

Through these agreements, WTO members operate a non-discriminatory trading system that spells out their rights and their obligations. Each member receives guarantees that its exports will be treated fairly and consistently in other members' markets. Each promises to do the same for imports into its own market. The system also gives developing economies some flexibility in implementing their commitments.

Building trade capacity in developing economies

Over three-quarters of WTO members are developing or least-developed economies. All WTO agreements contain special provisions for them, including longer time periods to implement commitments, measures to increase their trading opportunities and support to help them build the infrastructure needed to participate in world trade.

A WTO Committee on Trade and Development looks at developing economies' special needs. Its responsibility includes implementation of the WTO agreements, technical cooperation and the increased participation of developing economies in the global trading system.

The Aid for Trade initiative, launched by WTO members in 2005, is designed to help developing economies build trade capacity, enhance their infrastructure and improve their ability to benefit from trade-opening opportunities. So far, over US\$ 340 billion has been disbursed to support Aid for Trade projects. A Global Review of the initiative is held every two years at the WTO's headquarters.

The Enhanced Integrated Framework (EIF) is the only multilateral partnership dedicated exclusively to assisting least developed countries (LDCs) in their use of trade as an engine for growth, sustainable development and poverty reduction. The EIF partnership of 51 countries, 24 donors and eight partner agencies, including the WTO, works closely with governments, development organizations, civil society and academia. The EIF

has invested in over 170 projects, with US\$ 220 million committed to supporting the poorest countries in the world.

Another partnership supported by the WTO is the Standards and Trade Development Facility (STDF), set up to help developing economies meet international standards for food safety, plant and animal health and access global markets. The WTO houses the Secretariat and manages the STDF trust fund, which has provided financing of over US\$ 40 million to support projects in low-income economies.

Technical assistance and training

The WTO organizes hundreds of technical cooperation missions to developing economies annually. It also holds many trade policy courses each year in Geneva for government officials. Regional seminars are held regularly in all regions of the world, with a special emphasis on African countries. E-learning courses are also available. In 2017, some 18,500 participants benefited from WTO training aimed at improving understanding of WTO agreements and global trade rules.