



# World Trade Organisation (WTO)

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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 WTO has 164 members (including European Union) and 23 observer governments (like Iran, Iraq, Bhutan, Libya etc).

## What are the Goals of WTO?

- The WTO's global system lowers trade barriers through negotiation and operates under the principle of non-discrimination.
  - The result is reduced costs of production (because imports used in production are cheaper), reduced prices of finished goods and services, more choice and ultimately a lower cost of living.
- The WTO's system deals with these in two ways.
  - One is by talking: countries negotiate rules that are acceptable to all.
  - The other is by settling disputes about whether countries are playing by those agreed rules.
- The WTO can stimulate economic growth and employment.
- The WTO can cut the cost of doing business internationally.
- The WTO can encourage good governance. Transparency — shared information and knowledge — levels the playing field.
  - Rules reduce arbitrariness and opportunities for corruption.
- **The WTO can help countries develop:** Underlying the WTO's trading system is the fact that more open trade can boost economic growth and help countries develop.
  - In that sense, commerce and development are good for each other.
  - In addition, the WTO agreements are full of provisions that take into account the interests of developing countries.
- **The WTO can give the weak a stronger voice:** Small countries would be weaker without the WTO. Differences in bargaining power are narrowed by agreed rules, consensus decision-making and coalition building.
  - Coalitions give developing countries a stronger voice in negotiations.
  - The resulting agreements mean that all countries, including the most powerful, have to play by the rules. The rule of law replaces might-makes-right.
- **The WTO can support the environment and health:** The trade is nothing more than a means to an end. The WTO agreements try to make trade support the things we really want, including a clean and safe environment, and to prevent governments using these objectives as an excuse for introducing protectionist measures.
- **The WTO can contribute to peace and stability:** When the world economy is in turmoil, the multilateral trading system can contribute to stability.
  - **Trade rules stabilize the world economy** by discouraging sharp backward steps in policy and by making policy more predictable. They deter protectionism and increase certainty. They are confidence-builders.

## How did WTO came into Being?

From the early days of the Silk Road to the creation of the General Agreement on Tariffs and Trade (GATT) and the birth of the WTO, trade has played an important role in supporting economic development and promoting peaceful relations among nations.

- The General Agreement on Tariffs and Trade (GATT) traces its origins to the **1944 Bretton Woods Conference**, which laid the foundations for the post-World War II financial system and established two key institutions, the **International Monetary Fund (IMF)** and the **World Bank**.
  - The conference delegates **also recommended the establishment of a complementary institution** to be known as **the International Trade Organization (ITO)**, which they envisioned as the third leg of the system.
  - In Havana in 1948, the **UN Conference on Trade and Employment** concluded a **draft charter for the ITO**, known as the **Havana Charter**, which would have created extensive rules governing trade, investment, services, and business and employment practices.
    - The Havana Charter never entered into force, primarily because the U.S. Senate failed to ratify it. As a result, the ITO was stillborn.
  - Meanwhile, an agreement as the **GATT signed by 23 countries** in Geneva in 1947 came into force on Jan 1, 1948 with the following purposes:
    - to phase out the use of import quotas
    - and to reduce tariffs on merchandise trade,
- The **GATT became the only multilateral instrument** (not an institution) governing international trade from 1948 until the WTO was established in 1995.
- Despite its institutional deficiencies, the **GATT managed to function** as a de facto international organization, **sponsoring eight rounds** (A round is a series of multilateral negotiations) **of multilateral trade negotiations**.

| Year      | Place/name           | Notable                                     | Notable              |
|-----------|----------------------|---|----------------------|
| 1947      | Geneva               | 45,000 tariff cuts - average 35% cut        |                      |
| 1949      | Annecy               | Tariff reductions                           |                      |
| 1951      | Torquay              | Tariff reductions                           |                      |
| 1956      | Geneva               | Tariff reductions                           |                      |
| 1960-1961 | Geneva Dillon Round  | Tariff reductions                           |                      |
| 1964-1967 | Geneva Kennedy Round | 35% average cut on industrial goods         | Tariff               |
| 1973-1979 | Geneva Tokyo Round   | 34% average cut on industrial goods,        | com                  |
| 1986-1994 | Geneva Uruguay Round | services trade and intctual property includ | institution created. |

- So, the GATT became the only multilateral instrument governing international trade from 1948 until the WTO was established in 1995.
- **The Uruguay Round**, conducted from **1987 to 1994**, culminated in the **Marrakesh Agreement**, which established the World Trade Organization (WTO).
  - The WTO **incorporates the principles of the GATT** and provides a **more enduring institutional framework** for implementing and extending them.
  - The GATT was concluded in 1947 and is now referred to as the GATT 1947. **The GATT 1947 was terminated in 1996** and WTO integrated its provisions into **GATT 1994**.
    - **The GATT 1994** is an international treaty binding upon all WTO Members. It is only concerned with trade in goods.

## Why WTO Replaced the GATT?

- The GATT was only a set of rules and multilateral agreements and **lacked institutional structure**.
  - The GATT 1947 was terminated and WTO preserved its provisions in form of GATT 1994 and continues to govern trade in goods.
- The trade in services and intellectual property rights were **not covered by regular GATT rules**.
- The GATT provided for consultations and dispute resolution, allowing a GATT Party to invoke **GATT**

**dispute settlement articles** if it believes that another Party's measure caused it trade injury.

- The GATT did not set out a dispute procedure with great specificity resulting in lack of deadlines, laxity in the establishment of a dispute panel and the adoption of a panel report by the GATT Parties.
- It made the GATT as a weak Dispute Settlement mechanism.

## What about the Cooperation between the WTO and the UN?

- Although the **WTO is not a UN specialized agency**, it has maintained strong relations with the UN and its agencies since its establishment.
- The **WTO-UN relations** are **governed by** the “**Arrangements for Effective Cooperation with other Intergovernmental Organizations-Relations between the WTO and the United Nations**” signed on 15 November 1995.
- The WTO Director General participates to the **Chief Executive Board** which is the **organ of coordination within the UN system**.

## What is the Structure of Governance of WTO?

### Ministerial Conference

- **The topmost decision-making body** of the WTO is the Ministerial Conference, which usually **meets every two years**.
- It brings together all members of the WTO, all of which are countries or customs unions.
- The Ministerial Conference can take decisions on all matters under any of the multilateral trade agreements.

### General Council

- The General Council is the WTO's highest-level decision-making body located in Geneva, meeting regularly to carry out the functions of the WTO.
- It has representatives (usually ambassadors or equivalent) **from all member governments** and has the **authority to act on behalf of the ministerial conference** which only meets about every two years.
- The General Council also meets, under different rules, as
  - The General Council,
  - the **Trade Policy Review Body**,
  - and **the Dispute Settlement Body (DSU)**
- Three councils, each handling a different broad areas of trade, **report to the General Council**:
  - The Council for Trade in Goods (Goods Council)
  - The Council for Trade in Services (Services Council)
  - The Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council)
  - As their names indicate, **the three are responsible for the workings of the WTO agreements** dealing with their respective areas of trade.
  - **Again they consist of all WTO members.**

### The Trade Policy Review Body (TPRB)

- The WTO General Council meets as the TPRB to undertake **trade policy reviews of Members under the TPRM** and to consider the Director-General's regular reports on trade policy development.
- In Feb 2021, Nigeria's [\*\*Ngozi Okonjo-Iweala was appointed as Director-General\*\*](#) of the World Trade Organisation (WTO), the leading international trade body.
  - Ngozi Okonjo-Iweala is the first African official and the first woman to hold the position.
- The TPRB is thus open to all WTO Members.

## Dispute Settlement Body (DSU)

- The General Council convenes as the Dispute Settlement Body (DSB) **to deal with disputes between WTO members.**
- Such disputes may arise with respect to any agreement contained in the **Final Act of the Uruguay Round** that is **subject to the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU).**
- The DSB has authority to:
  - **establish dispute settlement panels,**
  - refer matters to arbitration,
  - adopt panel, Appellate Body and arbitration reports,
  - maintain surveillance over the implementation of recommendations and rulings contained in such reports,
  - and **authorize suspension of concessions** in the event of **non-compliance** with those recommendations and rulings.

## Appellate Body

- The Appellate Body was established in 1995 under **Article 17** of the **Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU).**
- **The DSB shall appoint persons to serve on the Appellate Body** for a four-year term.
- It is a standing body of seven persons that **hears appeals from reports issued by panels in disputes brought by WTO Members.**
- **The Appellate Body can uphold, modify or reverse the legal findings and conclusions of a panel,** and Appellate Body Reports, once adopted by the Dispute Settlement Body (DSB), must be accepted by the parties to the dispute.
- The Appellate Body has its **seat in Geneva, Switzerland.**

## What is the Council for Trade in Goods (Goods Council)?

- The General Agreement on Tariffs and Trade (GATT) covers international trade in goods.
  - The workings of the GATT agreement are the responsibility of the Council for Trade in Goods (Goods Council) which is **made up of representatives from all WTO member countries.**
- **The Goods Council has following committees** dealing with specific subjects: (1) Agriculture, (2) Market access, (3) Sanitary and **Phytosanitary** (measures for the **control of plant diseases especially in agricultural crops**) Measures, (4) Technical barriers to trade, (5) Subsidies and countervailing measures, (6) Rule of origin, (7) Anti-dumping measures, (8) Importing licensing, (9) Trade related Investment Measures, (10) Safeguards, (11) Trade facilitation, (12) Customs valuation.
  - These committees consist of all member countries.

## What is the Council for Trade in Services (Services Council)?

- It operates under the **guidance of the General Council** and is responsible for facilitating the operation of the **General Agreement on Trade in Services (GATS)** and for furthering its objectives.
- **It is open to all WTO members,** and can create subsidiary bodies as required.
- Presently, the Council oversees the work of **four such subsidiary bodies:**
  - the Committee on Trade in Financial Services:
    - It carries out discussions on matters relating to trade in financial services and formulate proposals or recommendations for consideration by the Council.
  - the Committee on Specific Commitments,
  - the Working Party on Domestic Regulation,
  - and the Working Party on GATS Rules

## What is the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council)?



- **It monitors implementation** of the Agreement on Trade-Related Aspects of Intellectual Property Rights (**the TRIPS Agreement**).
- It provides a forum in which WTO Members can consult on intellectual property matters, and carries out the specific responsibilities assigned to the Council in the TRIPS Agreement.
- **The TRIPS Agreement:**
  - sets the **minimum standards of protection** for **copyrights** and related rights, **trademarks, geographical indications (GIs), industrial designs, patents, integrated circuit layout designs, and undisclosed information.**
  - **establishes minimum standards for the enforcement** of intellectual property rights (IPRs) through **civil actions for infringement**, actions at the border,
    - and at least in regard to **copyright piracy and trademark counterfeiting, in criminal actions.**

## How many WTO Ministerial Conferences (MC) have been held till now?

The first Ministerial Conference (i.e. MC1) was held in Singapore in 1996 and the last one (MC11) was organised in Buenos Aires in 2017. All these MCs have evolved prevailing current global trading system.

### Singapore, 9-13 December 1996 (MC1)

- Trade, foreign, finance and agriculture Ministers from more than 120 World Trade Organization Member governments and from those in the process of acceding to the WTO participated.
- The following four issues termed as **the Singapore issues** were first brought up on which the multilateral body could initiate negotiations:
  - trade and investment
  - trade facilitation
  - transparency in government procurement
  - trade and competition

### Geneva, Switzerland 18-20 May 1998 (MC2)

- The Ministerial Declaration included following work programmes:
  - the issues, including those brought forward by Members, relating to implementation of existing agreements and decisions,
  - the future work already provided for under other existing agreements and **decisions taken at Marrakesh,**
  - possible future work on the basis of the work programme initiated at **Singapore,**
  - **Priority areas for the next round** of comprehensive negotiations on **agriculture** include Market access, Export subsidies etc.

### Seattle, USA November 30 - December 3, 1999 (MC3)

- There were two major issues,
  - first, whether **to start a new comprehensive round of negotiations** such as the Uruguay Round or confine negotiations to the so-called "built in agenda" of **agriculture and services** mandated at the last Ministerial.
  - Secondly, what should the negotiations encompass, more specifically **what should be included in the agenda of the meeting.**
- The meeting was unable to resolve both issues, and **ended in stalemate.**
- The deliberations were **suspended without agreement on a new round of negotiations** and without agreement on a ministerial declaration.

### Doha, Qatar 9-13 November 2001 (MC4)

- **Agriculture:** The **special and differential treatment for developing countries** shall be an integral part of all elements of the negotiations to enable developing countries to effectively take account of their development needs, including food security and rural development.
- **Services:** The **negotiations on trade in services** shall be conducted with a view to promoting

the economic growth of all trading partners and the development of developing and least-developed countries.

- It recognizes the work already undertaken in the negotiations, initiated in January 2000 under **Article XIX** of the **General Agreement on Trade in Services (GATS)**, and the large number of proposals submitted by members on a wide range of sectors and several horizontal issues, as well as on **movement of natural persons**.

▪ **Market access for non-agricultural products:**

- The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments, in accordance with the relevant provisions of Article XXVIII bis of GATT 1994.

▪ **Transparency in government procurement:**

- Recognizing the case for a **multilateral agreement on transparency in government procurement** and the need for enhanced technical assistance and capacity building in this area, it agreed that negotiations would take place on the basis of a decision to be taken, **by explicit consensus**.

### **Cancún, Mexico 10-14 September 2003 (MC5)**

- The main task was to take stock of **progress in negotiations and other work under the Doha Development Agenda**.

### **Hong Kong, 13-18 December 2005 (MC6)**

- The WTO member economies aimed to reach a preliminary agreement on liberalization of farm trade by reducing subsidies, and address other issues at meeting, **aiming for a successful conclusion of the Doha Round in 2006**.
- After an intense talk, WTO Members have produced **an interim package** for the **Doha Round negotiation**:
  - the deadlines for the elimination of agricultural export subsidies (2013) and cotton export subsidies (2006),
  - and also mandates that **duty and quota-free access** for at least 97% of products originating from the **least developed countries (LDCs)** be provided by 2008.
  - Regarding non-agricultural market access (NAMA), Members adopted the "Swiss formula" mandating greater cuts in higher tariffs, and decided that modalities for tariff reduction be established by April 30, 2006.
    - **The Swiss Formula** (by the Swiss Delegation to the WTO) is a suggested method for reducing tariff on non-agricultural goods (NAMA) by both developed and developing countries.
    - It makes different coefficients for developed and developing countries.
    - Here, tariff-cuts are supposed to be undertaken such that **it cuts higher tariffs more steeply than it cuts lower tariffs**.
- This meeting **could have been the final step of the Doha trade talks** launched in 2001.

### **Geneva, Switzerland 30 November - 2 December 2009 (MC7)**

- The theme of the Conference is "The WTO, the Multilateral Trading System and the Current Global Economic Environment".
- Unlike previous Conferences, this meeting was **not a Doha Round negotiating session**, but rather a chance for Ministers to reflect on all elements of WTO's work, exchange ideas and extend guidance on the best way forward in the years to come.

### **Geneva, Switzerland 15-17 December 2011 (MC8)**

- The Conference approved the **accessions of the Russian Federation, Samoa and Montenegro**.
- It adopted a **number of decisions** on **intellectual property, electronic commerce**, small economies, least developed countries' **accession, a services waiver** for least developed countries, and trade policy reviews.

- It reaffirmed the integrality of **special and differential treatment provisions** to the WTO agreements and their determination **to fulfil the Doha mandate** to review them with a view to strengthening them and making them more precise, effective and operational.

### **Bali, Indonesia 3-6 December 2013 (MC9)**

- The Conference adopted the **“Bali Package”**, a series of decisions aimed at:
  - streamlining trade,
  - allowing developing countries **more options for providing food security**,
  - boosting least-developed countries’ trade and helping development more generally.
- The Bali Package is a selection of issues from the **broader Doha Round negotiations**.
- The Conference also approved accession of **Yemen as a new member of the WTO**.

### **Nairobi, Kenya 15-19 December 2015 (MC10)**

- It culminated in the adoption of the **“Nairobi Package”**, a series of decisions on agriculture, cotton and issues related to least-developed countries (LDCs).
  - **Agriculture:**
    - Special Safeguard Mechanism for Developing Country Members,
    - Public Stockholding for Food Security Purposes,
    - Export Competition,
  - **Cotton:** Stressing the vital **importance of cotton to a number of developing economies** and particularly the **least-developed** amongst them,
    - Developed country Members, and developing country Members declaring themselves in a position to do so, shall grant **preferential trade arrangements** in favour of LDCs, as from 1 January 2016, **duty-free and quota-free market access for cotton produced and exported by LDCs**.
  - **LDC issues:**
    - Preferential Rules of Origin for Least Developed Countries,
    - Implementation of Preferential Treatment in Favour of Services and Service Suppliers of Least Developed Countries,
    - and Increasing LDC Participation in Services Trade,
- The decision in Nairobi builds on the 2013 Bali Ministerial Decision on preferential rules of origin for LDCs.
- The “Nairobi Package” pays **fitting tribute** to the Conference host, Kenya, by delivering commitments that **will benefit** in particular the organization’s **poorest members**.

### **Buenos Aires, Argentina 10-13 December 2017 (MC11)**

- The Conference ended with a number of ministerial decisions, including on **fisheries subsidies** and **e-commerce duties**, and a commitment to **continue negotiations** in **all areas**.

### **Geneva, Switzerland 12-17 June 2022 (MC12)**

- Kazakhstan was originally scheduled to host MC12 in June 2020 but the conference was postponed due to the Covid-19 pandemic.
- The key areas of discussions were WTO’s **response to the pandemic**, **Fisheries subsidies negotiations**, **Agriculture issues** including [Public Stockholding for Food security](#), [WTO Reforms](#) and [Moratorium on Custom Duties on Electronic Transmission](#).

## **What is the Doha Round of WTO?**

- The Doha Round is the **latest round of trade negotiations among the WTO membership**. Its aim is to achieve **major reform of the international trading system** through the introduction of lower trade barriers and revised trade rules.
- The Round is **also known** semi-officially as the **Doha Development Agenda** as a fundamental

objective is **to improve the trading prospects of developing countries.**

- The Round was officially launched at the **WTO's Fourth Ministerial Conference (MC4) in Doha, Qatar, in November 2001.**
- **The Doha Ministerial Declaration** provided the **mandate for the negotiations**, including on following subjects:
  - **Agriculture:** More market access, eliminating export subsidies, reducing distorting domestic support, sorting out a range of developing country issues, and dealing with non-trade concerns such as food security and rural development.
  - **Non-agricultural market access (NAMA):** To reduce or as appropriate eliminate tariffs, including the reduction or elimination of high tariffs, tariff peaks and tariff escalation (higher tariffs protecting processing, lower tariffs on raw materials) as well as non-tariff barriers, in particular on products of export interest to developing countries.
  - **Services:** To improve market access and to strengthen the rules.
    - **Each government has the right to decide which sectors it wants to open to foreign companies** and to what extent, including any restrictions on foreign ownership.
    - Unlike in agriculture and NAMA, the services negotiations are not based on a "modalities" text. They are being conducted essentially **on two tracks:**
    - **(a) bilateral and/or plurilateral** (involving **only some WTO members**) negotiations
    - **(b) multilateral negotiations** among **all WTO members** to establish any necessary rules and disciplines
  - **Trade facilitation:** To ease customs procedures and to facilitate the movement, release and clearance of goods.
    - This is an important addition to the overall negotiation since **it would cut bureaucracy and corruption** in customs procedures and would speed up trade and make it cheaper.
  - **Rules:** These cover anti-dumping, subsidies and countervailing measures, fisheries subsidies, and regional trade agreements.
    - "Clarifying and improving disciplines" under the Anti-Dumping and Subsidies agreements,
    - and to "clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries.
  - **The environment:** These are the **first significant negotiations on trade and the environment** in the GATT/ WTO. They have two key components:
    - **Freer trade in environmental goods** - Products that WTO members have proposed include: **wind turbines, carbon capture and storage technologies, solar panels.**
    - **Environmental agreements** - Improving collaboration with the secretariats of multilateral environmental agreements and **establishing more coherence between trade and environmental rules.**
  - **Geographical indications (GI):** multilateral register for wines and spirits
    - **Geographical indications** are place names (in some countries also words associated with a place) used to identify products that come from these places and have specific characteristics (for example, "Champagne", "Tequila" or "Roquefort"). **Under the TRIPS Agreement**, all geographical indications have to be protected at least to **avoid misleading the public** and to prevent **unfair competition (Article 22).**
    - This is the only intellectual property issue that is definitely part of the Doha negotiations.
    - The objective is **to "facilitate" the protection of wines and spirits in participating countries.** The talks began in 1997 and were built into the Doha Round in 2001.
  - **Other intellectual property issues:** Some members want negotiations on two other subjects and to link these to the register for wines and spirits. Other members disagree. Following these two topics are discussed:
    - GI "extension"- Extending the higher level of protection for geographical indications **beyond wines and spirits.**
    - Biopiracy, benefit sharing and traditional knowledge



- **Dispute settlement:** To improve and clarify the Dispute Settlement Understanding, the WTO agreement dealing with legal disputes.
  - These negotiations take place in special sessions of the Dispute Settlement Body (DSB).
- With Doha Round seemingly adrift (directionless), the global Great Recession that began in the second half of 2008 led to fears that the world may face a wave of protectionism that the WTO would be powerless to prevent. Negotiations continued after the 2008 global financial crisis with low expectations.
- **The 2013 Ministerial Conference (MC9) in Bali, Indonesia**, delivered a significant achievement, the first multilateral agreement since the creation of the WTO.
  - This was the **Trade Facilitation Agreement (TFA)**, which aims to speed up customs procedures and make trade easier, faster, and cheaper.
    - The **TFA** was only **a small slice of the larger Doha agenda**, but the successful deal was a **cause for optimism**.
  - The talks also reached an **interim agreement** (a peace clause) on **“public stockholding”** continuing exceptions that allow developing countries to stockpile agricultural products to **protect against food shortages**.
- **2015 Ministerial Conference Nairobi, Kenya (MC10)** focused on a selected number of issues that are part of the Doha Development Agenda (DDA). Agreement was reached on following DDA issues:
  - Stopping the use of subsidies and other schemes unfairly supporting agricultural exports
  - Ensuring that food aid for developing countries is given in a way which does not distort local markets
  - Seeking to simplify the conditions that exporters from the poorest countries have to meet, so that their products benefit from trade agreements (so-called rules of origin)
  - Giving more opportunities for businesses from the poorest countries to provide services in the WTO's 164 member countries
- However, for many observers, Nairobi **signalled the end of the Doha talks**, a sentiment that intensified after the **2016 election of Trump**.
  - President Trump made clear his preference for bilateral trade when he **withdrew** from the **12-country Trans-Pacific Partnership (TPP)** shortly after taking office.
- **In 2017 Ministerial Conference Buenos Aires (MC11)**, USA reflected the **skepticism toward multilateralism** when it **blocked agreement on a draft ministerial declaration** that would have “reaffirmed the **centrality of the multilateral trading system** and the **development dimension** of the organisation’s work.”
  - Meanwhile, India, which has repeatedly **threatened to block WTO agreements** (including the **Trade Facilitation Agreement**) **unless WTO members conceded** to its demands on public stockholding for food security. India also toughened its stand on new issues including **e-commerce and investment facilitation**.
  - In the end, it was a relief to many that **the United States did not actively seek to dismantle the WTO**—as some had feared. But **giving up its traditional leadership** role could lead to a **similar result**, only more slowly.

## How has WTO Contributed to the World?

- The WTO is one of the three international organisations (the other two are the International Monetary Fund (IMF) and the World Bank Group) which by and large **formulate** and **co-ordinate world economic policy**. It is playing a crucial role in:
  - the international trade,
  - global economics,
  - and the political and legal issues arising in the international business **because of globalization**.
- It has emerged **as the world's most powerful institution** for **reducing trade related barriers** between the countries **and opening new markets**.
- **It cooperates with the IMF and World Bank** in terms of making **cohesiveness in making global economic policies**.
- Through resolving trade related disputes, the WTO has got the potential to **maintain world peace** and bilateral relations between its member countries through following **negotiations, consultations** and **mediations**.

- **Global trade rules:** Decisions in the WTO are typically taken **by consensus among all members** and they are **ratified by members' parliaments**. This leads to a more prosperous, peaceful and accountable economic world.
- **Trade negotiations:** 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 1986-94 round – the Uruguay Round – led to the WTO's creation.
  - 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.
  - Also in 1997, 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 (MC4) in Doha, Qatar, in November 2001.
  - At the 9<sup>th</sup> Ministerial Conference (MC9) in Bali in 2013, WTO members struck the **Agreement on Trade Facilitation**, which aims to reduce border delays by slashing **red tape**.
  - The expansion of **the Information Technology Agreement** – concluded at the 10th Ministerial Conference (MC10) in Nairobi in 2015 – **eliminated tariffs on an additional 200 IT products** valued at over US\$ 1.3 trillion per year.
  - 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:**
  - 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**).
  - **Goods:** From 1947 to 1994, the GATT was the forum for negotiating lower tariffs and other trade barriers, the text of the GATT spelt out important rules, particularly non-discrimination. After 1994, WTO ratified new, comprehensive, integrated GATT as GATT 1994.

## What about the Cooperation between WTO and India?

- India is a founder member of the General Agreement on Tariffs and Trade (GATT) 1947 and its successor, the WTO.
  - India's participation in an **increasingly rule based system** in the **governance of international trade** is to ensure more stability and predictability, which ultimately would lead to more trade and prosperity.
- **Services exports account for 40% of India's total exports of goods and services.** The contribution of **Services to India's GDP is more than 55%**.
  - The sector (domestic and exports) provides employment to around 142 million people, comprising **28% of the work-force of the country**.
  - India's exports are mainly in the IT and IT enabled sectors, Travel and Transport, and Financial sectors.
  - The main destinations are the US (33%), the EU (15%) and other developed countries.
  - India has an **obvious interest in the liberalisation of services trade** and wants commercially meaningful access to be provided by the developed countries.
  - **Since the Uruguay Round, India has autonomously liberalised its Services trade regime across the board.**
- **Ensuring food and livelihood security** is critical, particularly for a **large agrarian economy like India**.
  - India is persistently demanding for **a permanent solution on public stockholding subsidies** at WTO.
    - At 2013 Ministerial Conference (MC9) in Bali, **an interim agreement** (a peace

clause) was made on “public stockholding” continuing exceptions that allow developing countries to stockpile agricultural products **to protect against food shortages.**

- India strongly favours **extension of higher levels of protection** to geographical **indications** for products like **Basmati rice, Darjeeling tea, and Alphonso mangoes** at par with that **provided to wines and spirits** under the Trade-related Aspects of Intellectual Property Rights (TRIPS) agreement.
- **Developed countries** have been putting pressure on **inclusion of non-trade issues** such as **labour standards, environmental protection, human rights**, rules on investment, competition policy **in the WTO agreements.**
  - India is against **any inclusion of non-trade issues** that are directed in the long run at **enforcing protectionist measures** (based on non-trade issues, the developed countries like **USA and European Union are trying to ban the imports** of some goods like textile, processed food etc.), particularly against developing countries.
- At the recently held 12<sup>th</sup> MC of WTO, **India opposed the continuation of a moratorium on Customs Duties on electronic transmission** (E-Transmission) as it favors developed nations only.
  - India and South Africa on several occasions have asked the organization to revisit the issue and have highlighted the adverse impact of the moratorium on developing countries.
  - India wants the WTO to intensify the work programme on the e-commerce sector.
  - India has also stated that the Council for Trade in Goods, Council for Trade in Services, Council for TRIPS (Trade Related Aspects of Intellectual Property Rights) and the Committee for Trade and Development should take up discussions on e-commerce as per their respective mandates originally set.

## What are the Concerns Associated with WTO?

- In 2001, the WTO membership launched the **“Doha Development Agenda”** – a massive attempt to update trading rules. The participating countries spent years trying and **failing to reach an agreement.**
  - A central problem in negotiation was the difficulty of getting well over 150 countries to reach a consensus.
  - In the previous negotiating round (The Uruguay Round, conducted from 1987 to 1994), potential hold-out countries could be **threatened with exclusion from the new WTO.**
    - That trick could not be repeated once they were already in.
- The 2017 WTO Ministerial Conference (**MC11**) **Buenos Aires ended without any substantial outcome** as consensus failed the 164-member body.
  - The USA blocked a **permanent solution on government stockholding for food security purposes**, resulting in India’s toughened stand on new issues including **e-commerce and investment facilitation.**
- **Developed countries led by the US and the European Union** sought to find a way out of the deadlock at the WTO talks by **forming large pressure groups on e-commerce, investment facilitation** and MSMEs within the WTO with more than 70 members in each formulation.
  - **Though WTO is driven by consensus** and even a plurilateral agreement needs approval of all members, the formation of these groups as **an attempt to steer WTO away from its focus on multilateralism.**
- **It’s fierce defense** of ‘Trade Related Intellectual Property’ rights (**TRIPs**)—patents, copyrights and trademarks—comes **at the expense of health and human lives.**
  - WTO has **protected for pharmaceutical companies’ ‘right to profit’** against **governments seeking to protect their people’s health** by providing lifesaving medicines in countries in areas like sub-saharan Africa, where thousands die every day from HIV/AIDS.
- The U.S.A. has consciously (or not) **destroyed the Doha round of trade negotiations** process in **formulating excessive demands** that no country was prepared to meet.
  - The priority of the Obama administration was **not to revive a dying WTO negotiation**, but to concentrate on its **newly created alternative, the TPP** (Trans-Pacific Partnership), **to contain its competitors: Europe and China.**
- For years now, the multilateral system for the **settlement of trade dispute** has been under intense scrutiny and constant criticism.

- **The U.S. has systematically blocked the appointment of new Appellate Body members** (“judges”) and de facto impeded the work of the WTO appeal mechanism.
- **Chinese mercantilism** (try to influence trade and business, especially by encouraging exports and **putting limits on imports**), the **USA’s aggressive use of unilateral tariff measures**, and the **inability of WTO members to reach consensus** on expanding its disciplines to important new sectors in the modern economy reinforce the critique of the WTO.
- **Lack of Transparency:** There is a problem in WTO negotiations as there is **no agreed definition of what constitutes a developed or developing country** at the WTO.
  - Members can currently self-designate as developing countries to receive ‘special and differential treatment’ – a practice that is the subject of much contention.
  - For instance, **China got the ‘developing country’ status at the WTO** which became a contentious issue with a number of countries raising concerns against the decision.

## What could be the Way Forward?

Since the WTO is consensus-based, reaching an **agreement on reforms among all 164 members** is **extremely difficult**. One possibility moving forward could be a **plurilateral agreement** with a group of like-minded countries **on a new set of rules** that serve as an addendum (supplement) to the broader WTO.

## Conclusion

Today, the world is going through the protectionism, trade war (like USA & China), and Brexit making global economy squeezed. The role of WTO in future is very crucial to preserve global liberalised economic system evolved since the end of the 2<sup>nd</sup> World War.

It is right time when countries like USA giving threat to withdraw from WTO making it dysfunctional, India and other emerging economies like Brazil, South Africa etc can provide a strong base for strong WTO with saving interests of developing countries.

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