

Course: M. A (Geography)

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Topic: Role of WTO in World Trade

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- **INTRODUCTION**

- The World Trade Organisation is a global organization dealing with the rules of trade among nations.
- It is a successor of the General Agreement for Tariffs and Trade (GATT), which was established in 1948 for international economic cooperation.
- It was decided by the member countries to set up a permanent institution for looking after the promotion of free and fair trade amongst nation and the GATT was transformed into World Trade Organisation from 1st January, 1995 with its headquarter in Geneva, Switzerland.
- On January 2005, WTO had 164 members including European Union.

DECISION MAKING BODIES

- The WTO's top decision making body is the Ministerial Conference, which meets roughly every 2 years. Every member nation's commerce minister represents the nation in ministerial conference. It can take every decision on all the matters relating to free trade among nations.
- The General Council conducts the organization's business in the intervals between Ministerial Conference. It is entrusted with carrying out the functions of WTO, and taking action necessary to this effect, in the intervals between meetings of the Ministerial Conference, in addition to carrying out the specific tasks assigned to it by the WTO Agreement.
- The Goods Council, Service Councils and TRIPS report to the General Council.

Principles of Trading System under WTO

- **Trade without discrimination**
 - 1) Most Favoured Nation (MFN): countries cannot discriminate among its trading partners
 - 2) National Treatment: local and imported products should be treated equally
- **Freer trade: gradually through negotiation**
- **Predictability through binding and transparency**
- **Promoting fair competition**
- **Encouraging development and economic reform**

OBJECTIVES

- The purpose of WTO is to help trade flow as freely as possible- so long as there are no undesirable effects of free trade- because free trade is important for economic development and well-being.
- The WTO also ensures that individuals, companies and governments know the trade rules and it should be predictable and transparent.

ROLE OF WTO IN WORLD TRADE

- Negotiating the reduction or elimination of obstacles to trade (import tariffs, other barriers to trade) and agreeing on rules governing the conduct of international trade (e.g. subsidies, product standards, etc.)
- Administering and monitoring the application of the WTO's agreed rules for trade in goods, trade in services, and trade related intellectual property rights.
- Monitoring and reviewing the trade policies of member nations as well as ensuring transparency of regional and bilateral trade agreements.
- Settling disputes among member nations regarding the interpretation and application of the agreements.

- Building capacity of developing countries, such as training to government officials in matters of international trade
- Assisting the process of accession of around 30 countries that are not yet members of the organization.
- Conducting economic research and collecting and disseminating trade data in support of the WTO's other main activities.
- Explaining to and educating the public about the WTO, its mission, and its activities.

Dispute Settlement

- Countries bring disputes to the WTO, if they think their rights under the agreements are being infringed.
- The WTO tries to settle their differences through consultation. Failing that, they can follow a carefully mapped out, stage by stage procedure, which includes the possibility of ruling by a panel of experts, and the chance to appeal the ruling on legal grounds.
- **Implementation and Monitoring**
- A large and essential part of member's work in the WTO is to monitor how the agreements that they have negotiated are being implemented.

AGREEMENTS UNDER WTO FOR EFFECTIVE TRADE:

- Agreement on goods aims at reducing barriers (tariff and non tariff) on trade in goods.
- Agreement on Agriculture (AOA) attempts to liberalize trade in agricultural commodities.
- The General Agreement on Trade in Services is to liberalize trade in services.
- The Agreement on Trade-Related Aspects of Intellectual Property Rights (IPR) are the rights given to the persons over creations of their minds and encourage further innovation through protection of intellectual property.
- The Trade Facilitation Agreement requires developing countries to build infrastructure capacity for faster clearance of cross-border shipments without hassles.
- The agreement on Trade Facilitation in Services is expected to cover the discrepancies in trade of services as well as procedural and administrative issues that apply to trade of services.