

World Trade Organization (WTO)

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. UPSC Aspirants preparing for IAS Exam should know about this topic.

The WTO's goal is to help producers of goods and services, exporters, and importers conduct their business. This makes the topic very important for International Relations as well as Economics segments of the UPSC Syllabus.

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World Trade organization (WTO)

We can look at WTO in several ways. WTO happens to be an organization responsible for liberalizing trade. It's a forum to negotiate trade agreements for various governments. It's a place where trade disputes are settled. It operates a system of trade rules.

- One of the most important features is that it is a forum where results come out after serious negotiations.
- Essentially, the WTO is a place where governments who are members go, in order to sort out the trade problems they face with each other.
- The first step is to talk. The WTO was born out of negotiations, and everything the WTO does is the result of negotiations.
- The bulk of the WTO's current work comes from the 1986-94 negotiations called the Uruguay Round.

The negotiations have helped to liberalize trade where countries have faced trade barriers and wanted them to be lowered. But the WTO is not just about liberalizing trade, and in some cases, its rules are such that trade barriers get support—for example, to prevent the spread of disease or protect consumers.

History of WTO

The WTO started functioning on 1 January 1995, but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had given the rules for the system. (The second WTO ministerial meeting, held in Geneva in May 1998, included a celebration of the 50th anniversary of the system.)

- It did not take long for the General Agreement to give birth to an unofficial, extant international organization, also known informally as GATT.
- Over the years, GATT evolved through several rounds of negotiations.
- The General Agreement on Tariffs and Trade (GATT) had its last round in 1986 and it lasted till 1994.
- This was known as the Uruguay Round and it led to the formulation of the World Trade Organization (WTO).

While GATT mostly dealt with trade in goods, the WTO and its agreements could not only cover goods but also trade in services and other intellectual properties like trade creations, designs and inventions.

The WTO has 164 members and 23 observer governments. Afghanistan became the 164th member in July 2016. In addition to states, the European Union, and each EU country in its own right is a member.

Functions of the World Trade Organization (WTO)

The WTO's overriding objective is to help trade flow smoothly, freely, fairly and predictably. It does this by:

- Administering WTO trade agreements
- Conducting forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Providing technical assistance and training for developing countries
- Cooperation with other international organizations

Ministerial Conferences of WTO

Ministerial Conferences	Place	Year	Description
MC1	Singapore	1996	<p>Ministers of finance, trade, foreign and agriculture from more than 120 countries participated and the following issues were in discussion.</p> <ul style="list-style-type: none"> • <i>trade and investment</i> • <i>trade facilitation</i> • <i>transparency in government procurement</i> • <i>trade and competition</i> <p>These are known as the Singapore Issues.</p>

MC2	Geneva, Switzerland	1998	Discussions on the implementation of Singapore Issues. Further discussions for next round related to Export subsidies, market access, etc.
MC3	Seattle, USA	1999	The Uruguay Round was discussed. Further discussions on agricultural and services mandated at the last Ministerial. The Ministerial Conference ended without a conclusion though.
MC4	Doha, Qatar	2001	The Doha Round was discussed.
MC5	Cancún, Mexico	2003	Discussions on the progress of the Doha Development Agenda and other negotiations from the last Ministerial.
MC6	Hong Kong	2005	Discussions on aiming to conclude the Doha Round by 2006. Adoption of the ' Swiss Formula ' to cut down tariffs on non-agricultural goods (<i>NAMA</i>) by both developed and developing countries with different coefficients.
MC7	Geneva, Switzerland	2009	This meeting didn't revolve around the Doha Round. Ministers discussed various other ideas for further development. The theme of MC7 was ' <i>The WTO, the Multilateral Trading System and the Current Global Economic Environment</i> '
MC8	Geneva, Switzerland	2011	Discussions on multiple topics for least developed nations and trade policy reviews. WTO approved Montenegro, Russian Federation and Samoa accessions. Doha Round was discussed to make the mandate more effective, operational and precise.

MC9	Bali, Indonesia	2013	<p>The 'Bali Package' was adopted by the WTO that aimed at the following points:</p> <ul style="list-style-type: none"> • Boosting trade in the least developed countries (LDCs) • Higher food security provisions for developing countries • Streamlining trade <p>The Bali Package is a selection of issues from the broader Doha Round negotiations.</p> <p>Yemen became a part of WTO.</p>
MC10	Nairobi, Kenya	2015	<p>Discussion on agriculture, cotton and issues of LDCs.</p> <p>The Nairobi Package was adopted by WTO that delivered beneficial commitments to WTO's poorest members.</p>
MC11	Buenos Aires, Argentina	2017	<p>Discussions on e-commerce duties, fisheries subsidies and other commitments to negotiations in all sectors.</p>
MC12	Nur-Sultan, Kazakhstan	2020	<p>Will take place in June 2020.</p>

Doha Declaration

The Doha Declaration is the November 2001 declaration that came out of the 4th Ministerial Conference of the WTO, that took place in Doha, Qatar.

- This declaration gives the mandate for negotiations on an array of topics including issues concerning the implementation of the previous agreements.
- This is called the Doha Declaration on the TRIPS Agreement and Public Health.
- There were disagreements between developed and developing countries.
- The major bones of contention were agriculture, non-tariff trade barriers, industrial tariffs, services and trade remedies.
- The Bali Ministerial Declaration was achieved in 2013 which is the first agreement under the Doha Round, and also the first unanimous agreement under WTO.

Dispute Settlement of the World Trade Organization

- WTO is an international body that also deals in Dispute Settlements.
- The member country will approach the WTO's dispute settlement body when a country fails to comply with WTO rules.
- All the members are encouraged to settle the disputes through consultation or a panel if the consultation fails.

- The constituted panel will circulate the verdict of the dispute settlement amongst WTO members who can decide to reject the ruling.
- If the ruling is approved, the member country that violated the rules must change rules in line with the WTO Agreement.
- In the case of failure to do so, the complaining country and the violating country may determine a mutually-acceptable compensation, failing which, the complaining country may retaliate suitably.

UPSC Questions related to WTO

Is India founding member of WTO?

- India has been a member of the World Trade organization since the beginning in 1995.
- India was also a member of GATT since 1948.

What is the WTO and its functions?

- The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations.
- Its main functions are to maintain smooth trade globally and resolve issues or disputes that can affect world trade.

What are the advantages of WTO?

- With WTO, member countries get a provision of a legal framework to process negotiations and disputes amongst them. Other advantages are:
 - Better stability in trade
 - Predictability
- The WTO is also an administrative organization that allows trade under certain conditions for global ease.