

Quadrant II – Notes

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Trade Blocs-WTO

1. What is the World Trade Organization ? “The World Trade Organization is ‘member-driven’, with decisions taken by General agreement among all member of governments and it deals with the rules of trade between nations at a global or near-global level. But there is more to it than that.” They deal with: agriculture, textiles and clothing, banking, telecommunications, government purchases, industrial standards and product safety, food sanitation regulations, intellectual property, and much more. The WTO agreements are lengthy and complex because they are legal texts covering a wide range of activities.
2. WTO: The Beginnings/ History• The World Trade Organization (WTO) came into being on January 1st 1995. It was the outcome of the lengthy (1986-1994) Uruguay round of GATT negotiations. The WTO was essentially an extension of GATT. • It extended GATT in two major ways. First GATT became only one of the three major trade agreements that went into the WTO (the other two being the General Agreement on Trade in Services (GATS) and the agreements on Trade Related Aspects of Intellectual Property Rights (TRIPS)).
• Second the WTO was put on a much sounder institutional footing than GATT. With GATT the support services that helped maintain the agreement had come into being in an ad hoc manner as the need arose. The WTO by contrast is a fully fledged institution (GATT also was, at least formally, only an agreement between contracting parties and had no

independent existence of its own while the WTO is a corporate body recognized under international law).

3. FACT FILE OF WTO Location Geneva, Switzerland Established 1 January 1995 Created by Uruguay Round negotiations (1986-94) Membership 153 countries on 23 July 2008 Budget 189 million Swiss francs for 2009 Secretariat staff 625 Head Pascal Lamy (Director- General) Current WTO members • 153 members • Observers (31)

4. Why WTO? • To arrange the implementation, administration and operations of multilateral (involving three or more participants) and Plurilateral trade agreements (power which shared between different countries) • To arrange the forum for deliberations for the member nations in regard to their multilateral trade relations in issues deal with under the agreements

To provide a framework for implementing of the results arising out of the deliberations (long and care full agreements/consideration) which taken place at ministerial conference level • To manage the created understanding on rules and procedure governing the settlement of disputes

To manage effectively and efficiency the trade policy review mechanism (TRIM) • To create more together relationship with all nations in respect of global economic policy-making, it would cooperate with the IMF and the world bank & its affiliated Organisations.

5. FUNCTIONS OF WTO • Administering WTO trade agreements • Forum for trade negotiations • Handling trade disputes • Monitoring national trade policies • Technical assistance and training for developing countries • Cooperation with other international organizations

6. PRINCIPLES OF WTO The basic principles of the WTO (according to the WTO): • Trade Without Discrimination 1. Most-favoured-nation (MFN): treating other people equally Under the WTO agreements, countries cannot normally discriminate between their trading partners. Grant someone a special favour (such as a lower customs duty rate for one of their products) and you have to do the same for all other WTO members. 2. National treatment: Treating foreigners and locals equally Imported and locally-produced goods should be treated equally — at least after the foreign goods have entered the market. The same should apply to foreign and domestic services, and to foreign and local trademarks, copyrights and patents.

• Freer trade: gradually, through negotiation Lowering trade barriers is one of the most obvious means of encouraging trade. The barriers

concerned include customs duties (or tariffs) and measures such as import bans or quotas that restrict quantities selectively

- **Predictability:** through binding and transparency Sometimes, promising not to raise a trade barrier can be as important as lowering one, because the promise gives businesses a clearer view of their future opportunities. With stability and predictability, investment is encouraged, jobs are created and consumers can fully enjoy the benefits of competition — choice and lower prices. The multilateral trading system is an attempt by governments to make the business environment stable and predictable.

- **Promoting fair competition** The WTO is sometimes described as a “free trade” institution, but that is not entirely accurate. The system does allow tariffs and, in limited circumstances, other forms of protection. More accurately, it is a system of rules dedicated to open, fair and undistorted competition.

- **Encouraging development and economic reform.** The WTO system contributes to development. On the other hand, developing countries need flexibility in the time they take to implement the system’s agreements. And the agreements themselves inherit the earlier provisions of GATT that allow for special assistance and trade concessions for developing countries.

7. STRUCTURES OF WTO Ministerial Conference Dispute Trade Policy Settlement Body General Council Review Body. The Committee Intellectual on T&D and Goods Council Services Council Property Council T&E

8. ROLE OF WTO

- The main goal of WTO is to help the trading industry to become smooth, fair, free and predictable. It was organized to become the administrator of multilateral trade and business agreements between its member nations. It supports all occurring negotiations for latest agreements for trade. WTO also tries to resolve trade disputes between member nations.

- **Multi-lateral agreements** are always made between several countries in the past. Because of this, such agreements become very difficult to negotiate but are so powerful and influential once all the parties agree and sign the multi-lateral agreement. WTO acts as the administrator. If there are unfair trade practices or dumping and there is complaint filed, the staff of WTO are expected to investigate and check if there are violations based on the multi-lateral agreements.

9. TRIMs, AND TRIPS OF WTO1) Agreement on Trade-Related Investment Measures (TRIMs)

- TRIMs refers to certain conditions or restrictions imposed by a governments in respect of foreign investment in the country
- The agreement on TRIMs provides that no contracting party shall apply any TRIM which is inconsistent with the WTO Articles.2) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)
- The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) is an international agreement administered by the World Trade Organization (WTO) that sets down minimum standards for many forms of intellectual property (IP) regulation as applied to nationals of other WTO Members
- It was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994.
- TRIPS contains requirements that nations laws must meet for copyright rights, including the rights of performers, producers of sound recordings and broadcasting organizations; geographical indications, including appellations of origin; industrial designs; integrated circuit layout-designs; patents; monopolies for the developers of new plant varieties; trademarks; trade dress; and undisclosed or confidential information. • specifies enforcement procedures, remedies, and dispute resolution procedures.

10. THE RELEVANCE OF WTO

- The system helps promote peace.
- The system allows disputes to be handled constructively.
- A system based on rules rather than power makes life easier for all.
- Freer trade cuts the cost of living.
- It gives consumers more choice and a broader range of qualities to choose from.
- Trade raises incomes.
- Trade stimulates economic growth and that can be good news for employment
- The basic principles make the system economically more efficient, and they cut costs.

11. THE AGREEMENTS

- The WTO is 'rules-based'; its rules are negotiated agreements
- Overview: a navigational guide
- Plurilateral agreement
- Further changes on the horizon, the Doha Agenda

- Some of the agreements of WTO: -Tariffs: more bindings and closer to zero -The Agriculture Agreement: new rules and commitments -Textiles: back in the mainstream -Intellectual property: protection and enforcement

The agreement covers five broad issues:

- How basic principles of the trading system and other international intellectual property agreements should be applied
- How to give adequate protection to intellectual property rights
- How countries should enforce those rights adequately in their own territories
- How to settle disputes on intellectual property between members of the WTO
- Special transitional arrangements during the period when the new system is being introduced

Developing Countries How the WTO deals with the special needs of an increasingly important group

- In the agreements: more time, better terms
- Legal assistance: a Secretariat service
- Least-developed countries: special focus
- Committees-Trade and Development Committee
- Sub-committee on Least-Developed Countries-The Doha agenda committees
- WTO technical cooperation
- Participation in the system: opportunities and concerns
- Erosion of preferences
- The ability to adapt: the supply-side

12. Recent Issues

- Trade to expand by 9.5% in 2010 after a dismal 2009, WTO reports
- Why was the trade decline so large?
- Trade prospects for 2010
- Lamy calls for addressing macro-economic imbalances through cooperation
- 32 WTO members take anti-dumping actions during first half of 2010
- Transparency mechanism for preferential trade arrangements set for approval
- Market access for LDCs
- Trade agreements between developing countries
- Overseeing national trade policies: the TPRM
- Trade policy reviews: ensuring transparency

13. CONCLUSION • It is the place where the member country comes and talks together and shares their grievance in order to resolve their problem related to International trade. • The countries make their decisions through various councils and committees, whose membership consists of all WTO members. • The system helps promote peace, by handling Dispute of member countries. It provides free trade which cuts the costs of living and provides more choice of products and qualities and stimulates economic growth.
14. • 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. They prescribe special treatment for developing countries. They require governments to make their trade policies transparent • WTO deals with the special needs of developing countries as two thirds of the WTO members are developing countries and they play an increasingly important and active role in the WTO because of their numbers, because they are becoming more important in the global economy, and because they increasingly look to trade as a vital tool in their development efforts.