

**TOPIC: OVERVIEW OF WORLD TRADE ORGANISATION**

**Dr.S.NAGALINGAM,**

M.Com., M.Phil., P.G.D.C.A., Ph.D.,

Assistant Professor,

PG & Research Department of Commerce,

Cardamom Planters' Association College,

Bodinayakanur.

## **WORLD TRADE ORGANISATION**

### **I. Meaning of WTO**

WTO – World Trade Organisation was established in 1995 as the heir organization to the GATT (General Agreement on Trade and Tariff). GATT was founded in 1948 with 23 nations as the global (international) trade organization to serve all multilateral trade agreements by giving fair chances to all nations in the international exchange for trading prospects. WTO is required to build a rule-based trading government in which countries cannot place unreasonable constraints on trade.

### **II. Functions of World Trade Organisation (WTO)**

#### **1. Implementation of Trade Policy Review Rules**

The member nations of the world organizations have come to an overall consensus due to the stability and assurance of trade agreements. The rules are examined to make sure that the multilateral trading system continues even in the face of continuously changing trade conditions. Additionally, it helps in creating a reliable and transparent foundation for conducting business.

#### **2. Discussion of Plans of Member Nations**

Trade negotiations within the global trading system are made possible through WTO. Without trade negotiations, the economy may stagnate, and issues related to dumping and tariffs might go unsolved. Consistent trade discussions are also a requirement for further trade liberalization.

#### **3. Administrating and Carrying out Bilateral and Multilateral Trade Agreements**

The parliaments of different member nations must ratify any bilateral and multilateral trade agreements. The non-discriminatory trading system cannot be implemented until such ratification occurs. Every member will be ensured to be treated fairly in the marketplace of other countries due to the signed contracts.

#### **4. Settlement of Trade Disputes**

Trade disputes are addressed by the WTO's dispute settlement process. Independent tribunal specialists interpret the agreements and issue judgments mentioning the essential obligations of the involved member nations. It is advised to consult with other members to resolve disagreements.

#### **5. Best Possible Use of the World's Resources**

By utilizing the trade capabilities of developing countries, resources all around the world can be used to their maximum potential. For least-developed economies, a special provision in the WTO agreement is necessary. Such initiatives include more significant trading opportunities, a longer duration to implement commitments, and to provide assistance to build infrastructure.

### **III. Features of WTO**

The major features of the World Trade Organization are –

- The scope of WTO is far more expensive than the erstwhile General Agreement on Trade and Tariff. For instance, GATT solely focused on goods while excluding textiles and agriculture. On the other hand, WTO covers all goods, services, and investment policies along with intellectual property.

- WTO Secretariat has formalized and bolstered the mechanisms for the review of policies as well as the settlement of disputes. This aspect has become crucial due to the proliferation of member countries and more goods and services being covered by the WTO. Another important consideration in this regard is the substantial increase in open access to different international markets.
- There are rules implemented for the protection of small and weak countries against the discriminatory trade practices of developed countries.
- National Treatment articles and Most Favored Nation (MFN) clause permits equal access to markets for just treatment of both domestic and foreign suppliers.
- Each member country of the WTO carries a single voting right and all members enjoy privilege on the global scale.
- The WTO agreements encompass all the member states and act as a common forum of deliberation for the members.

#### **IV. Objectives of World Trade Organisation (WTO)**

The objectives of World Trade Organisation (WTO) are:

##### **1. Creating and Enforcing International Trade Regulations**

The General Agreement on Trade in Services, the Trade-Related Aspects of Intellectual Property Rights Agreement, and the Agreement on International Trade in Goods, all serve as the foundation for the World Trade Organization (WTO). The WTO uses a multilateral dispute settlement system to enforce its rules when one of its member countries violates a trade agreement. The methods and decisions must be respected and adhered to by the members through signed agreements. **Creating and Enforcing International Trade Regulations**

##### **2. Making the Decision Making Process More Transparent**

The WTO has made an effort to promote transparency in decision-making by encouraging participation and, in particular, the use of the consensus rule. Such measures work together to increase institutional transparency.

##### **3. Collaboration between Internationals Economic Institutions**

The onset of globalization has made strong collaboration amongst multilateral institutions necessary. The World Trade Organization, the International Monetary Fund, the United Nations Conference on Trade and Development, and the World Bank are some international economic institutions. These institutions help develop and carry out a framework for international economic policy. **Policy making may be disturbed in the absence of regular cooperation and mutual participation.**

##### **4. Serving as the World's Leading Forum**

The WTO is the international platform for regulating and negotiating additional trade liberalization. The foundation of WTO liberalization initiatives is based on members' benefits to make the best use of their comparative advantages as a result of a free and fair trade system.

## 5. Settlements of Trade Disputes

Before the WTO, trade disputes usually arise from the breach of agreements between the member nations. Such trade disputes are settled through a multilateral system with predetermined rules and regulations.

## 6. Others

Some of the other objectives of the World Trade Organisation are as follows:

- To ensure optimum utilization of world resources.
- To protect the environment.
- To ensure full employment and a significant rise in effective demand.
- To raise the level of standard of living for citizens of member nations.
- To embrace the idea of sustainable development.

## V. Concept of Agricultural Agreements

The WTO Agriculture Agreement provides a framework for the long-term reform of agricultural trade and domestic policies, with the aim of leading to fairer competition and a less distorted sector. The Agreement covers: Market access — the use of trade restrictions, such as tariffs on imports.

### Introduction

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The Agreement covers:

- **Market Access** — the use of trade restrictions, such as tariffs on imports
- **Domestic Support** — the use of subsidies and other support programme that directly stimulate production and distort trade
- **Export Competition** — the use of export subsidies and other government support programme that subsidize exports.

Under the Agreement, WTO members agree to “schedules” or lists of commitments that set limits on the tariffs they can apply to individual products and on levels of domestic support and export subsidies