

**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION
MBA FA 404
SUBJECT NAME:
INTERNATIONAL MARKETING**

**TOPIC NAME: WORLD TRADE
ORGANIZATION**



World Trade Organization

The World Trade Organization (WTO) is an intergovernmental organization that is concerned with the regulation of international trade between nations. The WTO officially commenced on 1 January 1995 under the Marrakesh Agreement, signed by 123 nations on 15 April 1994, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948. It is the largest international economic organization in the world.

- ▶ The WTO deals with regulation of trade in goods, services and intellectual property between participating countries by providing a framework for negotiating trade agreements and a dispute resolution process aimed at enforcing participants' adherence to WTO agreements, which are signed by representatives of member governments and ratified by their parliaments. The WTO prohibits discrimination between trading partners, but provides exceptions for environmental protection, national security, and other important goals. Trade-related disputes are resolved by independent judges at the WTO through a dispute resolution process.

- ▶ The WTO's current Director-General is Roberto Azevêdo, who leads a staff of over 600 people in Geneva, Switzerland. A trade facilitation agreement, part of the Bali Package of decisions, was agreed by all members on 7 December 2013, the first comprehensive agreement in the organization's history. On 23 January 2017, the amendment to the WTO Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement marks the first time since the organization opened in 1995 that WTO accords have been amended, and this change should secure for developing countries a legal pathway to access affordable remedies under WTO rules.

FEATURES OF WTO:


1. Non-Discrimination
 2. Free Trade
 3. Stability in the Trading System
 4. Promotion of Fair Competition
 5. Special Concern for Developing Countries
 6. Market Access Commitment
 7. Decision at the Ministerial Level Meeting
 8. Wider Range of Issues
 9. Multilateral Trading System.
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▶ **Non-Discrimination:**

▶ This is the most important principle on which WTO has been founded. The principle of non-discrimination means two things. (1) All trading partners will be granted the most favored nation (MFN) status, that is, each member state of WTO will treat every other member state equally as the most favored nation doing trade.

▶ **Free Trade:**

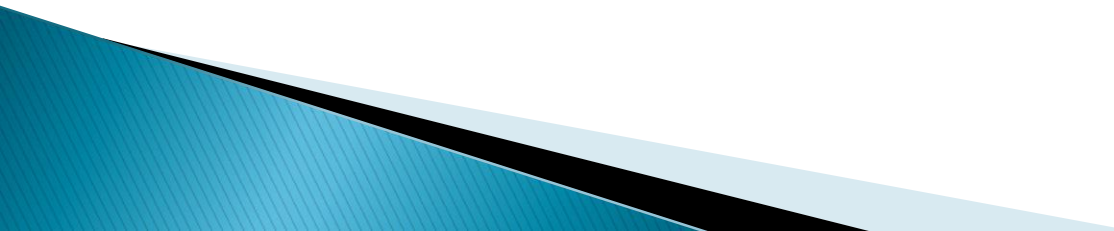
▶ The objective of WTO, as in case of GATT, is to promote free trade among nations through negotiations. For this purpose WTO has to work for progressive liberalization of trade through reduction in tariffs and removal of quantitative restrictions on imports by member countries.

- ▶ **Stability in the Trading System:**
 - ▶ Under WTO agreements member states are committed not to raise tariff and non-tariff trade barriers arbitrarily. This provides stability and predictability to the trading system.
 - ▶ **Promotion of Fair Competition:**
 - ▶ WTO system of multilateral trading system provides for transparent, fair and undistorted competition among the various countries. Rules such as Most Favored Nation (MFN) treatment to all trading parties, equal treatment to foreign goods, patents and copyrights as with nationals ensure fair competition among trading countries.
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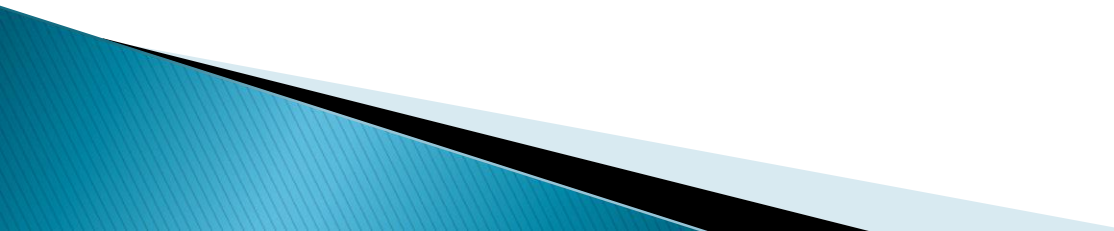
- ▶ **Special Concern for Developing Countries:**
- ▶ WTO has shown special concern for the developing countries as it has given them more time to adjust to agreements under it and also some special privileges. An important feature of WTO is that it would deal with not only the disputes in the area of trade in goods but a whole range of issues such services and intellectual property rights.
- ▶ **Market Access Commitment:**
- ▶ WTO agreements which seek to establish multilateral trading system require the member countries to undertake market access commitment on reciprocity basis. In fact, market access is ensured by abolishing non-tariff barriers as well as by reducing tariffs.

- ▶ **Decision at the Ministerial Level Meeting:**
- ▶ Another feature of WTO agreement is that it has upgraded decision-making at the ministerial level. Important decisions regarding trade related matters are to be taken at the Ministerial level meetings. Ministerial level meetings have now been incorporated in the legal structure of WTO.
- ▶ **Wider Range of Issues:**
- ▶ Another important feature of WTO is that it will deal with not only issues and disputes relating to trade in goods but also the whole range of issues concerning trade in services and intellectual property rights.
- ▶ **Multilateral Trading System:**
- ▶ The most important features of WTO is that it seeks to establish just and fair multilateral system of international trade wherein the developed countries, the developing countries, and the least developing countries all have equal opportunities for market access of their products in foreign countries and wherein discriminatory trade barriers and unjust Government support to exports by different countries have to be eliminated.

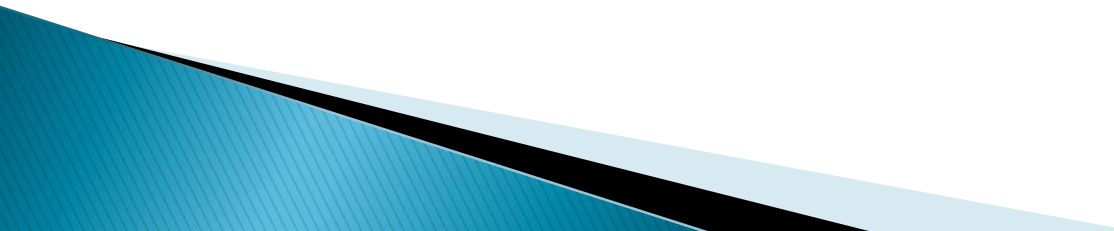
OBJECTIVES OF WTO:

1. To improve the standard of living of people in the member countries.
 2. To ensure full employment and broad increase in effective demand.
 3. To enlarge production and trade of goods.
 4. To increase the trade of services.
 5. To ensure the optimum utilization of world resources.
 6. To protect the environment.
 7. To accept the concept of sustainable development.
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FUNCTIONS OF WTO:

1. To implement rules and provisions related to trade policy review mechanism.
 2. To provide a platform to member countries to decide future strategies related to trade and tariff.
 3. To provide facilities for implementation, administration and operation of multilateral and bilateral agreements of the world trade.
 4. To administer the rules and processes related to dispute settlement.
 5. To ensure the optimum use of world resources.
 6. To assist international organizations such as, IMF and IBRD for establishing coherence in Universal Economic Policy determination.
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PRINCIPLES OF WTO:

- ▶ Trade without discrimination
 - ▶ Free trade: gradually, through negotiation
 - ▶ Predictability: through binding and transparency
 - ▶ Promoting fair competition
 - ▶ Encouraging development and economic reform
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BENEFITS OF WTO:

- ▶ Significant achievements in reducing tariff and non-tariff barriers.
 - ▶ Economic growth
 - ▶ Increases in competition, improvement in quality and productivity.
 - ▶ Multilateral discussion of economic relations.
 - ▶ System for settlement of trade disputes.
 - ▶ Mechanism to deal with violation of trade agreement.
 - ▶ Research related to trade global trade.
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