

Understanding Globalization

6th Sem

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World Trade Organisation

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. The goal is to ensure that trade flows as smoothly, predictably and freely as possible. In brief, the World Trade Organization (WTO) is the only international organization dealing with the global rules of trade. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible. The World Trade Organization came into being in 1995. One of the youngest of the international organizations, the WTO is the successor to the General Agreement on Tariffs and Trade (GATT) established in the wake of the Second World War. So while the WTO is relatively young, the multilateral trading system that was originally set up under the GATT is over 70 years old.

Location: Geneva, Switzerland

Established: 1 January 1995

Created by: Uruguay Round negotiations (1986-94)

Membership: 164 members representing 98 per cent of world trade

Budget: 197 million Swiss francs for 2019

Secretariat staff: 625

Head: Roberto Azevêdo (Director-General)

The WTO has many roles: it operates a global system of trade rules, it acts as a forum for negotiating trade agreements, it settles trade disputes between its members and it supports the needs of developing countries. All major decisions are made by the WTO's member governments: either by ministers (who usually meet at least every two years) or by their ambassadors or delegates (who meet regularly in Geneva).

The WTO's rules – the agreements – are the result of negotiations between the members. The current set is largely the outcome of the 1986- 94 Uruguay Round negotiations, which included a major revision of the original General Agreement on Tariffs and Trade (GATT). The Uruguay Round created new rules for dealing with trade in services and intellectual property and new procedures for dispute settlement. The complete set runs to some 30,000 pages consisting of about 30 agreements and separate commitments (called schedules) made by individual members in specific areas, such as lower tariffs and services market-opening. Through these agreements, WTO members operate a non-discriminatory trading system that spells out their rights and their obligations. Each member receives guarantees that its exports will be treated fairly and consistently in other members' markets. Each promises to do the same for imports into its own market. The system also gives developing economies some flexibility in

implementing

their

commitments.

Functions:

- 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

Structure

Structure The WTO has 164 members, accounting for 98% of world trade. A total of 22 countries are negotiating membership. Decisions are made by the entire membership. This is typically by consensus. A majority vote is also possible but it has never been used in the WTO, and was extremely rare under the WTO's predecessor, the GATT. The WTO's agreements have been ratified in all members' parliaments. The WTO's top level decisionmaking body is the Ministerial Conference, which meets usually every two years. Below this is the General Council (normally ambassadors or heads of delegation based in Geneva but sometimes officials sent from a member's government) which meets several times a year in the Geneva headquarters. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body. At the next level, the Goods Council, Services Council and Intellectual Property (TRIPS) Council report to the General Council. Numerous specialized committees, working groups and working parties deal with the individual agreements and other areas, such as the environment, development, membership applications and regional trade agreements