

## PalArch's Journal of Archaeology of Egypt / Egyptology

### WORLD TRADE ORGANIZATION: AN OVERVIEW

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**Chinmaya Kumar Mohapatra, Amrita Mishra: World Trade Organization: An Overview -  
- Palarch's Journal Of Archaeology Of Egypt/Egyptology 17(6). ISSN 1567-214x**

**Keywords: Agreement, Economy, Members. World Trade Organization**

#### ABSTRACT

The present research paper discusses the World Trade Organization and its role as a facilitator of multilateral trade agreements between its various members. The paper also discusses the history and background of the Organization and how it is the successor to General Agreement on Tariffs and Trade. The paper also discusses the various agreements under WTO such as Marrakesh Agreement, Multilateral Agreement on Trade in Goods, Agreement on Agriculture, General Agreement on Trade in Services and Agreement on Trade-Related Aspects of Intellectual Property Rights, Information Technology agreement and Trade facilitation agreement. The paper then discusses the Dispute Settlement Mechanism of the Organization and the accession to the World Trade Organization. It also discusses the decision making process of the World Trade organization which is mostly done on the basis of the majority vote before Concluding with discussing the growth and challenges by World Trade Organization in the past decade.

#### 1. Introduction

The World Trade Organisation is a global body authorising 164 of both its Member States to conclude trade-related contracts and agreements. It seeks to eliminate or reduce obstacles to reform and establish non-discriminatory laws to tackle the activities of trade between countries. As the WTO emerges and the debates and compromises that were conducted at the Uruguay Round of Multilateral Trade Talks between 1986 and 1994, the United States has provided the impetus. The World Trade Organization did now not see

its advent from scratch however was a successor of the General Agreements on Tariffs and Trade, which used to be delivered to delivery through the United States and 22 other nations. The motive in the back of the institution of GATT and later, WTO was that these international locations aimed to improve a buying and selling machine that was once more flexible however at the same time had the required guidelines in area that had to be abided via and should be referred to. These countries additionally aimed for the betterment of the International Economic Cooperation and balance and prosperity worldwide. Because of the truth that 164 of the international locations are participants of WTO, 98 percent of the trade amongst the nations is among WTO members.

The WTO also facilitates negotiations between the Contracting parties for broad based trade liberalization and has been subjected to a lot of criticism and scrutiny for the role that it plays as that of a dispute resolving body for trade related matters. It has been observed that the WTO has not been able to reach to common agreement among the countries when the issues have been such that the developed nations have been pitted against the developing ones. The organization has also not been able to cope well with comparatively newer trade barriers, some of the examples of which are digitally enabled restrictions and the part played by the State Owned Enterprises in the domain of International Trade. International Trade has been affected and changed by the global supply chains and developments in the technology with respect to trade. The members have not been able to agree upon a new multilateral agreement. Because of which, there have been many instances of countries getting into agreements with each other without the World Trade Organization being a facilitator of the same.

Doha Round, which is the latest round of negotiations began in 2001 and did not lead to any clarity among the points that had been picked up and left numerous unanswered questions.

## **2. History**

“The goal of the international countries in the course of hostilities II was to create a more open and non-discriminatory buyers and sellers system between the US and various developing countries, in order to improve the economic prosperity of all countries. Adapt to the t-for-tat role of US trade barriers. The countries that met to discuss this new buying and selling machinery saw free enterprise as more of an obligation to peace and political resources as the Smoot-Hawley tariffs in perpetuating financial distress during the 1930s, involving significant drops in global trade, international income increase.”

The debate led to such an international trade body that could look at international economic problems such as trade restrictions and employment-related concerns, investment, discriminatory trading practises and product agreements. "The provisional arrangement, furthermore, was the principle collection of regulations regulating Foreign Trade, again for proceeding from forty-seven years earlier than the World Trade Organisation, which was to have a bearing on a 1948 agreement that is not completely concluded but which has the possibility of having a 1948 effect.

WTO became the successor of GATT in 1995 and unlike its predecessor, World Trade Organization was pronounced as a permanent Organization. The organization does not have any independent power none the less. It is up to the Member States and its not the Director General including its World Trade Organisation itself to establish guidelines to be followed and indeed the authority to address and negotiate democratic reforms relevant to trade. "A member-driven group is thus called the WTO."

The decisions pertaining to the relevant matters of World Trade are made through mutual agreement. This does not rule out the possibility of majority voting which is open to be used in certain circumstances. Ministerial Conference is the top body of the Organization which is constituted of the representatives of each member country. It is the General council which oversees the everyday operations of the Organization.

The Organization can be said to have three main roles to play: it has to oversee the regulations of the trading system, it has to set up new ones through debates and discussions, and it has to act as a dispute resolution body to resolve trade related disputes between member states.

### **3. WTO Agreements**

#### **Marrakesh Agreement:**

This can be said to be the Umbrella agreement, leading to the birth of various agreements and understandings. This agreement has given the World Trade Organization status and specified and established the duties, structure, secretariat, budgetary procedures, decisions, entry into force, exclusion, ascensional decisions and other provisions including its International Legal Organization. There seem to be four annexes to the Agreement.

#### **Multilateral Agreement on Trade in Goods:**

Through a number of sectoral or issue-specific arrangements, this agreement includes the rules for trade. In its essence and GATT Decision 1947 and GATT 1994 lie, the combined GATT Acquis and Six Agreements on GATT 1947 Articles were negotiated in the Uruguay Round, from 1947 to 1994. The GATT 1944 is the first of these. Each of them includes laws and principles that seem to be industry-specific or problem-specific.

#### **Agreement on Agriculture:**

This agreement pertains to the access by countries to the markets of other countries and rules as to some domestic agricultural support program. The aim of this agreement was to be the possibility of creating an agricultural and manufacturing system for WTO members. "The Agriculture Agreement (AoA) contains market and regulatory rules and agreements on some national support systems for agriculture and export subsidies. Its goal was to provide WTO members with a basis for reforming certain dimensions of agricultural trade and domestic farming practices in order to encourage more transparent and market-oriented trade."

### **Generic Agreement on Trade in Services:**

“The GATT agreements were primarily for trade items, with the exception of utilities. As a result of the Uruguay Round Agreements, services were finally provided under the GATS. "It is the GATS that laies out any other true multilateral system of rules and standards for State policies and regulations relating to integration services.

GATS comprises a variety of components: scope definition, principles and responsibilities, market access and national treatment; gains independence detailing exceptions to which members are subject to MFN treatment; as well as various technical features. "Group agreements of GATS on the basis of a positive list, which ensures also that commitments only relate to the facilities and implementation procedures stated on each member's responsibilities schedule.”

### **Agreement on Trade-Related Aspects of Intellectual Property Rights:**

The TRIPS agreement was the first ever multilateral trade agreement with respect to law related to Intellectual Property Rights. TRIPS were also discussed and debated at Uruguay Rounds, like GATS was. The agreement is the one which sets the minimum required standards for safeguard as well as implementation of Intellectual Property Rights in the world. It also lays down the ambits of various Intellectual Property Rights in existence such as trademarks, patents, copyright and designs.

The agreement not only defines the various kinds of intellectual property, but it also lays down the procedures to be followed for implementation of these laws. It defines the administrative duties regarding the rights and the remedies to be provided to the intellectual property owners for the infringement of their rights. It was the TRIPS Agreement which led to the debate with respect to the need of IPR for the development of the nations. This also led to discussions and then legislations which would balance the individual rights granted by virtue of the Intellectual property rights and the public welfare such as availability of medicines at cheaper rates.

### **Information Technology Agreement:**

This agreement has garnered benefit to all the members of the World Trade Organization irrespective of whether they have been a party to this particular agreement or not. The agreement took place in 1996 and it resulted in the tariff free treatment of decided IT related products.

The agreement not include within its ambit, Information technology related services and are only pertaining to products, and it also does not include software.

“According to data from December 2015, a team of 51 Member governments from the United States reached an enhanced deal to cowl, worth over \$1 trillion in annual foreign exports, with 201 additional goods and technologies.” The members to WTO pledged that they would work towards the reduction of the tariffs and in 2016, the US began with the exercise by initiating IT Tariff cuts,

following which, China also started with the cuts and planed a reduction in tariffs over five to seven years.

### **Trade Facilitation Agreement:**

This agreement is a multilateral trade agreement and was concluded on 22<sup>nd</sup> February, 2017. The purpose of this agreement was to address the trade barriers that are experienced by the exporters as well as importers.

The agreement also aimed to reduce the expenses of the trade through streamlining, modernizing and speeding up the process of trade between different countries and making the acts of exports and imports more transparent then they already are.

The trade facilitation agreement is a very unique one in the sense that in this agreement, the members themselves decide the terms of implementation and link it to their financial as well as technical capacity to be able to manage the same.

The agreement calls out to the donor members such as the Unites States of America to provide the developing nations with the required help of building the capacity and the support.

### **4. Dispute Settlement Under WTO**

“The dispute resolution process or DSU-provides a strictly enforced method for the members of the WTO to settle conflicts occurring in the form of binding provisional law" The DS Scheme, also referred to as the "crown joy" of the World Trade Organization (WTO), has indeed been perceived by some observants to be among the terms and among the most important achievements of the world trade organization.

The DSB might even be a plenary committee of the WTO which supervises the panels and takes up a DS panel , Appellate Body (AB) advice. The DSB is responsible for the implementation and execution of these decisions. The panels are composed of three or five panelists, not the citizens of the contributions concerned, selected from the Secretariat's roster of 'fully trained public and/or non-governmental individuals.' WTO members may first attempt to resolve a conflict through mediation, but if these problems arise, a member planning to create a conflict may still invite a tribunal to review the case and record it.

### **5. Process Of Decision Making**

One state, one vote is the mechanism through which decisions are made in the World Trade Organization. Though the decisions on necessary questions are to be taken thru consensus, such as the adoption of conventions or agreements, amendments to the Constitution, and suspension of the balloting privileges and services of Members, for which a two thirds majority of the Members present and vote casting is required, the guidelines of system for the health meeting as nicely as the Executive Board grant for choice making by using simple majority.

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## **6. Membership To WTO**

While there are 164 members currently parts of WTO, 22 more countries have been seeking membership to the organization. If a party becomes member of the organization, it would mean that it has to abide by all the rules of the organization and that it becomes a party to all of its multilateral agreements. The reason behind seeking membership with WTO is twofold. Firstly, they get the opportunity to expand the excess to the foreign markets, and secondly, they get to bring reforms in their domestic laws related to trade.

Because of the fact that WTO is a member driven organization, the disagreement of even a single member towards the grant of membership to any country could hamper the accession of any country. Thus, it is a requirement that the country seeking accession is obligated to satisfy specific market access conditions of other WTO members by negotiating on a bilateral basis.

## **7. Conclusion**

As membership including its World Trade Organization expanded, Brazil, China and Russia became more integrated into the global economy in the decade, and the growth in membership also made it possible to assure that only the interests of developing countries did not take back their seats and that they were represented fairly in global trade.

It has also been observed that WTO has proven to be unable to reach consensus on some of the matters related to trade liberalization.

Better terms now have to be established so that a variety of horizontal activities will provide motivation to overcome conflicts and measure progress. The DS system will be terminated in December 2019 if, with the exception of changes made, the sentences of two out of three final AB members expire. In addition, in June 2020, WTO delegates will face another biennial ministerial conference which should provide an opportunity for nations, such as fishing concessions and tangible development in the various long-standing areas, to report the end and the on-going negotiations. Meanwhile, numerous bold trade initiatives outside the WTO are underway along with the CPTPP, which came under pressure for a number of entities in December 2018 and which many observers consider to also be a viable blueprint for potential trade and regulatory liberalisation in a variety of fields.

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