

EVENTS PRIOR TO GATT AND WORLD TRADE
ORGANISATION

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INTRODUCTION

Setting up of the World Trade Organisation was agreed to by 125 countries on April 5th 1994 at a conference in Marrakesh which concluded the strenuous Uruguay round of GATT negotiations after more than seven years of hard bargaining. The new WTO which replaces GATT had come into effect from January 1st 1995 with the backing of at least 85 founding members including India.¹ The **World Trade Organization (WTO)** is an [organization](#) that intends to supervise and [liberalize international trade](#). The organization officially commenced on 1 January 1995 under the [Marrakech Agreement](#), replacing the [General Agreement on Tariffs and Trade](#) (GATT), which commenced in 1948. The organization deals with regulation of trade between participating countries; it provides a framework for negotiating and formalizing trade agreements, and a dispute resolution process aimed at enforcing participant's adherence to WTO agreements, which are signed by representatives of member governments and ratified by their parliaments. Most of the issues that the WTO focuses on derive from previous trade negotiations, especially from the [Uruguay Round](#) (1986–1994).

The organization is attempting to complete negotiations on the [Doha Development Round](#), which was launched in 2001 with an explicit focus on addressing the needs of developing countries. As of June 2012, the future of the Doha Round remained uncertain: the work programme lists 21 subjects in which the original deadline of 1 January 2005 was missed, and the round is still incomplete. The conflict between free trade on industrial goods and services but retention of [protectionism](#) on [farm subsidies](#) to domestic [agricultural sector](#) (requested by [developed countries](#)) and the [substantiation](#) of the international liberalization of [fair trade](#) on agricultural products (requested by [developing countries](#)) remain the major obstacles. These points of contention have hindered any progress to launch new WTO negotiations beyond the Doha Development Round. As a result of this impasse, there has been an increasing number of bilateral [free trade agreements](#) signed. As of July 2012, there were various negotiation groups in the WTO system for the current agricultural trade negotiation which is in the condition of stalemate.

WTO's current Director-General is [Roberto Azevêdo](#), who leads a staff of over 600 people in [Geneva, Switzerland](#). A trade facilitation agreement known as the [Bali](#)

¹ Pg 26 , World Trade Organisation by S.R.Myneni , 3rd edition Asia Law House Hyderabad

[Package](#) was reached by all members on 7 December 2013, the first comprehensive agreement in the organization's history.²

² http://en.wikipedia.org/wiki/World_Trade_Organization, as visited on 30/5/2014 at 9:18 a.m.

HISTORY

The WTO's predecessor, the General Agreement on Tariffs and Trade (GATT), was established after [World War II](#) in the wake of other new multilateral institutions dedicated to international economic cooperation – notably the [Bretton Woods institutions](#) known as the [World Bank](#) and the [International Monetary Fund](#). A comparable international institution for trade, named the [International Trade Organization](#) was successfully negotiated. The ITO was to be a United Nations specialized agency and would address not only trade barriers but other issues indirectly related to trade, including employment, investment, restrictive business practices, and commodity agreements. But the ITO treaty was not approved by the U.S. and a few other signatories and never went into effect.

In the absence of an international organization for trade, the GATT would over the years "transform itself" into a *de facto* international organization.

The GATT was the only multilateral instrument governing [international trade](#) from 1946 until the WTO was established on 1 January 1995. Despite attempts in the mid-1950s and 1960s to create some form of institutional mechanism for international trade, the GATT continued to operate for almost half a century as a semi-institutionalized multilateral treaty regime on a provisional basis.

The Final Act concluding the Uruguay Round and officially establishing the WTO regime was signed 15 April 1994, during the ministerial meeting at [Marrakesh](#), Morocco, and hence is known as the [Marrakesh Agreement](#).³

³ http://www.une.edu.ve/~cpittol/Archivo/GATT_History.htm, as visited on 30/5/2014 at 8:30 p.m.

HISTORICAL EVOLUTION OF GATT

The Bretton Woods Conference held in 1944 was the starting point for a new world order. The world economy would be organized around three institutions: (i) International Monetary Fund (IMF); (ii) International Bank for Reconstruction and Development (IBRD); (iii) International Trade Organisation. The IMF was designed to take care of the short term problem in connection with international liquidity. The IBRD would help to channel , international investments along desired lines.the ITO, on the other hand would deal with the real side of trading relations. It would help to create a liberal system of regulations governing the world trade. It would in the long run , be the vehicle that carried the world towards the system of free trade. The IMF and the IBRD came into existence but the ITO never came into existence due to the following reasons.

After endorsement by the executive branch of the US Government and the Government of the UK , proposals of the ITO underwent discussion at the international conference of Trade and Employment that first met in London in the autumn of 1946; adjourned to Geneva the following year , and concluded in Havana in the winter of 1947-48. 53 nations signed the resulting charter for an ITO , which would go into effect upon its ratification by the member nations. The ITO never came into existence as the US Senate had not ratified it. Nor did any other country ratify it. Thus the ITO was never established.

Anxious to get about the business of reducing trade barriers regardless of what happened to the proposed ITO , some of the participants in the London Conference on Trade and Employment urged that extensive tariff negotiations be inaugurated , simultaneously with the continuing discussion of the Trade Charter at Geneva. These negotiations participated by some 23 nations, resulted in an extensive set of bilateral trade concessions which were then extended to all participants and incorporated in a General Agreement on Tariff and Trade, 1947.

The United States Tariff and Trade Agreement Authority would expire in the middle of 1948 and it was obvious that an ITO charter would not be in effect by

then. Partly for these reasons the US and other countries desired to have the GATT implemented as soon as possible because some countries would require preliminary action in order to accept many general clauses of the GATT, the GATT itself was not applied. Instead a protocol of Provisional Application (PPA) was signed in the late 1946, by the 22 original members of the GATT and this protocol became effective on January 1, 1948. It is only through this protocol that the GATT is applied.⁴

SUCCESS AND FAILURES OF GATT

Given its provisional nature and limited field of action, the success of GATT in promoting and securing the liberalization of much of world trade over 47 years is incontestable. Continual reductions in tariffs alone helped spur very high rates of world trade growth - around 8 per cent a year on average - during the 1950s and 1960s. And the momentum of trade liberalization helped ensure that trade growth consistently out-paced production growth throughout the GATT era. The rush of new members during the Uruguay Round demonstrated that the multilateral trading system, as then represented by GATT, was recognized as an anchor for development and an instrument of economic and trade reform.

The limited achievement of the Tokyo Round, outside the tariff reduction results, was a sign of difficult times to come. GATT's success in reducing tariffs to such a low level, combined with a series of economic recessions in the 1970s and early 1980s, drove governments to devise other forms of protection for sectors facing increased overseas competition. High rates of unemployment and constant factory closures led governments in Europe and North America to seek bilateral

market-sharing arrangements with competitors and to embark on a subsidies race to maintain their holds on agricultural trade. Both these changes undermined the credibility and effectiveness of GATT.

Apart from the deterioration in the trade policy environment, it also became apparent by the early 1980s that the General Agreement was no longer as relevant to the realities of world trade as it had been in the 1940s. For a start, world trade had become far more complex and important than 40 years before: the globalization of the world economy was underway, international investment was exploding and trade in services - not covered by the rules of GATT - was of major interest to more

⁴ http://en.wikipedia.org/wiki/World_Trade_Organization, as visited on 30/5/2014 at 10:43 a.m.

and more countries and, at the same time, closely tied to further increases in world merchandise trade. In other respects, the GATT had been found wanting: for instance, with respect to agriculture where loopholes in the multilateral system were heavily exploited - and efforts at liberalizing agricultural trade met with little success - and in the textiles and clothing sector where an exception to the normal disciplines of GATT was negotiated in the form of the Multifibre Arrangement. Even

the institutional structure of GATT and its dispute settlement system were giving cause for concern.

Together, these and other factors convinced GATT members that a new effort to reinforce and extend the multilateral system should be attempted.⁵

⁵ *ibid*

ABOUT WTO

The WTO was born out of negotiations, and everything the WTO does is the result of negotiations. The bulk of the WTO's current work comes from the 1986–94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO is currently the host to new negotiations, under the 'Doha Development Agenda' launched in 2001.

Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to open markets for trade. But the WTO is not just about opening markets, and in some circumstances its rules support maintaining trade barriers — for example, to protect consumers or prevent the spread of disease.

At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations. These documents provide the legal ground rules for international commerce. They are essentially contracts, binding governments to keep their trade policies within agreed limits. Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives.

The system's overriding purpose is to help trade flow as freely as possible — so long as there are no undesirable side effects — because this is important for economic development and well-being. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be 'transparent' and predictable.

Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO system, often need interpreting. The most harmonious way to settle these differences is through some neutral procedure based on an agreed legal foundation. That is the purpose behind the dispute settlement process written into the WTO agreements.⁶

⁶ http://english.thewto.org/whatis_e/who_we_are_e.htm, as visited on 30/5/2014 at 10:06 a.m.

The WTO provides a forum for negotiating agreements aimed at reducing obstacles to international trade and ensuring a level playing field for all, thus contributing to economic growth and development. The WTO also provides a legal and institutional framework for the implementation and monitoring of these agreements, as well as for settling disputes arising from their interpretation and application. The current body of trade agreements comprising the WTO consists of 16 different multilateral agreements (to which all WTO members are parties) and two different plurilateral agreements (to which only some WTO members are parties).

Over the past 60 years, the WTO, which was established in 1995, and its predecessor organization the GATT have helped to create a strong and prosperous international trading system, thereby contributing to unprecedented global economic growth. The WTO currently has 159 members, of which 117 are developing countries or separate customs territories. WTO activities are supported by a Secretariat of some 700 staff, led by the WTO Director-General. The Secretariat is located in Geneva, Switzerland, and has an annual budget of approximately CHF 200 million (\$180 million, €130 million). The three official languages of the WTO are English, French and Spanish.

Decisions in the WTO are generally taken by consensus of the entire membership. The highest institutional body is the [Ministerial Conference](#), which meets roughly every two years. A [General Council](#) conducts the organization's business in the intervals between Ministerial Conferences. Both of these bodies comprise all members. Specialised subsidiary bodies (Councils, Committees, Sub-committees), also comprising all members, administer and monitor the implementation by members of the various WTO agreements.

More specifically, the WTO's main activities are:

- negotiating the reduction or elimination of obstacles to trade (import tariffs, other barriers to trade) and agreeing on rules governing the conduct of international trade (e.g. antidumping, subsidies, product standards, etc.)
- administering and monitoring the application of the WTO's agreed rules for trade in goods, trade in services, and trade-related intellectual property rights
- monitoring and reviewing the trade policies of our members, as well as ensuring transparency of regional and bilateral trade agreements

- settling disputes among our members regarding the interpretation and application of the agreements
- building capacity of developing country government officials in international trade matters
- assisting the process of accession of some 30 countries who are not yet members of the organization
- conducting economic research and collecting and disseminating trade data in support of the WTO's other main activities
- explaining to and educating the public about the WTO, its mission and its activities.

The WTO's founding and guiding principles remain the pursuit of open borders, the guarantee of most-favoured-nation principle and non-discriminatory treatment by and among members, and a commitment to transparency in the conduct of its activities. The opening of national markets to international trade, with justifiable exceptions or with adequate flexibilities, will encourage and contribute to sustainable development, raise people's welfare, reduce poverty, and foster peace and stability. At the same time, such market opening must be accompanied by sound domestic and international policies that contribute to economic growth and development according to each member's needs and aspirations.⁷

⁷ http://www.wto.org/english/thewto_e/whatis_e/wto_dg_stat_e.htm, as visited on 30/5/2014 at 10:15 a.m.

WORKING OF WTO

Functions of the WTO

1. The WTO facilitates the implementation, administration and operation, and further the objectives, of the Marrakesh Agreement and of the Multilateral Trade Agreements, and also provides the framework for the implementation, administration and operation of the Plurilateral Trade Agreements.
2. The WTO provide the forum for negotiations among its Members concerning their multilateral trade relations .The WTO may also provide a forum for further negotiations among its Members concerning their multilateral trade relations, and a framework for the implementation of the results of such negotiations, as may be decided by the Ministerial Conference.
3. With a view to achieving greater coherence in global economic policy-making, the WTO cooperates, as appropriate, with the International Monetary Fund and with the International Bank for Reconstruction and Development and its affiliated agencies.⁸

Structure of the WTO

1. There is a Ministerial Conference composed of representatives of all the Members, which meet at least once every two years. The Ministerial Conference carries out the functions of the WTO and takes actions necessary to this effect. The Ministerial Conference has the authority to take decisions on all matters under any of the Multilateral Trade Agreements. The highest decision-making body of the WTO is the **Ministerial Conference**, which usually meets every two years. It brings together all members of the WTO, all of which are countries or customs unions. The Ministerial Conference can take decisions on all matters under any of the multilateral trade agreements. The **inaugural ministerial conference** was held in Singapore in 1996. Disagreements between largely developed and developing economies emerged during this conference over four issues initiated by this conference, which led to them being collectively referred to as the "**Singapore issues**". The **second ministerial**

⁸ http://www.wto.org/english/docs_e/legal_e/04-wto_e.htm, as visited on 30/5/2014 at 1:56 p.m.

conference was held in Geneva in Switzerland. The third conference in Seattle, Washington ended in failure, with massive demonstrations and police and National Guard crowd-control efforts drawing worldwide attention. The fourth ministerial conference was held in Doha in the Persian Gulf nation of Qatar. The Doha Development Round was launched at the conference. The conference also approved the joining of China, which became the 143rd member to join. The fifth ministerial conference was held in Cancún, Mexico, aiming at forging agreement on the Doha round. An alliance of 22 southern states, the G20 developing nations (led by India, China, Brazil, ASEAN led by the Philippines), resisted demands from the North for agreements on the so-called "Singapore issues" and called for an end to agricultural subsidies within the EU and the US. The talks broke down without progress.

The sixth WTO ministerial conference was held in Hong Kong from 13–18 December 2005. It was considered vital if the four-year-old Doha Development Round negotiations were to move forward sufficiently to conclude the round in 2006. In this meeting, countries agreed to phase out all their agricultural export subsidies by the end of 2013, and terminate any cotton export subsidies by the end of 2006. Further concessions to developing countries included an agreement to introduce duty-free, tariff-free access for goods from the Least Developed Countries, following the Everything but Arms initiative of the European Union — but with up to 3% of tariff lines exempted. Other major issues were left for further negotiation to be completed by the end of 2010. The WTO General Council, on 26 May 2009, agreed to hold a seventh WTO ministerial conference session in Geneva from 30 November-3 December 2009. A statement by chairman Amb. Mario Matus acknowledged that the prime purpose was to remedy a breach of protocol requiring two-yearly "regular" meetings, which had lapsed with the Doha Round failure in 2005, and that the "scaled-down" meeting would not be a negotiating session, but "emphasis will be on transparency and open discussion rather than on small group processes and informal negotiating structures". The general theme for discussion was "The WTO, the Multilateral Trading System and the Current Global Economic Environment"

2. There is a General Council composed of representatives of all the Members, which meets as appropriate. In the intervals between meetings of the Ministerial Conference, its functions shall be conducted by the General Council. The General Council shall convene as appropriate to discharge the responsibilities of the

Dispute Settlement Body provided for in the Dispute Settlement Understanding. The Dispute Settlement Body has its own chairman and establishes such rules of procedure as it deems necessary for the fulfilment of those responsibilities. The General Council is the WTO's highest-level decision-making body in Geneva, meeting regularly to carry out the functions of the WTO. It has representatives (usually ambassadors or equivalent) from all member governments and has the authority to act on behalf of the ministerial conference which only meets about every two years. The current chairperson is H.E. Mr. Jonathan FRIED (Canada). The General Council also meets, under different rules, as the [Dispute Settlement Body](#) and as the [Trade Policy Review Body](#).⁹

3. There is a Council for Trade in Goods, a Council for Trade in Services and a Council for Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as the "Council for TRIPS"), which operates under the general guidance of the General Council. The Council for Trade in Services shall oversee the functioning of the General Agreement on Trade in Services (hereinafter referred to as "GATS"). The Council for TRIPS shall oversee the functioning of the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as the "Agreement on TRIPS"). These Councils shall carry out the functions assigned to them by their respective agreements and by the General Council. They shall establish their respective rules of procedure subject to the approval of the General Council. Membership in these Councils shall be open to representatives of all Members. These Councils shall meet as necessary to carry out their functions.

4. The Council for Trade in Goods, the Council for Trade in Services and the Council for TRIPS establish subsidiary bodies as required. These subsidiary bodies establish their respective rules of procedure subject to the approval of their respective Councils.

5. The Ministerial Conference has a Committee on Trade and Development, a Committee on Balance-of-Payments Restrictions and a Committee on Budget, Finance and Administration, which carries out the functions assigned to them by the General Council, and may establish such additional Committees with such functions as it may deem appropriate. As part of its functions, the Committee on Trade and Development periodically reviews the special provisions in the

⁹ http://www.wto.org/english/thewto_e/gcounc_e/gcounc_e.htm, as visited on 30/5/2014 at 10:27 a.m.

Multilateral Trade Agreements in favour of the least-developed country Members and report to the General Council for appropriate action. Membership in these Committees shall be open to representatives of all Members.

THE WTO AND OTHER ORGANIZATIONS

The WTO works with a number of other international governmental organizations under the banner of “**coherence**”, a term originating in the “[Decision on achieving greater coherence in global economic policy-making](#)”, which ministers agreed in Marrakesh, April 1994. But coherence in global economic policy-making goes much beyond the WTO's formal and specific cooperation arrangements with the IMF and the World Bank. Indeed, it is now recognized that the WTO system is only one part of a much broader set of international rights and obligations that bind WTO Members. The WTO maintains extensive institutional relations with several other international organizations; there are some 140 international organisations that have observer status in WTO bodies. The WTO also participates as observer in the work of several international organizations. In all, the WTO Secretariat maintains working relations with almost 200 international organisations in activities ranging from statistics, research, standard-setting, and technical assistance and training. Although the extent of such cooperation varies, coordination and coherence between the work of the WTO and that of other international organizations continues to evolve so as to assist Members in the operation of their economic policies.¹⁰

WTO Secretariat

The responsibility of the WTO Secretariat is to provide top-quality, independent support to WTO member governments on all of the activities that are carried out by the Organization, and to serve the WTO with professionalism, impartiality and integrity.

The Secretariat is a multicultural team of highly-qualified individuals who possess the wide range of skills, knowledge and experience required to handle the Secretariat's responsibilities and to work together as an efficient and diligent international civil service.

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¹⁰ http://www.wto.org/english/thewto_e/coher_e/coher_e.htm , as visited on 30/5/2014 at 10:36 a.m.

Role of the Secretariat

The WTO Secretariat, with offices only in Geneva, has 639 regular staff and is headed by a Director-General. Since decisions are taken by Members only, the Secretariat has no decision-making powers. Its main duties are to supply technical and professional support for the various councils and committees, to provide technical assistance for developing countries, to monitor and analyze developments in world trade, to provide information to the public and the media and to organize the ministerial conferences. The Secretariat also provides some forms of legal assistance in the dispute settlement process and advises governments wishing to become Members of the WTO.

The Secretariat staff includes individuals representing about 70 nationalities. The professional staff is composed mostly of economists, lawyers and others with a specialization in international trade policy. There is also a substantial number of personnel working in support services, including informatics, finance, human resources and language services. The total staff complement is composed almost equally of men and women. The working languages of the WTO are English, French and Spanish.

The Appellate Body was established by the Understanding on Rules and Procedures Governing the Settlement of Disputes to consider appeals to decisions by Dispute Settlement panels. The Appellate Body has its own Secretariat. The seven-member Appellate Body consists of individuals with recognized standing in the fields of law and international trade. They are appointed to a four-year term, and may be reappointed once.¹¹

WTO BUDGET

The WTO derives most of the income for its annual budget from contributions by its Members. These are established according to a formula based on their share of international trade.¹²

1. The Director-General presents to the Committee on Budget, Finance and Administration the annual budget estimate and financial statement of the WTO. The Committee on Budget, Finance and Administration reviews the annual budget

¹¹ http://www.wto.org/english/thewto_e/secret_e/intro_e.htm, as visited on 30/5/2014 at 10:30 a.m.

¹² http://www.wto.org/english/thewto_e/secret_e/budget_e.htm, as visited on 30/5/2014 at 10:34 a.m.

estimate and the financial statement presented by the Director-General and makes recommendations thereon to the General Council. The annual budget estimate shall be subject to approval by the General Council.

2. Each Member promptly contributes to the WTO its share in the expenses of the WTO in accordance with the financial regulations adopted by the General Council.

Status of the WTO

1. The WTO has a legal personality, and is accorded by each of its Members such legal capacity as may be necessary for the exercise of its functions.

2. The WTO is accorded by each of its Members such privileges and immunities as are necessary for the exercise of its functions.

3. The officials of the WTO and the representatives of the Members are similarly be accorded by each of its Members such privileges and immunities as are necessary for the independent exercise of their functions in connection with the WTO.

4. The privileges and immunities to be accorded by a Member to the WTO, its officials, and the representatives of its Members shall be similar to the privileges and immunities stipulated in the Convention on the Privileges and Immunities of the Specialized Agencies, approved by the General Assembly of the United Nations on 21 November 1947.

Decision-Making

1. The WTO continue the practice of decision-making by consensus followed under GATT 1947 Except as otherwise provided, where a decision cannot be arrived at by consensus, the matter at issue shall be decided by voting. At meetings of the Ministerial Conference and the General Council, each Member of the WTO shall have one vote. Where the European Communities exercise their right to vote, they shall have a number of votes equal to the number of their member States which are Members of the WTO. Decisions of the Ministerial Conference and the General Council shall be taken by a majority of the votes cast,

unless otherwise provided in this Agreement or in the relevant Multilateral Trade Agreement

2. The Ministerial Conference and the General Council have the exclusive authority to adopt interpretations of the Marrakesh Agreement and of the Multilateral Trade Agreements.

3. In exceptional circumstances, the Ministerial Conference may decide to waive an obligation imposed on a Member by the Agreement or any of the Multilateral Trade Agreements, provided that any such decision shall be taken by three fourths of the Members unless otherwise provided for in this paragraph.

(a) A request for a waiver concerning the Agreement shall be submitted to the Ministerial Conference for consideration pursuant to the practice of decision-making by consensus. The Ministerial Conference shall establish a time-period, which shall not exceed 90 days, to consider the request. If consensus is not reached during the time-period, any decision to grant a waiver shall be taken by three fourths of the Members.

4. A decision by the Ministerial Conference granting a waiver shall state the exceptional circumstances justifying the decision, the terms and conditions governing the application of the waiver, and the date on which the waiver shall terminate. Any waiver granted for a period of more than one year shall be reviewed by the Ministerial Conference not later than one year after it is granted, and thereafter annually until the waiver terminates. In each review, the Ministerial Conference shall examine whether the exceptional circumstances justifying the waiver still exist and whether the terms and conditions attached to the waiver have been met. The Ministerial Conference, on the basis of the annual review, may extend, modify or terminate the waiver.

5. Decisions under a Plurilateral Trade Agreement, including any decisions on interpretations and waivers, shall be governed by the provisions of that Agreement.

Original Membership

1. The contracting parties to GATT 1947 as of the date of entry into force of this Agreement, and the European Communities, which accept this Agreement and the Multilateral Trade Agreements and for which Schedules of Concessions and Commitments are annexed to GATT 1994 and for which Schedules of Specific Commitments are annexed to GATS are original Members of the WTO.
2. The least-developed countries recognized as such by the United Nations are required to undertake commitments and concessions to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.

Accession

1. Any State or separate customs territory possessing full autonomy in the conduct of its external commercial relations may accede to the Agreement, on terms to be agreed between it and the WTO. Such accession shall apply to the Agreement and the Multilateral Trade Agreements.
2. Decisions on accession are taken by the Ministerial Conference. The Ministerial Conference approve the agreement on the terms of accession by a two-thirds majority of the Members of the WTO.
3. Accession to a Plurilateral Trade Agreement are governed by the provisions of that Agreement.

Non-Application of Multilateral Trade Agreements between Particular Members

The Marrakesh Agreement and the Multilateral Trade Agreements do not apply as between any Member and any other Member if either of the Members, at the time either becomes a Member, does not consent to such application. Non-application of a Plurilateral Trade Agreement between parties to that Agreement shall be governed by the provisions of that Agreement.

Acceptance, Entry into Force

The Agreement is open for acceptance, by signature or otherwise, by contracting parties to GATT 1947, and the European Communities, which are eligible to become original Members of the WTO in accordance with Article XI of this Agreement. Such acceptance shall apply to this Agreement and the Multilateral Trade Agreements annexed hereto. An acceptance following the entry into force of this Agreement will enter into force on the 30th day following the date of such acceptance. A Member which accepts the Agreement after its entry into force shall implement those concessions and obligations in the Multilateral Trade Agreements that are to be implemented over a period of time starting with the entry into force of this Agreement as if it had accepted the Agreement on the date of its entry into force.

Withdrawal

Any Member may withdraw from the Agreement. Such withdrawal shall apply both to the Agreement and the Multilateral Trade Agreements and shall take effect upon the expiration of six months from the date on which written notice of withdrawal is received by the Director-General of the WTO. Withdrawal from a Plurilateral Trade Agreement shall be governed by the provisions of that Agreement.¹³

¹³ http://www.wto.org/english/docs_e/legal_e/04-wto_e.htm , as visited on 30/5/2014 at 2:19 p.m.

Doha Round (Doha Agenda)

The Doha Round is the latest round of trade negotiations among the WTO membership. Its aim is to achieve major reform of the international trading system through the introduction of lower trade barriers and revised trade rules. The work programme covers about 20 areas of trade. The Round is also known semi-officially as the **Doha Development Agenda** as a fundamental objective is to improve the trading prospects of developing countries.

The Round was officially launched at the WTO's Fourth Ministerial Conference in Doha, Qatar, in November 2001. The **Doha Ministerial Declaration** provided the mandate for the negotiations, including on agriculture, services and an intellectual property topic, which began earlier.

In Doha, ministers also approved a decision on how to address the problems developing countries face in **implementing** the current WTO agreements.

This was to be an ambitious effort to make globalization more inclusive and help the world's poor, particularly by slashing barriers and subsidies in farming. The initial agenda comprised both further trade liberalization and new rule-making, underpinned by commitments to strengthen substantial assistance to developing countries.

The negotiations have been highly contentious. Disagreements still continue over several key areas including agriculture subsidies, which emerged as critical in July 2006. According to a [European Union](#) statement, "The 2008 Ministerial meeting broke down over a disagreement between exporters of agricultural bulk commodities and countries with large numbers of subsistence farmers on the precise terms of a 'special safeguard measure' to protect farmers from surges in imports." The position of the [European Commission](#) is that "The successful conclusion of the Doha negotiations would confirm the central role of multilateral liberalisation and rule-making. It would confirm the WTO as a powerful shield against protectionist backsliding." An impasse remains and, as of August 2013, agreement has not been reached, despite intense negotiations at several ministerial conferences and at other sessions. On 27 March 2013, the chairman of agriculture talks announced "a proposal to loosen price support disciplines for developing countries' public stocks and domestic food aid." He added: "...we are

not yet close to agreement—in fact, the substantive discussion of the proposal is only beginning.¹⁴

¹⁴ http://www.wto.org/english/tratop_e/dda_e/dda_e.htm , as visited on 30/5/2014 at 10:41 a.m.

OVERVIEW OF WTO

Civilizations have traded goods for thousands of years in order to obtain products that geography does not allow them to produce efficiently. Trade is now an integral part of the world economy. The World Trade Organization (WTO) is an international organization which serves as a negotiating forum where the majority of the world's countries discuss how to make trade simpler and more beneficial for all members.

Predecessor to the WTO

The World Trade Organization is the successor to the General Agreement on Tariffs and Trade, or GATT, which was signed in 1947 to monitor the postwar realm of world trade. GATT had tremendous success in reducing tariffs, but it couldn't enforce many of its policies or solve disputes easily. Over the next fifty years, the world economy changed dramatically due to globalization and economic downturns.

Founding and Members of the WTO

To improve and replace GATT, the World Trade Organization was founded on January 1, 1995. Today, the World Trade Organization has [153 members](#). Members do not have to be independent countries. The [European Union](#), Hong Kong, Taiwan, and Macau, which are not independent but control their own economies, are members. When countries apply to be members, their political, economic, and trade circumstances are studied. [China](#) became a WTO member in 2001 after fifteen years of negotiations. [Russia](#), which has the largest economy of non-members, is currently seeking membership. Thirty countries are "observers" of the WTO. Approximately fifteen countries, including [North Korea](#), [Turkmenistan](#), and [Somalia](#), have no relation with the WTO.

Considerations of the WTO

Delegates of member countries negotiate trade issues over a number of years called "rounds." Recent rounds have taken place primarily in Japan, Uruguay, and 2Qatar. The World Trade Organization reviews national trade policies often and encourages countries and companies to reduce or eliminate barriers to trade. These barriers include tariffs, customs taxes, export subsidies, import bans, and quotas. The WTO has been very successful in lowering tariffs, especially in textiles. The WTO works in four main areas: manufactured goods, agricultural products, services such as banking and telecommunications, and intellectual property such as patents and movies. In order to protect human rights, product and food safety, and natural resources, the WTO sometimes concedes and maintains trade barriers.

Trading Partners Equal

The basis of the World Trade Organization is the theory of nondiscrimination and the "most-favored nation." Members should apply the same trade policies for all of their trading partners. Members should also not discriminate between foreign and domestic goods and services.

Conflict Arises Occasionally

The World Trade Organization arbitrates disputes between members. The WTO has heard over 300 cases since 1995. Notable cases have involved the European Union's concerns over American beef imports, the safety of sea turtles in American waters, and the cleanliness of gas imported to America from Brazil and Venezuela. The WTO can impose sanctions on countries and force them to change their trade policies.

Aid to Developing Members

The World Trade Organization gives special assistance to developing countries, which comprise three-quarters of the WTO's members. Developing countries receive technical and financial assistance and extra time to complete tasks. An

exception to the most-favored nation principle is the generalized system of preferences, whereby industrialized countries sometimes allow imports from developing countries into their markets with low tariffs. In order to raise living standards around the world, the World Trade Organization conducts economic research and works closely with other international organizations like the World Bank, The International Monetary Fund, the European Union, and regional free trade organizations like the [North Atlantic Free Trade Organization \(NAFTA\)](#).

Criticism of the WTO

The World Trade Organization has been criticized since its inception. Many people, strongly opposed to [globalization](#) and any "attack" on their country's traditional economy and culture, believe that the WTO exerts too much pressure on independent countries to conform to its standards, benefits corporations and not common people, is not democratic, and is too secretive. Challengers believe that participation in the WTO means jobs and protection against foreign competition may be lost. Many people believe that the WTO violates environmental and labor laws. Opponents believe that developing countries actually have little negotiating power in the organization. Many protests against the WTO have occurred. Demonstrations at the WTO meeting in Seattle, Washington in 1999 caused the delay and eventual failure of WTO negotiations.¹⁵

¹⁵ <http://geography.about.com/od/politicalgeography/a/wto-world-trade-organization-overview.htm>, as visited on 30/5/2014 at 2:53 p.m.

CONCLUSION

In conclusion, the World Trade Organization is the most important international organization governing trade. The WTO sets and enforces trade rules and promotes global economic cooperation. Poor countries are better able to compete in the world economy. Governments will hopefully take profits from trade and improve the health, education, and employment of their citizens. International business will undoubtedly continue to thrive under the supervision of the World Trade Organization.