




V-LRN

VIRTUAL LEARNING NETWORK



International Business Environment

Block -3
Unit - 10

Multilateral Trading System

Virtual Learning Network

Topics to be Covered

- Introduction
- Establishment of the WTO
- Uruguay Round Agreement
- Multilateral trade Agreements
- Plurilateral Trade Agreement
- India and the WTO
- Summary

Introduction

GATT was founded in 1947 with 23 members.

It was a multilateral arrangement with a mandate to oversee international trade in goods and

bring about orderly growth in global trade by means of progressive reduction in tariff and non-tariff barriers.

The furthering of trade liberalization was to be achieved by negotiations among various GATT contracting parties on a regular basis.

Establishment of the WTO

WTO is an international organization designed to supervise and liberalize international trade.

The WTO has 153 members, which represents more than 95% of total world trade.

The WTO came into being on 1 January 1995

Successor to the General Agreement on Tariffs and Trade

Establishment of the WTO (Contd.)

The WTO's headquarters is in Geneva, Switzerland.

WTO is governed by a Ministerial Conference, which meets every two years

General Council is responsible for day-to-day administration; and a director-general, who is appointed by the Ministerial Conference.

Differences

GATT

Expanded the role of GATT by including Trade in services and IPR within the multilateral trading system.

GATT, dispute panel findings were often blocked.

Allowed negotiated and concluded by contracting parties,

WTO

The WTO contains an improved version of the original GATT rules- GATT 1994, concerning trade in goods.

WTO members cannot block decisions arrived at under the dispute settlement mechanism.

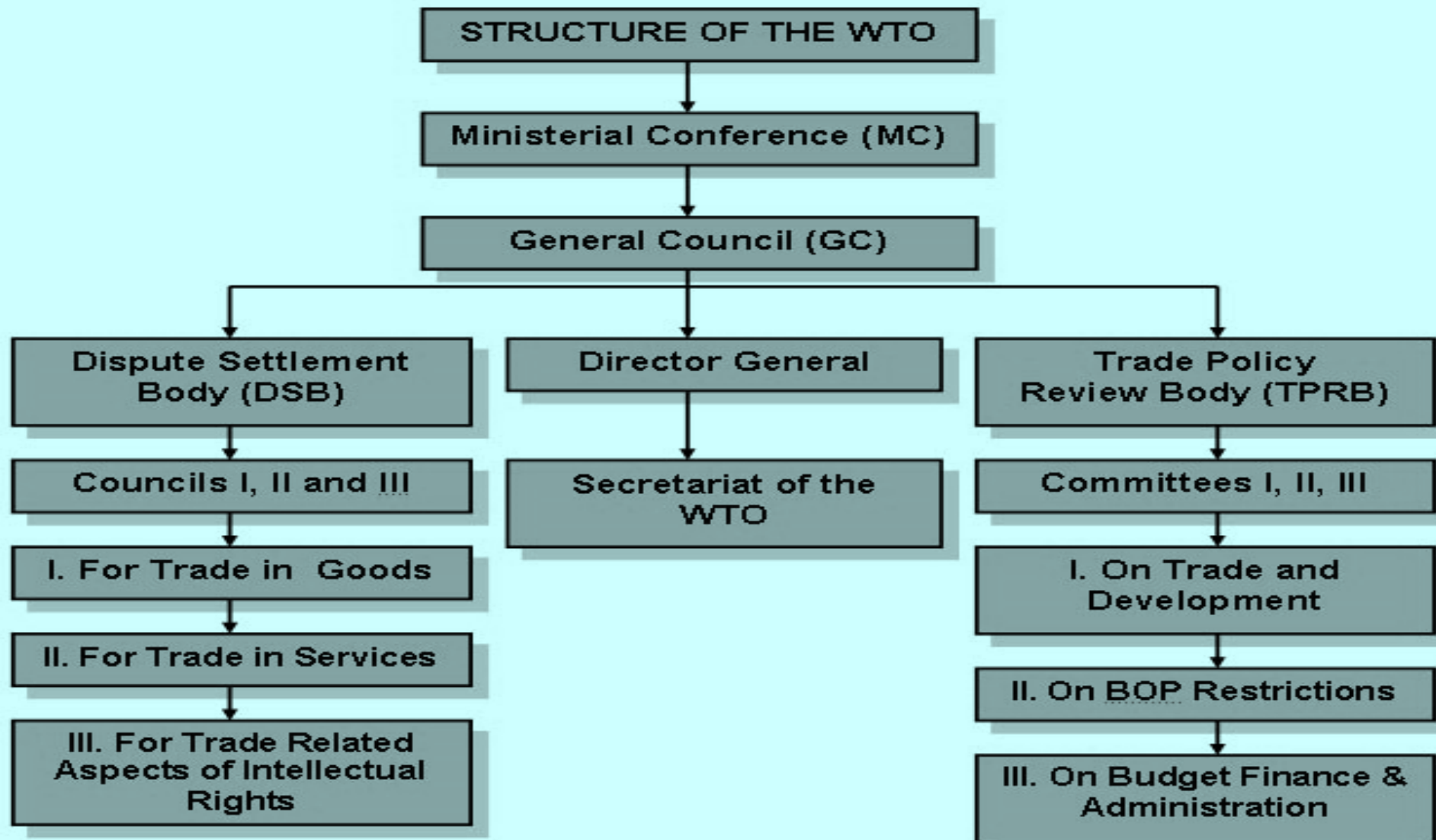
Administers a unified package of agreements to which all members are committed.



Functions of the WTO

- Provide a forum for further trade liberalization negotiations arising from the multilateral and plurilateral agreements;
- Administer the new dispute settlement procedure in such a manner as to regulate ensure members' compliance with the agreements;
- Establish and direct a trade policy review mechanism to study the trade policies of members;
- Co-operate fully, and on an equal footing, with the international monetary fund and the world bank for the furtherance of policy-making; and
- Research and produce both specialized and general economic reports of international interest.

Structure of WTO



Structure of WTO (Contd.)

The ministerial conference

a representative from each Member

Has full authority to take decisions on any matter arising from the Multilateral Trade agreements

the chief policy making body of the WTO

The general council

responsible for overseeing the WTO between Ministerial Conference meetings

representative from each member

retains overall responsibility for all the councils.

Principle Functions of the General Council



To act as a Dispute Settlement Body

To administer the Trade Policy review mechanism(TPRM)



To supervise and ensure the smooth running of the councils for trade in goods, services and Trade-related aspects of IPR

The General Council delegates responsibility to three major bodies



Uruguay Round Agreement

- Problems identified
 - In the 1982 Ministerial Declaration
- Problem was
 - structural deficiencies, spill-over impacts of policies on world trade GATT could not manage etc.
- To rectify
 - Eighth GATT round — known as the Uruguay Round — was launched in September 1986

Uruguay Round Agreement (Contd.)

- Negotiation on Trade
 - extend the trading system into several new areas,
 - notably trade in services and intellectual property,
 - to reform trade in the sensitive sectors of agriculture and textiles
 - all the original GATT articles were up for review.
- The Final Act concluding the Uruguay Round
 - Supplemented by a number of other agreements on issues
 - Established a new, more efficient and legally binding means of dispute resolution.
 - known as the Marrakech Agreement.



Major Goals of Uruguay Round

- To achieve further liberalization of trade by reducing tariffs and other barriers to trade.
- To properly reflect the modern developments in world trade.
- To bring an end to exemptions of the GATT rules.
- To phase out all voluntary export restraint arrangement.
- To improve and strengthen the GATT dispute settlement procedure.



Multilateral Trade Agreements

- Agriculture
 - i) market access;
 - ii) domestic support; and
 - iii) export subsidies.
- Sanitary & Phytosanitary measures
- Textiles & clothing
- Technical barriers to trade
- Trade-Related Investment Measures (TRIMS)
- Anti-dumping
- Customs valuation



Multilateral Trade Agreements(Contd.)

- Pre- shipment Inspection
- Rules of origin
- Import licensing procedures
- Subsidies & countervailing Measures
- Safeguards
- General Agreement on Trade in Services (GATS)
- Trade Related Intellectual Property (TRIPS)
- Dispute settlement
- Trade Policy Review mechanism (TPRM)

Plurilateral Trade Agreement

- The agreements on goods, services and IPRs are grouped together under the heading 'Multilateral Agreements'. The significance of the Multilateral Agreements is that accession to the WTO is dependent on their acceptance in full by potential members. However, a number of other agreements whose acceptance is not a prerequisite to WTO membership, were also concluded during the Uruguay Round.
 - Public procurement
 - Trade in civil aircraft
 - International dairy products
 - International bovine meat



India And The WTO

- Independent of obligations under the GATT Accord, the Government of India has been following a policy of liberalization and globalization of the economy. This has been reflected in the budgets of last three years.
- Multilateralism provides the much needed protection to countries like India which are not much important in world trade. Strengthening of the multilateral system reduces threat of bilateral action. If India opts out of the multilateral system, it has to sign hundreds of bilateral agreements which is a very cumbersome process and the terms are sure to be far more disadvantageous compared to those of the multilateral system.

Summary

- The GATT - the General Agreement on tariffs and Trade, on the other hand, unlike regulatory authorities confined to domestic operations, had been the principal international organization and rule system governing international trade.
- In all, there have been eight GATT Rounds, including the Uruguay round held from 1986-93. It was during this Round that the new trade regulatory organization - the WTO was set up.

Thank
You