



WTO

# WORLD TRADE ORGANISATION

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# THE WTO

- 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.



# WHAT WTO DO !

The WTO has many roles:

- It **creates** Trade Rules which fits global system,
- It provides a forum where trade agreements can be **negotiated** by Nations,
- It **settles** trade disputes between its members and
- It **listen** the needs of developing countries.
- The primary purpose of the WTO is to create a atmosphere of trade which benefits all.





# GATT - WTO

- The General Agreement on Tariffs and Trade (GATT) was signed by **23 countries** in October **1947**, after **World War II**, and became law on Jan. 1, 1948.
- The purpose of the General Agreement on Tariffs and Trade (GATT) was to **make international trade easier**.
- In **1995**, the General Agreement on Tariffs and Trade (**GATT**) was **absorbed** into the World Trade Organization (WTO), which extended it. By this time **125 nations** were signatories to its agreements, which covered about **90% of global trade**.



# MEMBERS OF WTO

- The WTO has over 164 members representing 98 per cent of world trade. Over 20 countries are seeking to join the WTO.
- To join the WTO, a government has to bring its economic and trade policies in line with WTO rules.



# HOW WTO WORKS

## HOW THE WTO WORKS





# MAJOR WTO AGREEMENTS

Agreement on subsidies and countervailing measures – SCM

General Agreement on Trade in Services – GATS

Trade-Related Aspects of Intellectual Property Rights – TRIPS

Agreement on Textiles & Clothing – ATC

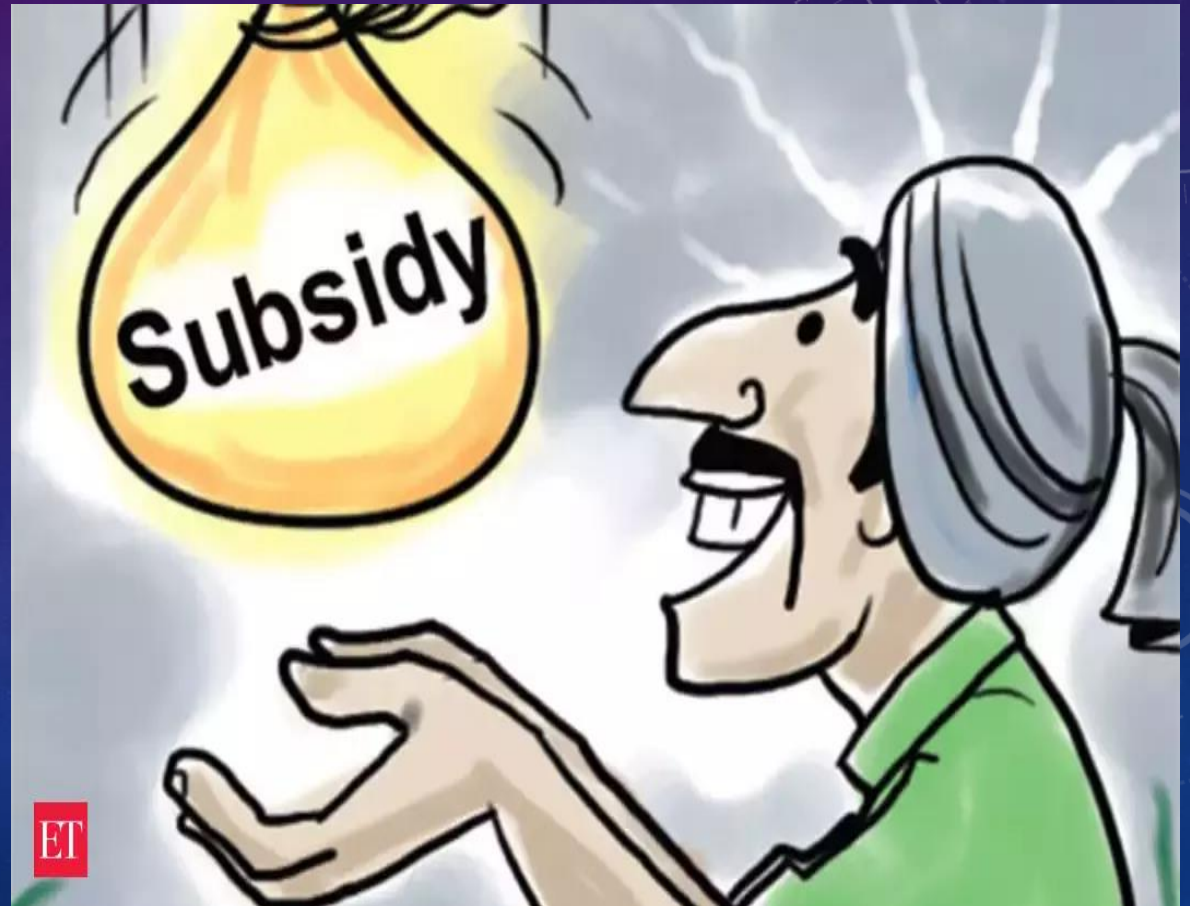
Sanitary & Phyto-Sanitary Measures

# AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES – SCM

“subsidy” means –

- i. a **financial** contribution
- ii. by a **government** or any public body within the territory of a member
- iii. which confers a **benefit**.

(All three conditioned must be satisfied to call a event subsidy)





# AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES – SCM

**Enterprise-specificity:** A country's government targets a specific company or companies for subsidization.

**Industry-specificity:** A government targets certain sector or sectors for subsidization.

4 “specific” subsidies

**Regional specificity:** A government targets producers in particular areas of its territory for subsidization

**Prohibited subsidies:** A government targets export products for subsidization.

# GENERAL AGREEMENT ON TRADE IN SERVICES – GATS

Services negotiations in the WTO follow the discussions on the so-called *positive list approach* and the *negative list approach*.



# NEGOTIATIONS IN SERVICES UNDER GATS ARE CLASSIFIED INTO 4 MODES –

**MODE 1 :** Cross border supply of services, without the movement of natural persons. For e.g. Business Process Outsourcing (BPO), KPO or LPO services. India can leverage its large pool of human resources and competitive IT sector and push for liberalisation in mode 1.

**MODE 2 :** Supply of a service of one country to the consumer of another country; e.g. telecommunication.

**MODE 3 :** Commercial presence, which encompasses services provided by a service supplier of one country in the territory of any other country, creating scope for foreign investment. Accordingly, it is in the West's interest to push for liberalization here. For example, higher education, insurance, medical, etc. (TATA HOTEL CHAIN, FORTIS HOSPITAL GROUP, IIT DUBAI).

**MODE 4 :** Presence of natural persons, which covers facilities provided by a service supplier of one country through the presence of natural persons in the territory of any other country; e.g. a company sending its engineers for onsite work in US/Europe or Australia (TCS, Wipro).



# TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS – TRIPS

The **Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)** is an intercontinental agreement administered by the WTO that lays down the minimum standards for various types of intellectual property (IP).



TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
Copyright	This refers to the legal right to control the production and selling of a book, play, film, photograph, or piece of music. Copyright protection, however, extends to expressions and not to ideas, procedures, methods of operation or any mathematical concepts.
Geographical indications	Geographical indications are defined as indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristics of the good is essentially attributable to its geographical origin (Article 22.1). Article 24 states some of the exceptions to the application of GI. For example, members are not obliged to bring a GI under protection, where it has become a generic term for describing the product in question.
Industrial designs	Article 25.1 of the agreement obliges members to provide for the protection (for at least 10 years) of independently created industrial designs that are new or original.
Integrated circuit layout-designs	WTO defines layout designs as the three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture.
Patents	The agreement requires members to make patents available for any inventions, whether products or processes, in all fields of technology without discrimination, subject to the tests of novelty, inventiveness and industrial applicability. There are certain exceptions to this rule. For example, members may exclude from patentability inventions contrary to ordre public or morality; and diagnostic, therapeutic and surgical methods for the treatment of humans or animals.
Trademarks	The basic rule contained in Article 15 is that any sign, or any combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings, must be eligible for registration as a trademark, provided that it is visually perceptible.

# TRADE-RELATED INVESTMENT MEASURES – TRIMS

This agreement states that no Member shall apply a measure that is prohibited by the provisions of GATT Article III (national treatment) or Article XI (quantitative restrictions). Thus, the members will not apply any measure that **discriminates against foreign products** or that leads to quantitative restriction.

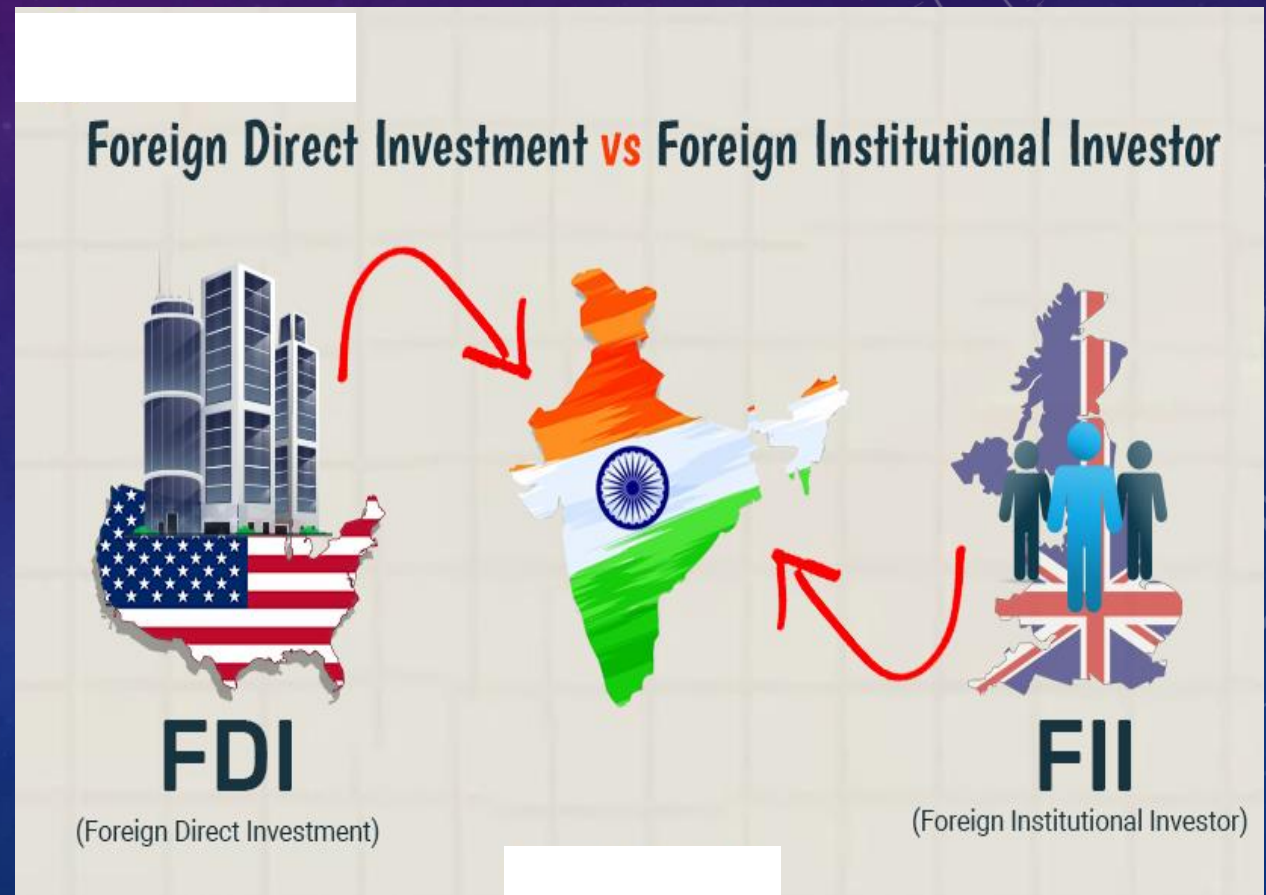




# TRADE-RELATED INVESTMENT MEASURES – TRIMS

## Main Feature of TRIMS –

1. Applies only to Investment measures related to Trade in **Goods** (Not Trade in Services)
2. Focuses on the **Discriminatory treatment of the Products** (Imported / Exported)
3. Does not regulate the entry of Foreign Investment or Investors
4. Concern measures **applied to both foreign and domestic firms.**



# AGREEMENT ON AGRICULTURE – AOA

- Designed to remove trade barriers and to **encourage transparent market access** and integration of global markets,
- AoA stands on 3 pillars:

DOMESTIC SUPPORT

MARKET ACCESS

EXPORT SUBSIDIES





# AGREEMENT ON AGRICULTURE – DOMESTIC SUPPORT

## Green Box

Subsidies that do not distort trade, or cause minimal disruption.

No limit.

## Amber Box

Broad range of subsidies.

Limited to 5% of agricultural production (10% for developing countries)\*.

## Blue Box

Broad range of subsidies allowed but must be designed to minimise trade distortion

No limit.

PURSUITS

### Green Box Subsidies:

1. Non-distorting subsidies.
2. For R&D.
3. Environmental protection and regional development programmes.
4. No limit.

### Blue Box Subsidies:

1. Not directly linked to increasing production.
2. Given for livestock.
3. No limit.

### Amber Box subsidies:

1. Directly contributing in increasing production.
2. Example: Fertilisers, Seeds, Government procurement etc.
3. Most distorting.
4. Limitations imposed by WTO.



# AGREEMENT ON TEXTILES & CLOTHING – ATC

- The Multi-Fibre Agreement governed global textile trade until the Uruguay Round. This framework for bilateral agreements or unilateral actions that established quotas, **limiting imports into countries whose domestic industries were facing serious harm from rapidly increasing imports.**
- Establishment of a **Textiles Monitoring Body** to oversee the implementation of the Agreement and ensure that the rules are followed





# SANITARY & PHYTO-SANITARY MEASURES

## TO PROTECT

## FROM

Human and  
Animal Life

Risks arising from Additives, Contaminants,  
Toxins, Disease causing Organism.

Human Life

Plant and Animal carrying diseases

Animal & Plant  
Life

Pests , Highly chemical substance

A Country

Damaged caused by any Establishment or  
Spread of Pest or inadequate waste  
management system



## COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES

MAJOR DECISIONS AND DOCUMENTS  
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# Thank You!

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