



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

Ethiopia Joins WTO: Understanding How Countries Become Members of the World Trade Organization

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After nearly 22 years of negotiations, Ethiopia is set to become a member of the World Trade Organization (WTO). The development has renewed attention on the WTO accession process and the challenges faced by countries seeking membership in the global trade body.?

About WTO Membership (Accession):

Countries that are not founding members of the WTO can join through a process known as accession. The process requires a country to negotiate with existing WTO members and align its trade laws and policies with WTO rules.

The accession process is often lengthy because applicant countries must demonstrate transparency in trade policies, reduce trade barriers, and undertake economic reforms consistent with WTO principles.

How Does a Country Join the WTO?

Step 1: Submission of Application

A country submits a formal application to join the WTO. The WTO General Council then establishes a Working Party consisting of interested member countries to examine the application.

Step 2: Review of Trade Policies

The applicant country submits a detailed memorandum describing its trade regime, including laws related to tariffs, subsidies, customs procedures, intellectual property rights, and services.

Step 3: Bilateral Negotiations

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Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthy Colony, Anna Nagar, Chennai, Tamil Nadu 600040
Phone: 044 4353 9988 / 98403 94477 / Whatsapp : 09710729833

The applicant negotiates individually with interested WTO members regarding market access for goods and services.

Step 4: Multilateral Negotiations

The applicant must ensure that its laws and regulations comply with WTO agreements and commitments.

Step 5: Approval and Ratification

The final accession package is approved by WTO members. The applicant country's legislature then ratifies the agreement, after which it officially becomes a WTO member.

Why Did Ethiopia's Accession Take So Long?

Ethiopia applied for WTO membership in 2003.

The process took over two decades due to:

Political instability and internal conflicts.

Economic reforms required to liberalize trade.

Negotiations on tariffs, services, and market access.

Alignment of domestic laws with WTO rules.

Significance of WTO Membership:

Membership provides countries with:

Better access to international markets.

Protection under WTO dispute settlement mechanisms.

Increased foreign investment opportunities.

Greater integration into the global economy.

Participation in global trade rule-making.

However, membership also requires compliance with WTO disciplines and commitments.

About the World Trade Organization (WTO):

The WTO is the global organization that regulates international trade between nations. It aims to ensure that trade flows smoothly, predictably, and freely among member countries.

The WTO was established on 1 January 1995, replacing the General Agreement on Tariffs and Trade (GATT), 1947.

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Headquarters: Geneva

Current Members: 166 (before Ethiopia's accession)

Director-General: Ngozi Okonjo-Iweala

Decision-Making Body: Ministerial Conference

Highest Decision-Making Forum: WTO Ministerial Conference

Founding Agreement: Marrakesh Agreement, 1994

Ethiopia's Application Year: 2003

WTO Membership Process: Accession

General Agreement on Tariffs and Trade (GATT):

Established in 1947.

Came into force in 1948.

Created to reduce tariffs and promote international trade after World War II.

Served as the precursor to the WTO.

WTO Ministerial Conference:

Highest decision-making body of the WTO.

Meets at least once every two years.

Brings together trade ministers from all member countries.

India and WTO:

India is a founding member of the WTO.

India was also a contracting party to GATT since 1948.

India frequently advocates for the interests of developing countries in WTO negotiations, particularly on agriculture and food security.

One-Liner Questions & Answers