



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

Is the World Trade Organisation still relevant ?

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- United States President Donald Trump's 'reciprocal tariffs' have been compared to the Smoot-Hawley tariffs of the 1930s, which many say hastened the slide into the Great Depression.
- The difference between the 1930s and now is that we have the World Trade Organization (WTO) to oversee and enforce global trade rules. However, some argue that **over the years, the WTO has gradually lost its compass and is in need of massive reforms.**
- The **Appellate body** or the dispute settlement mechanism (DSM) has also being rendered **dysfunctional**. It started during Barack Obama's time. Since then, the **U.S. has blocked appointments to the Appellate body, the ultimate court of appeal.**
- The tariffs indicate the U.S.'s final withdrawal from the WTO system.

World Trade Organisation (WTO)

- The bedrock of the multilateral trading system is **Article 1, MFN. Free trade agreement (FTA) is an exception to Article 1** and has to be blessed by the WTO.
- WTO is an international institution formed **to regulate the rules for global trade among nations.**
- It was formed under the **Marrakesh Agreement** signed on 15th April 1994 by 123 countries after the **Uruguay Round negotiations (1986-94)** of the General Agreement on Tariffs and Trade (GATT), leading to the birth of WTO in 1995.
- **WTO succeeded the GATT** which had regulated world trade since 1948.
- **GATT focused on trade in goods, while WTO covers trade in goods, services, and intellectual property, including creations, designs, and inventions.**
- Headquarters: **Geneva, Switzerland.**
- Members: **166 countries**, representing 98% of global trade.

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Ministerial Conference

The WTO's **main decision-making body** consists of trade ministers and senior officials from 164 nations.

It meets **every two years** to address global trade developments.

Last MC, i.e. 13th, was held in **Abu Dhabi** in 2024.

WTO General Council



Highest-level decision-making body

Also meets as the **Dispute Settlement Body (DSB)** and **Trade Policy Review Body**.



Dispute Settlement Body (DSB)

Founded in **1995** to resolve disputes among WTO members.

Establish dispute settlement panels and act on their recommendations.

Consider **Appellate Body** reports that review panel decisions.



Major WTO Agreements

1 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

2 General Agreement on Tariffs and Trade (GATT)

3 Agreement on Trade-Related Intellectual Property Rights (TRIPS)

4 Agreement on Trade-Related Intellectual Property Rights (TRIPS)

5 Agreement on Trade-Related Intellectual Property Rights (TRIPS)