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B.A Economics ,Part -1  
Paper -2  
Topic - World Trade Organization (WTO)

### **World Trade Organization**

**Formation : 1 January 1995; 25 years ago**

**Headquarters : Centre William Rappard, Geneva, Switzerland**

**Membership : 164 member states**

**Director-General : Roberto Azevêdo**

#### **Introduction**

*The World Trade Organization (WTO) is an intergovernmental organization that is concerned with the regulation of international trade between nations. The WTO officially commenced on 1 January 1995 under the Marrakesh Agreement, signed by 123 nations on 15 April 1994, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948. It is the largest international economic organization in the world.*

#### **Objectives of WTO**

*The objective of WTO is to ensure that trade flows as smoothly, predictably and smoothly as possible. Some of the other objectives of WTO are:*

- *To lower trade barriers between nations and its people*
- *The purpose is to help producers of goods and services, exporters, importers conduct their business*

#### **Functions of WTO**

- *Administering trade agreements*
- *Acts as forum for trade negotiations*
- *Settling trade disputes*
- *Reviewing national trade policies*

- *Assisting developing countries in trade policy issues, through technical assistance and training programmes*
- *Cooperating with other international organisations*

### **Structure of WTO**

**Ministerial Conference:** *The topmost decision making body WTO is Ministerial Conference. It meets once in two years.*

**General Council:** *The second level of WTO is General Council. It consists of members, ambassadors and heads of delegations. It meets several times a year in Geneva.*

**Other Councils:** *There are many other types of council like Goods Council, Services Council, IP Council etc. These councils deal with specific issues.*



### **Members of WTO**

*WTO has about 160 members which accounts for 95% of world trade. There are 25 other negotiating memberships.*

### **The Relevance of WTO**



#### **THE RELEVANCE OF WTO**

- The system helps promote peace.
- The system allows disputes to be handled constructively.
- A system based on rules rather than power makes life easier for all.
- Freer trade cuts the cost of living.
  - It gives consumers more choice and a broader range of qualities to choose from.
- Trade raises incomes.
- Trade stimulates economic growth and that can be good news for employment
- The basic principles make the system economically more efficient, and they cut costs.

### **Differences between GATT and WTO**



## Difference between GATT & WTO

<b>GATT</b>	<b>WTO</b>
It is Adhoc and provisional.	Its agreement are permanent.
It had contracting parties.	It has members.
It allowed existing domestic legislation to continue even if it violated the agreement.	WTO does not permit it.
It was less powerful, dispute system settlement system was slow and less efficient and its ruling could be blocked.	WTO is more powerful, mechanism faster and more efficient and difficult to block the rulings.