



**World Trade Organization
International Business**

Introduction

- The World Trade Organization (WTO) is the only international organization dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.



Introduction

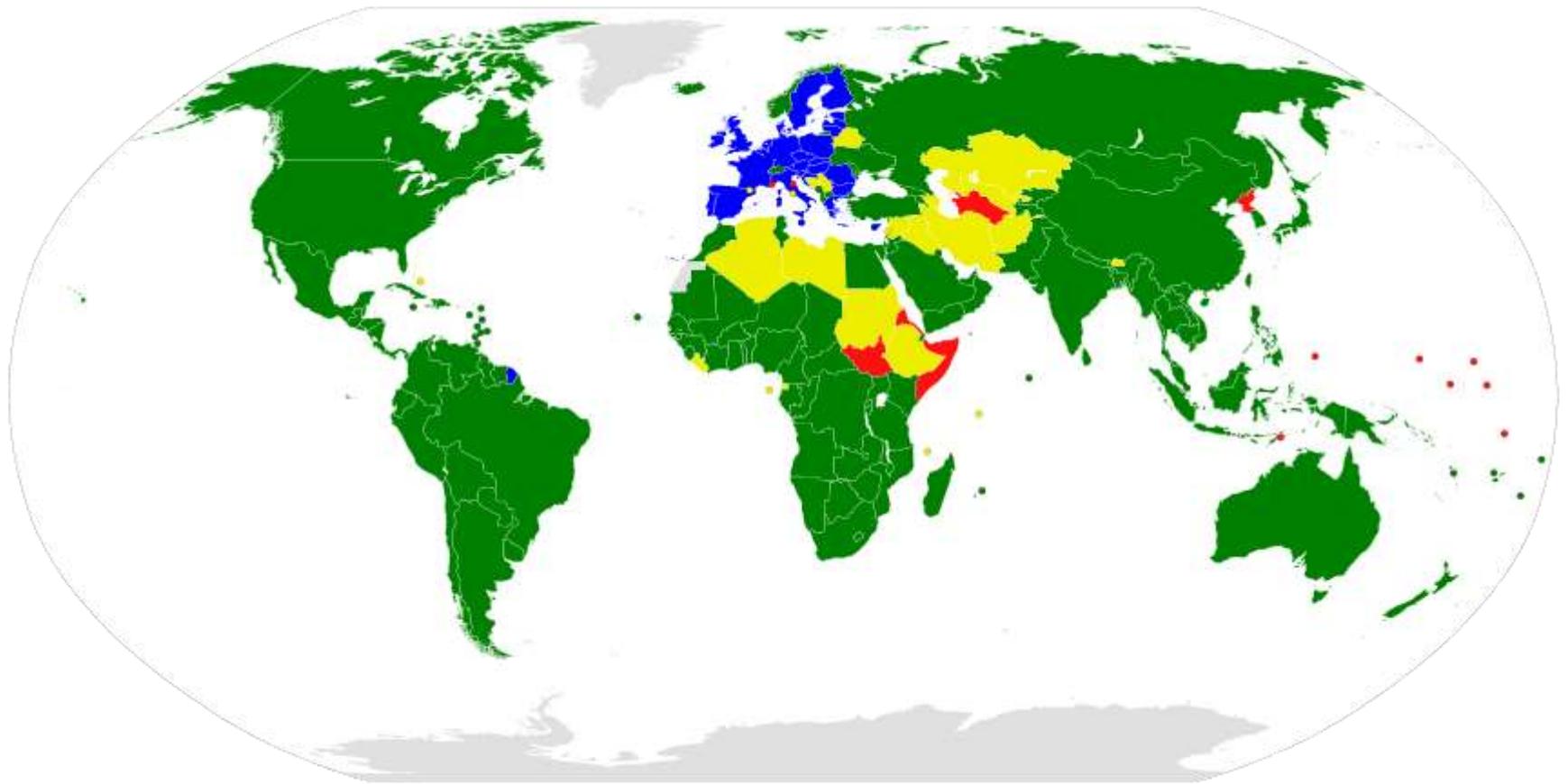
- The **World Trade Organization (WTO)** is an organization that intends to supervise and liberalize international trade . The organization officially commenced on 1 January 1995 under the Marrakech agreement , replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948.



Introduction

- The organization deals with regulation of trade between participating countries; it provides a framework for negotiating and formalizing trade agreements, and a dispute resolution process aimed at enforcing participant's adherence to WTO agreements, which are signed by representatives of member governments and ratified by their parliaments.





Green - Members

Blue - Members, dually represented by the EU

Yellow - Observers

Red - Non-members

WTO - Facts

- Location: Geneva, Switzerland
- Established: 1 January 1995
- Created by: Uruguay Round negotiations (1986-94).
- Membership : 159 countries on 2 March 2013.
- Budget : 197 million Swiss francs for 2013.
- Secretariat staff: 640.
- Head: Roberto Azevêdo (Director-General)

Functions

1. Administering WTO trade agreements
2. Forum for trade negotiations
3. Handling trade disputes
4. Monitoring national trade policies
5. Technical assistance and training for developing countries
6. Cooperation with other international organizations

Principles of the trading system

- Non-discrimination.
- Reciprocity.
- Binding and enforceable commitments.
- Transparency.
- Safety valves.

Non-discrimination

- It has two major components: the most favored nation (MFN) rule, and the national treatment policy. The MFN rule requires that a WTO member must apply the same conditions on all trade with other WTO members. National treatment means that imported goods should be treated no less favorably than domestically produced goods.



Reciprocity

- It reflects both a desire to limit the scope of free-riding that may arise because of the MFN rule, and a desire to obtain better access to foreign markets.



Binding and enforceable commitments

- The tariff commitments made by WTO members in a multilateral trade negotiation and on accession are enumerated in a schedule (list) of concessions. These schedules establish "ceiling bindings": a country can change its bindings, but only after negotiating with its trading partners, which could mean compensating them for loss of trade.



Transparency

- The WTO members are required to publish their trade regulations, to maintain institutions allowing for the review of administrative decisions affecting trade, to respond to requests for information by other members, and to notify changes in trade policies to the WTO.



Safety valves

- In specific circumstances, governments are able to restrict trade. The WTO's agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health.



Organizational structure

- The General Council has the following subsidiary bodies which oversee committees in different areas:
 - Council for Trade in Goods.
 - Council for Trade-Related Aspects of Intellectual Property Rights.
 - Council for Trade in Services.
 - Trade Negotiations Committee.

Council for Trade in Goods

- There are 11 committees under the jurisdiction of the Goods Council each with a specific task. All members of the WTO participate in the committees. The Textiles Monitoring Body is separate from the other committees but still under the jurisdiction of Goods Council. The body has its own chairman and only 10 members. The body also has several groups relating to textiles.



Council for Trade-Related Aspects of Intellectual Property Rights

- Information on intellectual property in the WTO, news and official records of the activities of the TRIPS Council, and details of the WTO's work with other international organizations in the field.



Council for Trade in Services

- The Council for Trade in Services operates under the guidance of the General Council and is responsible for overseeing the functioning of the General Agreement on the Trade in Services (GATS). It is open to all WTO members, and can create subsidiary bodies as required.



Trade Negotiations Committee

- The Trade Negotiations Committee (TNC) is the committee that deals with the current trade talks round. The chair is WTO's director-general. As of June 2012 the committee was tasked with the Doha Development Round.

