

THE IMPACTS AND POLICIES OF WORLD TRADE ORGANIZATION

Ashil George, Aravind A

Christ University, Bannerghatta Road Campus, Bengaluru, India

Abstract: World Trade Organization is a multilateral organization which is concerned with the trade between different countries. If a free and fair trade authority is implemented then every countries under WTO will be able utilize their position of comparative advantage. It creates code of conducts for the member countries and acts in creating cooperation in international policies in trade. This paper looks into the different Impacts and policies of WTO.

Keywords: WTO, Trade, Multilateral.

1. INTRODUCTION

WTO was established in 1947 Out of GATT (General Agreement on Tariffs and Trade) . The goal of WTO is to create economic peace and stability in the world. The WTO has 164 member countries,. The entire membership takes the decisions .The top-level decision- making body of the WTO is the Ministerial Conference, which usually meets every two years. Below this comes the General Council which meets multiple times a year. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body. In the next level, ie ; the Goods Council, Services Council and Intellectual Property (TRIPS) Council reports to the General Council. WTO is a forum where trade disputes between the member countries are being solved, its an international organization whose primary objective is to open trade for all the countries. The system of WTO breaks down the barriers between different countries like lowering the trade barriers through negotiations among member governments.

2. LITERATURE REVIEW

According to Mitsuo Matsushita, Thomas J and Petro C: The WTO agreement made World Trade organization with legal capacity and privileges and certain immunities. WTO facilitates implementation and operations and objectives of WTO agreements. According to Sanjiv Singh ,WTO is the legal and institutional base of multilateral trading, its an organization which follows GATT. WTO had a great effect on trade relationship between the member countries. Mr Harish K Raman points that some positive impacts of WTO includes increase in the export earnings, Benefits in agricultural exports, textile and clothing industry, and foreign direct investment and negative impacts in Pharmaceutical sector, Agriculture, Micro organisms

3. CONTENT

The Impact of WTO in economy

1. Increase in the Export Earning :

- Growth in Merchandise Exports is one of the major impact of WTO
- WTO introduced General Agreement on Trade in Service(GATS) which helped in Growth in service exports

2. Agriculture Export :

Domestic subsidiaries and trade barrier reduction increased price of agricultural products in international market.

3. Foreign direct investment :

Withdrawal of restrictions on foreign investment as per the TRIM agreement helped in developing countries by foreign direct investment.

Apart from these Positive impacts there are certain negative impacts of WTO, they are;

1. Trade Related aspects of Intellectual Property (TRIPs):

The agreement on TRIPs is against the 1970's Indian Patent Act since India is a member of WTO India has to obey the TRIPs standards

- Agricultural sector: The agreement on TRIP has influence on agriculture also therefore there will be certain implications .
- Pharmaceutical Sector: A company can legally manufacture medicines only if it has product patent. As per Indian patent act, process patents are given to chemicals drugs and medicines.

2. Trade related investment measures (TRIMs): For controlling the agreement on TRIM also favors developing nations since there are no rules in agreement for formulating international roles.

3. General agreement on trade in services (GATS): The GATS agreement favors developed nations more. Since the foreign firms are allowed to refrain their dividends to their parent company. It can cause difficulties in foreign exchange.

4. Trade and non tariff barriers: Reduction of trade and non-tariff barriers created adverse effects in exports of different developing nations. Textile industries, marine, pharmaceuticals, etc have been affected by non-tariff barriers.

Polices of WTO

SPECIALISED FAVOUR DONE FOR THE EXPORTING

The first and foremost thing was that the helping the developing nations for the sake of Imports and exports .it provides individual training on export and other marketing facilities. In the year of 1964 GATT has introduced international trade center operated by WTO and UNITED NATIONS

Providing the needs for the global economy making

One of the enriching features of the WTO was to cooperate with world bank and international monetary fund and other multilateral institution to achieve the global economic policy. In 1994 it was decided that to the different economic policy should be interlinked to the organizations

Facilitating Developing and economies transition

The whole membership of WTO has more than three quarters on the behalf of developing countries. Transition plays a key role in the WTO. To develop the transition economies the various polices gives more support, the objectives that aimed for the year should have to be achieved. WTO secretariats give full details about how it will works and train negotiators

Updating notifications

The members should give the updation while taking the relevant steps, this helps to member countries to follow the rules and regulations given by WTO. This will reduce the controversies and the countries can go through the polices that updated by WTO. The decision making body is mistrial conference was held by at least once in every two years .the played a key role in while protecting the interests of developing countries

4. CONCLUSION

The WTO is the only organization who deals with different countries to make a good trade relation with countries. It ensures that the trade function as smoothly, freely and predictability. The WTO was established on 1995 under the GATT.Through the arrival of WTO the trades are expanded and the trade liberalization and the trade barriers are also reduced here we are discussing about the polices and impacts after this study shows that how they act to be for the whole world.

REFERENCES

- [1] Mitsuo Matsushita, Thomas J Schoenbaum and Petros C Mavroidis (2006). The World Trade Organization Law, Practice, and Policy.
- [2] Sanjiv Singh (2015). Impact of World Trade Organization on Foreign Trade in India.
- [3] Harish K Raman : The World Trade Organization and its Impact on Indian Business.
- [4] Information on World Trade Organization is retrieved from www.wto.org/english/thewto_/thewto_e.htm
- [5] The policies of World Trade Organization are retrieved from www.yourarticlelibrary.com/economics/what-are-the-important-policies-of-wto