

Examrace

World Trade Organisation (WTO): What It is, Function and Activities

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World Trade Organisation (164 Members)

- Earlier known as General agreement on Trade and Tariff : 1947
- From 1948 to 1994 : The GATT Period.
- In 1994, GATT was replaced with WTO under Uruguay Round.
- GATT dealt with trade in goods, whereas WTO deals with Trade in goods, services and intellectual property.
- The primary purpose of the WTO is to open trade for the benefit of all.

Functions of WTO

1. To administer trade agreements: It forms trade agreements, review the policies which restrict trade.

MFN Status : Under MFN Clause, if one nation gives concession to other nation in a trade agreement then such concession should be extended to all the member countries of WTO.

2. Settling trade disputes : platform for negotiations and to solve disputes. (Dispute Settlement Board) of WTO.

India-Brazil : Sugarcane subsidy dispute.

3. To review trade policy of member countries. : TPR reports (includes Foreign Trade policy review, Export-Import schemes, Subsidies, incentives etc,)

4. To cooperate with International organisation: Meetings with IMF, World bank, World Economic Forum etc. for International Cooperation and Growth.

5. Building trade capacities: Aiding the UDC and developing countries. E.g. : Trainings, Workshops, Technical assistance etc.

Main Activities

- To reduce & eliminate barriers to trade : Studying the trade agreements and giving out reports. E.g. Prohibition of Import quota.
- Getting non-member countries on Board.

- To stimulate economic growth and employment.
- To cut the cost of doing business internationally.
- Ensuring that trade takes place as per WTO norms and regulations.

MCQs

Q 1 At present how many members are in the WTO?

- (a) 160
- (b) 164
- (c) 207
- (d) 195

Ans: (b)

Q 2 Which of the following institutions is not part of the World Bank community?

- (a) IBRD
- (b) WTO
- (c) IDA
- (d) IFC

Ans: (b)

Q 3 Which of the following is not the objective of the WTO?

- (a) To improve the standard of living of peoples of the member countries
- (b) To enlarge production and trade of goods
- (c) To protect environment
- (d) To improve the Balance of Payment situation of the member countries

Ans: (d)

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