***PMAS ARID AGRICULTURE UNIVERSITY RAWALPINDI***

*ASSIGNMENT # 1*

*SUBMITTED TO:*

*SIR USMAN ALVI*

*SUBMITTED BY:*

*Group 1*

*AMNA SALEEM*

*AYESHA NOOR*

*SIDRA SULEMAN*

*RAHAT MUKHTAR*

*HADIA NAEEM*

*SECTION:*

*“B”*

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**WORLD TRADE ORGANIZATION**

**INTRODUCTION**

WTO stands for ‘World Trade Organization’ is a place where member governments go, to try to sort out the trade problems they face with each other.At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations. World Trade Organization (WTO) deals with the rules of trade between nations at a global or near-global level. But there is more to it than that.

But the WTO is not just about liberalizing trade, and in some circumstances its rules support maintaining trade barriers — for example to protect consumers, prevent the spread of disease or protect the environment.

There are a number of ways of looking at the WTO. It’s an organization for liberalizing trade. It’s a forum for governments to negotiate trade agreements. It’s a place for them to settle trade disputes. It operates a system of trade rules.

**It’s a negotiating forum**

Essentially, the WTO is a place where member governments go, to try to sort out the trade problems they face with each other. The first step is to talk. The WTO was born out of negotiations, and everything the WTO does is the result of negotiations. The bulk of the WTO's current work comes from the 1986-94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO is currently the host to new negotiations, under the “Doha Development Agenda” launched in 2001.

Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to liberalize trade. But the WTO is not just about liberalizing trade, and in some circumstances its rules support maintaining trade barriers — for example to protect consumers or prevent the spread of disease.

**It’s a set of rules**

At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations. These documents provide the legal ground-rules for international commerce. They are essentially contracts, binding governments to keep their trade policies within agreed limits. Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives.

The system’s purpose is to help trade flow as freely as possible — so long as there are no undesirable side-effects — because this is important for economic development and well-being. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be “transparent” and predictable.

**It helps to settle disputes**

This is a third important side to the WTO’s work. Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO system, often need interpreting. The most harmonious way to settle these differences is through some neutral procedure based on an agreed legal foundation. That is the purpose behind the dispute settlement process written into the WTO agreements.

**HISTORY**

World Trade Organization (WTO) is a successor / replacement of GATT (General Agreement on Tariffs and Trade). The GATT (General Agreement on Tariffs and Trade) came into being in 1947 as a result of the Bretton Woods Agreement, which also created the World Bank and the International Monetary Fund. The organization officially commenced on 1 January 1995 under the Marrakech Agreement, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1947. 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 participants' adherence to WTO agreements, which are signed by representatives of member governments and ratified by their parliaments. Most of the issues that the WTO focuses on derive from previous trade negotiations, especially from the Uruguay Round (1986–1994). At present the WTO has nearly 159 members of world trade, (representing over 95% of world trade), of which there are 100 developing countries including Pakistan. The WTO headquarteris based in Geneva, Switzerland and is headed by a Director General.The WTO's top level decision-making body is the Ministerial Conference, which meets at least once every two years and appoints the Director General WTO. Moreover, there is a General Council which is the body that oversees the day-to-day operation of the WTO. It also reviews national trade policies and oversees the dispute settlement process .The basic theme of WTO is to promote free trade and it is based upon the principle of comparative advantages i.e to utilize the available global resources in the best possible manner.

**Goal of WTO**

It aims to provide fair and stable conditions for the conduct of international trade with a view to encouraging trade and investment that will raise living standards worldwide.

**UNDERLYING PHILOSOPHY OF WTO**

* Open markets
* Non discrimination
* Global competition in international trade

All of the above are important for the national welfare of all countries.

**OBJECTIVES**

The main objectives of WTO are

* The WTO's overriding objective is to help trade flow smoothly, freely, fairly and predictably.
* It deals with the rules of trade between nations at a global level.
* It's an organization for liberalizing trade.
* It's a forum for governments to negotiate trade agreements and down trade related disputes between nations.
* The WTO is a place where member governments try to sort out the trade problems they face with each other.
* The WTO's rules - the agreements - are the result of negotiations between the members.
* It is an international body that promotes and enforces the provisions of the Trade Laws and Regulations.
* It is aimed to enhance the overall welfare both consumers and producers in the global market.
* The WTO is also formally structured organization whose rules have legal binding on its member states.
* The organization provides framework for international trade laws.
* Member countries can refer trade disputes to WTO.

**WTO AGREEMENTS**

* Agreement on Agriculture
* Agreement on Textiles & Clothing (ATC)
* Agreement on Subsidies and Countervailing Measures
* Agreement on Anti-Dumping
* Agreement on Safeguards
* Agreement on Trade Related Investment Measures (TRIMs)
* Agreement on Custom Valuation
* Agreement on Technical Barriers to Trade (TBT) and on Sanitary and Phytosanitary Measures (SPS)
* Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)
* General Agreement on Trade in Services (GATS)
* Understanding on Dispute Settlement (DSU)
* Special & Differential Treatment ( S& D )

**ACCESSION AND MEMBERSHIP**

The process of becoming a WTO member is unique to each applicant country, and the terms of accession are dependent upon the country's stage of economic development and current trade regime. The process takes about five years, on average, but it can last more if the country is less than fully committed to the process or if political issues interfere. The shortest accession negotiation was that of the [Kyrgyz Republic](https://en.wikipedia.org/wiki/Kyrgyz_Republic), while the longest was that of Russia, which, having first applied to join GATT in 1993, was approved for membership in December 2011 and became a WTO member on 22 August 2012.

**The WTO General Council**

The General Council is the WTO’s highest-level decision-making body in Geneva, meeting regularly to carry out the functions of the WTO. It has representatives (usually ambassadors or equivalent) from all member governments and has the authority to act on behalf of the ministerial conference which only meets about every two years. The current chairperson is H.E. Mr. Shahid BASHIR (Pakistan).

The General Council also meets, under different rules, as the [Dispute Settlement Body](http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm) and as the [Trade Policy Review Body](http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm).

### Accession process:

1A country wishing to accede to the WTO submits an application to the General Council, and has to describe all aspects of its trade and economic policies that have a bearing on WTO agreements.

The application is submitted to the WTO in a [memorandum](https://en.wikipedia.org/wiki/Memorandum) which is examined by a working party open to all interested WTO Members. Working party focuses on issues of discrepancy between the WTO rules and the applicant's international and domestic trade policies and laws. It also determines the terms and conditions of entry into the WTO for the applicant nation.

The final phase of accession involves bilateral negotiations between the applicant nation and other working party members regarding the concessions and commitments on tariff levels and market access for goods and services. The new member's commitments are to apply equally to all WTO members under normal non-discrimination rules, even though they are negotiated bilaterally.

When the bilateral talks conclude, the working party sends to the general council or ministerial conference an accession package, which includes a summary of all the working party meetings, the Protocol of Accession (a draft membership treaty), and lists ("schedules") of the member-to-be's commitments. Once the general council or ministerial conference approves of the terms of accession, the applicant's parliament must ratify the Protocol of Accession before it can become a member.

### Members and observers :

The WTO has 159 members and 25 observer governments. WTO members do not have to be full [sovereign](https://en.wikipedia.org/wiki/Sovereignty) nation-members. Instead, they must be a customs territory with full autonomy in the conduct of their external commercial relations.

The WTO Secretariat omits the official titles (such as Counselor, First Secretary, Second Secretary and Third Secretary) of the members of Chinese Taipei's Permanent Mission to the WTO, except for the titles of the Permanent Representative and the Deputy Permanent Representative.

[Iran](https://en.wikipedia.org/wiki/Iran) is the biggest economy outside the WTO. With the exception of the [Holy See](https://en.wikipedia.org/wiki/Holy_See), observers must start accession negotiations within five years of becoming observers. A number of international intergovernmental organizations have also been granted observer status to WTO bodies. 14 states and two territories so far have no official interaction with the WTO.

**PRINCIPLES OF TRADING SYSTEM**

WTO establishes a framework for trade policies; it does not define or specify outcomes. That is, it is concerned with setting the rules of the trade policy games. Five principles are of particular importance in understanding both the pre-1994 GATT and the WTO:

1. **Non-discrimination**. It has two major components: the most favoured nation (MFN) rule, and the national treatment policy. Both are embedded in the main WTO rules on goods, services, and intellectual property, but their precise scope and nature differ across these areas. The MFN rule requires that a WTO member must apply the same conditions on all trade with other WTO members, i.e. a WTO member has to grant the most favorable conditions under which it allows trade in a certain product type to all other WTO members. Grant someone a special favour and you have to do the same for all other WTO members. National treatment means that imported goods should be treated no less favorably than domestically produced goods (at least after the foreign goods have entered the market) and was introduced to tackle non-tariff barriers to trade (e.g. technical standards, security standards et al. discriminating against imported goods).
2. **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. A related point is that for a nation to negotiate, it is necessary that the gain from doing so be greater than the gain available from unilateral liberalization; reciprocal concessions intend to ensure that such gains will materialize.
3. **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. If satisfaction is not obtained, the complaining country may invoke the WTO dispute settlement procedures.
4. **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. These internal transparency requirements are supplemented and facilitated by periodic country-specific reports (trade policy reviews) through the Trade Policy Review Mechanism (TPRM). The WTO system tries also to improve predictability and stability, discouraging the use of quotas and other measures used to set limits on quantities of imports.
5. **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.

**CONCLUSION**

The purpose of the WTO is to ensure that global trade commences smoothly, freely and predictably. The WTO creates and embodies the legal ground rules for global trade among member nations and thus offers a system for international commerce. The WTO aims to create economic peace and stability in the world through a multilateral system based on consenting member states that have ratified the rules of the WTO in their individual countries as well. This means that WTO rules become a part of a country's domestic legal system. The rules, therefore, apply to local companies and nationals in the conduct of business in the international arena.