

World Trade Organization

The World Trade Organization (WTO) is an intergovernmental organisation that regulates international trade in products, services, and intellectual property by providing a forum for negotiating trade agreements between participating countries. It acts as a dispute resolution platform for the countries. The World Trade Organization is a 'member-driven' organisation, with decisions made by general agreement among all member governments, and it deals with global or near-global trade laws.

- WTO headquarters are in Geneva, Switzerland.
- WTO is not an specialised agency of United Nations unlike WBG, IMF etc. but maintain strong ties with UN.

History

The World Trade Organization (WTO) was founded on January 1, 1995, as part of the Marrakesh Agreement. It replaced the General Agreement on Tariffs and Trade (GATT), which began in 1948, and was signed by 124 countries on April 15, 1994. It is the largest international organization in the world for economy.

| Positive | Negative |
|---|--|
| 1. Improved Agricultural technologies | |
| 2. Increased Exports | 1. Flood of cheap imported products |
| 3. Increase in Indian Forex | 2. Subsidy clause (Box system) |
| 4. Introduction of new technologies | 3. Unfavorable trade clauses to developing countries |
| 5. Investment in Economy | 4. Patent under TRIPS and its misuse |
| 6. Reduction in predatory trade practices | |
| 7. Protection to intellectual properties | |

WTO's Positive Impacts

Improved Agricultural technologies:

Agriculture has a long tradition in India, dating back ten thousand years. The WTO Agriculture Agreement, also known as the "International Treaty," was one of the major agreements signed during the Uruguay Round, with a total of 123 countries participating. WTO laws have the aim of encouraging free and liberal trade. This led to free flow of ideas and technologies along with goods. Technologies like BT can be said as example of impacts of WTO.

Increased Exports



As a result, WTO Norms play a critical role in improving the socioeconomic conditions of India's rural population. WTO Laws, in truth, have a direct or indirect impact on the Indian economy. Reduced trade barriers and domestic subsidies lift the price of agricultural products on the international market, and India hopes to benefit from this by increasing agricultural export earnings.

Growth in merchandise export: The World Trade Organization (WTO) increased developed countries' exports by lowering tariffs and non-tariff trade barriers. India's merchandise exports increased from 3 billion US dollars in 1995 to 30.12 billion US dollars in 2007. (April 2021).

Growth in service exports: The World Trade Organization (WTO) established the GATS (General Agreement on Trade in Services), which benefited countries like India. India's service exports rose from \$5 billion in 1995 to 390 billion in 2008-09, accounting for 45 percent of the country's total service exports

Textile and clothing: Textiles and apparel The elimination of MFA (Multi Fiber Arrangements) would aid developing countries like India in increasing textile and clothing exports.

Increased Indian Forex

Indian Forex increased from \$20 Bn in 1995 to \$590 Bn in 2021. It includes foreign currency reserves, Gold reserves, SDR, and Reserve Tranche Position.

Investment in Economy

The WTO member countries have agreed to remove limits on foreign investment as part of the TRIMs agreement. Foreign direct investment, equity investments, and portfolio investment have all helped developing countries. In 2020, India received 50 billion dollars in net foreign direct investment.

Protection to intellectual properties

TRIPS (Intellectual Property Rights) has protected intellectual properties from being stolen. Indian traditional rights, economic development and technologies are now safer.

WTO's Negative Impacts

However, this idea was widely misunderstood. Exporting countries began dumping their goods in importing countries, posing a serious threat to developing countries' economies, especially India's agriculture.

The Indian economy has changed dramatically since the WTO was founded. The WTO Agriculture Agreement has had a major effect on Indian agriculture, which India has felt on many occasions. CAM (Competitive Agricultural Markets) was inaccurate. Few large MNCs and trading agents dominated agricultural exports. Cheap imports have frequently reached Indian markets, sending agricultural producers into a frenzy. Because of the lack of openness during talks, the later results of WTO policies were undemocratic. There are also other reasons for India's poor productivity. Except for the rice industry, India is a minor player in the global market.

TRIPs (Trade Related aspects of Intellectual Property)



The WTO's main concern has been the protection of intellectual property rights. India, as a WTO member, is required to adhere to TRIPs standards.

- The TRIPs agreement, on the other hand, contradicts the Indian Patent Act of 1970 in the following way.

Pharmaceutical sector

Chemicals, medications, and medicines are only given process patents under the Indian Patent Act of 1970. As a result, if a corporation has a product patent, it can legally produce. As a result, Indian pharmaceutical companies could provide low-cost, high-quality drugs.

However, under the TRIPs deal, product patents will be issued, increasing the price of medications and putting them out of reach of the poor. Luckily, most drugs made in India are not subject to patents, so they will be less affected.

GATS Agreement

The GATS agreement would also benefit developing countries more. As a result, India's rapidly rising services sector will now have to contend with multinational corporations. Furthermore, since foreign companies are permitted to remit earnings, dividends, and royalties to their parent company, India will face a foreign exchange burden.

Reduction in Barriers

The reduction of trade and non-tariff barriers has harmed the exports of a number of developing countries. Non-tariff barriers have affected a number of Indian goods. Textiles, marine products, floriculture, medicinal basmati rice, carpets, leather goods, and so on are among them.