

## General Studies-3; Topic: Important International institutions, agencies and fora- their structure, mandate.

### The Decline of the WTO

#### 1) Introduction

- The WTO's latest ministerial conference in Buenos Aires ended with a lot of talk but no meaningful action.
- The last 'low-hanging fruit' the WTO was able to garner for its members was the Trade Facilitation Agreement at the Bali ministerial in 2013.

#### 2) Present Trend

- Growing tension between developing countries who want to address "legacy issues" and inequalities, and developed countries move to new issues like e-commerce and investment facilitation.
- Since the late 2000s, the organisation has been unable to carry out a successful conduct of multilateral trade negotiations.
- Inability of WTO to bring together the developed and developing countries to build consensus on Doha Agenda.
- One-sided nature of the original agreements
- The North-South divide
- BRICS lobby on subsidies, agriculture and food security at successive ministerial meetings.
- Declining role of dispute settlement body. It has not been able to enforce its rulings effectively.
- Negotiations are becoming more cumbersome
- The U.S. and the EU have been losing interest in multilateralism in trade.
- US having stepped back from its traditional leadership role when it comes to international trade.

#### 3) US Position

- The US has been a reluctant participant in the WTO dispute resolution process.
- US's patchy compliance with WTO decisions
- In a dispute where US online gambling sites were noted to be GATS non-compliant, the US offered a \$200 million settlement package to Antigua and Barbuda. However, it has only paid \$2 million till now.
- South Korea has stated that the US has not implemented the WTO ruling on South Korean washing machines
- In third-party disputes, the US has taken a position that undermines the dispute settlement system.
- The US has refused to participate in the appointment of new judges to the appellate body.

#### 4) Consequences

- Real threat to the entire WTO system and the dispute resolution mechanism.
- Trump's position of 'America First', and now slowly dismantling the working of the WTO system, will have long-term effects on global trade.
- The pendulum of global trade is swinging from the richest nations to the most populous ones.
- Global rule-making will face serious problem if countries take actions that lead to loss of trust in having a constructive dialogue process.

### 5) Need for Multilateralism

- Multilateral agreements within the WTO framework have far-reaching implications on global trade unlike bilateral deals.
- A weakened EU and Britain need a robust multilateral system
- Outside the WTO system, weaker countries will be disadvantaged.
- Regionalism cannot be an alternative. Regional trade groups have succeeded in some places and they have not elsewhere.
- India's own experience with bilateral trade agreements has not always been good.
- The world therefore benefits from a multilateral trade body – though a fairer one than the WTO of the 1990's.

### 6) India's Role

- As the U.S. loses interest in multilateralism in trade, India should actively try to arrest the organisation's slide
- India should be more actively engaged to make the WTO a more equitable organisation.
- India needs to work on persuading all members of the WTO to return to the table and negotiate on issues like agriculture, industrial tariffs, and services.
- India's positions have much in common with the African nations' stand; we have to build bridges with Africa.
- India needed to quickly forge a larger alliance to counter the moves that are against India's interests.
- India's journey towards achieving 5 trillion dollar economy is not possible without expansion of our basket of global trade.

### 7) Way Forward

- WTO needs to reinvent itself, focusing on issues where consensus can be built.
- BRICS can play important role in bringing WTO back in center stage.
- Development and inclusiveness must remain at the heart of our work.