

WORLD TRADE ORGANIZATION (WTO): STRUCTURE, FUNCTIONS AND CONTEMPORARY CHALLENGES

*** ANIL**

1. Introduction

The **World Trade Organization (WTO)** is the principal international institution governing global trade relations. Established on **1 January 1995**, the WTO replaced the **General Agreement on Tariffs and Trade (GATT 1947)**, marking a shift from a provisional trade arrangement to a permanent, rules-based multilateral system. The WTO seeks to promote free, fair, and predictable international trade while balancing developmental concerns of member states.

2. Objectives of the WTO

The WTO's core objectives include:

- A. Raising standards of living and real income
- B. Ensuring full employment
- C. Expanding production and trade of goods and services
- D. Optimal use of world resources in accordance with sustainable development
- E. Integrating developing and least-developed countries into the global trading system

These objectives are reflected in the **Preamble to the Marrakesh Agreement**, the WTO's founding charter.

3. Membership and Legal Status

- A. The WTO currently comprises **164 member countries**, representing over **98% of global trade**.
- B. Membership is based on acceptance of all WTO agreements as a **single undertaking**.
- C. The WTO is a **member-driven organization**, where decisions are taken by consensus rather than voting.

4. Structure of the WTO

The institutional structure of the WTO includes:

(a) Ministerial Conference

The highest decision-making body, meeting at least once every two years. It has authority over all WTO matters.

(b) General Council

Functions as:

- I. Dispute Settlement Body (DSB)
- II. Trade Policy Review Body (TPRB)

(c) Councils and Committees

- I. Council for Trade in Goods
- II. Council for Trade in Services
- III. Council for TRIPS
- IV. Various committees on agriculture, subsidies, safeguards, SPS, TBT, etc.

5. Core WTO Agreements

The WTO framework consists of several binding agreements:

(a) GATT 1994

Governs trade in goods and embodies principles such as:

- I. Most-Favoured-Nation (MFN) treatment
- II. National Treatment
- III. Tariff bindings
- IV. Prohibition of quantitative restrictions

(b) GATS

The **General Agreement on Trade in Services (GATS)** regulates international trade in services through four modes of supply:

1. Cross-border supply
2. Consumption abroad
3. Commercial presence
4. Presence of natural persons

(c) TRIPS Agreement

The **Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)** sets minimum standards for protection and enforcement of intellectual property rights, including patents, copyrights, trademarks, and geographical indications.

6. Fundamental Principles of the WTO

(i) Most-Favoured-Nation (MFN)

Non-discrimination among trading partners; any advantage given to one member must be extended to all.

(ii) National Treatment

Imported goods and services must be treated no less favourably than domestic ones after entry into the market.

(iii) Transparency

Members must publish trade regulations and notify changes to the WTO.

(iv) Reciprocity and Predictability

Mutual reduction of trade barriers and binding of tariffs to ensure certainty.

7. WTO Dispute Settlement Mechanism (DSM)

The WTO's dispute settlement system is often described as its **“crown jewel.”**

Key Features:

- A. Compulsory jurisdiction
- B. Fixed timelines
- C. Binding rulings
- D. Appellate review

Disputes are adjudicated through panels and the **Appellate Body**, although the latter is currently non-functional due to appointment deadlocks.

8. Trade Policy Review Mechanism (TPRM)

The TPRM enhances transparency by periodically reviewing the trade policies of member countries. Reviews are more frequent for major trading nations and less frequent for developing and least-developed countries.

9. Special and Differential Treatment (SDT)

The WTO recognizes the special needs of developing and least-developed countries by providing:

- A. Longer transition periods
- B. Technical assistance

- c. Flexibilities in implementation
- D. Preferential market access

10. India and the WTO

India has played a significant role in WTO negotiations, particularly in:

- A. Agriculture and food security
- B. Public stockholding
- C. TRIPS flexibilities and access to medicines
- D. Services trade (Mode 4 – movement of natural persons)

India often aligns with developing-country coalitions to protect domestic policy space.

11. Contemporary Challenges Facing the WTO

- A. Paralysis of the Appellate Body
- B. Rising protectionism and unilateral trade measures
- C. Digital trade and e-commerce regulation
- D. Climate change and carbon border taxes
- E. Balancing free trade with public health and food security

12. Conclusion

The WTO remains central to global economic governance despite facing institutional and political challenges. Reforming its dispute settlement mechanism, updating trade rules to address digital and environmental concerns, and strengthening inclusivity for developing nations are critical for the WTO's continued relevance in the 21st century.