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WORLD TRADE
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Outline

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- Facts About WTO
- Basic Principles Of WTO
- Objectives Of WTO
- Functions Of WTO
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- The Agreements
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INTRODUCTION

Definition : According to the World Trade Organization they explain itself as

“the World Trade Organization (WTO) is the only international organization dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.”



FACTS ABOUT WTO

- Location: Geneva, Switzerland
- Established: 1 January 1995
- Created by: Uruguay Round negotiations (1986-94)
- Membership: 162 countries on 30 November 2015
- Budget: 196 million Swiss francs for 2011
- Secretariat staff: 640
- Head: Roberto Azevêdo (Director-General)



BASIC PRINCIPLES OF WTO

- **Non discrimination**

For eg. India is trading with many countries by imposing some tariffs on import or export, but acc. to WTO we can not impose high tariffs on one trading nation and low tariffs on another. We have to treat them equally.



BASIC PRINCIPLES OF WTO

- **Transparency**

For eg. India changed its policies regarding direct foreign investment. So Indian Government released a press note for other countries regarding its policy change. Press note came in effect from May 12, 2015.

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BASIC PRINCIPLES OF WTO

- **Binding Commitments**

For eg. India is doing free trade with Sri Lanka (1998) and Thailand (2003), having trade agreements with Bangladesh, Bhutan, Maldives, Japan, South Korea, Mongolia etc.



BASIC PRINCIPLES OF WTO

- **Reciprocity**

For eg. In case of Russia–USA and Iran–UNO, trade sanctions was imposed on Russia and Iran prohibiting them to do trade with other countries.

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BASIC PRINCIPLES OF WTO

- **Safety valve**

For eg. India imposes sanctions on import of tyres from China as it threatens the domestic tyre manufacturing companies sales.



OBJECTIVES OF WTO

- To improve the standard of living of people in the member countries.
- To ensure full employment and broad increase in effective demand.
- To enlarge production and trade of goods.
- To increase the trade of services.
- To ensure optimum utilization of world resources.
- To protect the environment.
- To accept the concept of sustainable development.

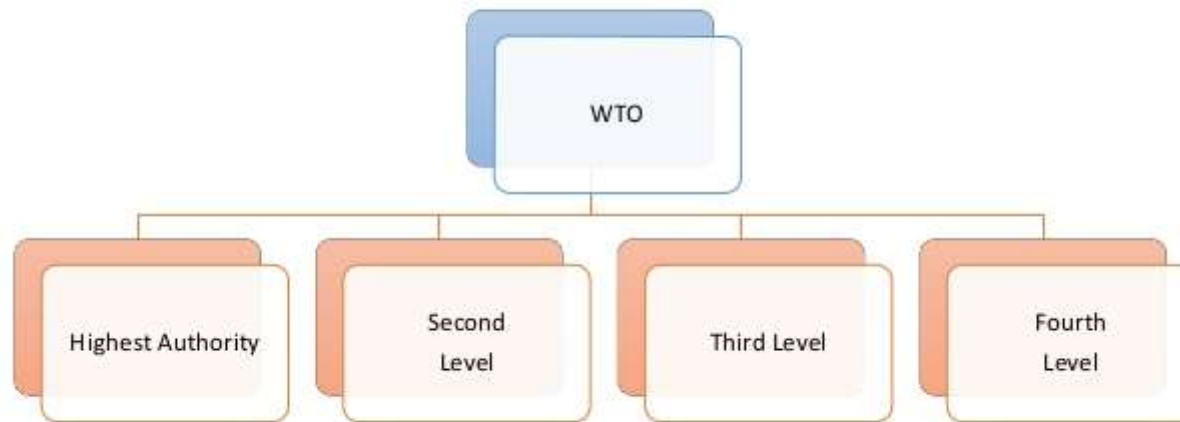


FUNCTIONS OF WTO

- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Cooperation with other international organizations



STRUCTURE OF WTO



STRUCTURE OF WTO

- **Highest authority** : Its function is to conduct ministerial conference. It occurs generally two or three times in a year.
- **Second level** : Its function is to over look day to day work of the organization. It consists of three working bodies.
 1. The General Council
 2. The Dispute Settlement Body
 3. Trade Policy Review Body

STRUCTURE OF WTO

- **Third level** : Its function to over look broad areas of individual matter. They are as –
 1. Council For Trade In Goods
 2. Council For Trade In Services
 3. Council for Trade-Related Aspects of Intellectual Property Rights
- **Fourth level** : Deals in various subjects like agriculture, market access, subsidies, anti-dumping measures and so on.

THE AGREEMENTS

- The WTO agreements cover goods, services and intellectual property.
- They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open and keep open services markets.
- These agreements are often called the WTO's trade rules, and the WTO is often described as "rule-based", a system based on rules.
- The agreements for the two largest areas - goods and services

AGREEMENT ON AGRICULTURE

- The important agreements related to agriculture and livestock products including dairy products are: Agreement on Agriculture (AoA) and Sanitary and Phytosanitary (SPS) Agreement.
- Three pillars of Agreement on Agriculture are as:



IMPACT OF WTO ON INDIAN DAIRY SECTOR

- India's trade in milk products – both exports and imports – is very much influenced by the policies of WTO.
- Different kinds of subsidies provided by many developed Countries to their farmers including milk producers distort international dairy market prove to the disadvantageous to milk producers of India.
- Many countries like Finland, Japan, Norway imposed about 200% to 300% tariffs to restrict import of dairy products from other countries.

IMPACT OF WTO ON INDIAN DAIRY SECTOR

- Higher standards for food safety and quality are imposed by many importing countries, encompassing animal health requirements, standards on microbiological quality, environmental contaminants etc.
- It is difficult for India to meet these standards due to lack of infrastructural facilities.