



WORLD TRADE ORGANIZATION (WTO)

FACTS

Established

January 1, 1995 as a successor of GATT

Headquarters Location

Geneva, Switzerland

Budget (2009)

189.3 million Swiss Francs
(Approx: \$187.3 million USD)

Head

Pascal Lamy - Director-General

Membership

153 Member Countries

Accession

29 countries are in the process of accession.

Observer Governments

Currently 30 countries that must start accession negotiations within 5 years of becoming an observer.

(Source: WTO)

Functions of the WTO

- Administer trade agreements
- A forum for trade negotiations
- Settle trade disputes
- Monitor national trade policies
- Assist developing countries in trade policy issues through technical assistance and training programs

Benefits of the WTO

- The system helps promote peace and encourages good government
- Trade raises income and stimulates economic growth
- Disputes are handled constructively
- Rules make life easier for all
- Basic principles make life efficient
- Freer trade cuts the cost of living
- Shields governments from lobbying
- Wider selection of quality products

WHAT IS THE WTO AND WHAT ARE ITS GOALS?

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. The WTO evolved from the post-WWII General Agreement on Tariffs and Trade (GATT) and is based on agreements negotiated and signed by the bulk of the world's trading nations and ratified by their governments. These are the legal ground rules for international commerce and for trade policy. The agreements have three main objectives: to help trade flow as freely as possible, to achieve further liberalization gradually through negotiation, and to set up an impartial means of settling disputes. The goal is to help producers of goods and services, exporters and importers conduct their business more efficiently. The WTO's global system attempts to lower trade barriers through negotiation and applies the principle of non-discrimination. The result is reduced costs of production, reduced prices of finished goods and services, and ultimately a lower cost of living.

WHO RUNS THE WTO?

The WTO is run by its member governments. All major decisions are made by the membership as a whole, either by ministers or by officials (who meet regularly in Geneva). Decisions are normally made by consensus. The highest authority is the ministerial conference which meets at least once every two years. More routine work is supervised by the General Council. Numerous other councils, committees, working parties and negotiating groups cover a wide range of issues.



WORLD TRADE ORGANIZATION (WTO)

WHO CAN JOIN THE WTO?

Any state or customs territory having full autonomy in the conduct of its trade policies may become a member (“accede to”) the WTO, but all WTO members must agree on the terms. This is done through the establishment of a working party of WTO members and through a process of negotiations. For a complete list of member countries, observer governments, and those in accession negotiations see: http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm

DISPUTE SETTLEMENT

The WTO considers dispute settlement central to the multilateral trading system. The system is based on clearly-defined rules, with timetables for completing a case. First rulings are made by a panel and endorsed (or rejected) by the WTO’s full membership. Appeals based on points of law are possible. However, the priority is to settle disputes through consultations, if possible.

By July 2005, only 130 of the nearly 332 cases initiated had reached the full panel process. Most of the remainder have either been notified as settled “out of court” or remain in a prolonged consultation phase – some since 1995.

Disputes in the WTO are essentially about broken promises. WTO members agree that if they believe fellow members are violating trade rules, they will use the multilateral system to settle disputes instead of taking action unilaterally. That means abiding by the agreed procedures.

A dispute arises when one country adopts a trade policy measure or takes action that one or more WTO members consider to be in violation of WTO agreements, or to be a failure to live up to obligations. A third group of countries can declare that they have an interest in the case also.

One of the principles of the WTO system is for countries to lower their trade barriers and to allow trade to flow more freely. How low those barriers should go is something member countries bargain with each other. Their negotiating positions depend on how ready they feel they are to lower the barriers, and on what they want to obtain from other members in return.

The WTO’s role is to provide the forum for negotiating trade liberalization. It also provides the rules for how liberalization can take place. It may be said such a forum is a better alternative to trade wars. Large and small countries can address their disputes in a diplomatic manner in an organization that strives for expanded trade.

As of this date, the U.S. is named as a participant in 200 disputes going back to 1995. To search for a dispute on the WTO website see:

http://www.wto.org/english/tratop_e/dispu_e/find_dispu_cases_e.htm

A U.S. company that has a dispute inquiry regarding unfair trade practices should first contact the Office of the U.S. Trade Representative (see: www.ustr.gov). The USTR has a permanent office at the WTO in Geneva, and a contact at their Washington, D.C. headquarters for WTO and Multilateral Affairs at (202) 395-3063.



WORLD TRADE ORGANIZATION (WTO)

VEDP SERVICES

The VEDP offers a number of export-related services to Virginia businesses, including group market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org.

ADDITIONAL RESOURCES

- Americans and the World “Report on International Trade: World Trade Organization” available at: http://www.americans-world.org/digest/global_issues/intertrade/wto.cfm
- Common Front on the WTO (opponents of the WTO): <http://www.wtoaction.org/>
- World Bank / WTO Trade and Development Centre: <http://www.itd.org/>

WORKS CITED

World Trade Organization. <<http://www.wto.org/index.htm>>

Last Updated: November 2009

**Information provided by VEDP Fast Facts is intended as advice and guidance only. The information is in no way exhaustive and the VEDP is not a licensed broker, banker, shipper or customs agency. VEDP shall not be liable for any damages or costs of any type arising out of, or in any way connected with the use of, these Fast Facts.*