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## FACT SHEET

# WHAT IS THE WTO?

### NAME

World Trade Organisation (WTO)

### ESTABLISHED

1995

### LOCATION HQ

Geneva, Switzerland

### AIM

To increase and promote trade and to improve the welfare of the peoples of the member countries.<sup>1</sup>

### ROLE

To promote and enforce international trade laws and regulations

### HISTORY

The WTO was established in 1995 to replace the former international trade agreement known as GATT (General Agreement on Tariffs & Trade). The initial agreement focused on trade regulation of merchandise goods, but the WTO has since expanded to include regulation of trade, services, and protection of intellectual property.

### MEMBERSHIP

The WTO is an organisation whose membership is made up of participating sovereign states. At present, 148 countries belong to the WTO, 31 states are observer states. WTO member nations account for 90% of global trade. Three-quarters of the member states are classified as 'developing' or have 'least-developed' status.

The WTO is controlled by a council and specialist committees, which are made up of the members, with the Director-General (currently Supachai Panitchpakdi from Thailand) being appointed from the council. Decisions are reached by voting or consensus.

The WTO employs approximately 600 staff in Geneva and the role of the administration is to:

- Administer and enforce new and existing free trade agreements
- Monitor world trade and settle disputes
- Provide technical assistance and training for developing countries
- Co-operate with other international organisations

The WTO advocate open multi-lateral trade. They use this term as opposed to the term global, because not all trading countries are members of the WTO and use of the word, 'global' infers that trade is international.

The WTO promote 'national treatment', whereby foreign goods having entered a domestic market are given equal status with locally produced products. They want to remove what they regard as discriminatory trade practices such as selective tariffs, subsidies, and conferring favoured nation status on individual states. The WTO believe protectionism creates inefficiency, which can result in unemployment and economic downturn.

The WTO wants to increase investor confidence by ensuring that markets remain stable and predictable. Erratic actions and ad-hoc policies of individual states are seen as detrimental to good trade practices. The UN estimate that poor countries lose up to \$4 billion a day due to unfair trade practices, approximately 14 times the amount they receive in foreign aid<sup>2</sup>

1 <http://www.wto.org>  
 2 [www.wdm.org.uk/cambriefs/wto/tricks.pdf](http://www.wdm.org.uk/cambriefs/wto/tricks.pdf)




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**RELATIONSHIP WITH DEVELOPING COUNTRIES**

Approximately 100 countries within the organisation are classified as 'developing', and the WTO states that its aim is to assist full integration of these countries into the global economy. Their policy states that support will be provided to develop infrastructure and expertise in international trade, and longer time periods will be provided to implement WTO policy.

**CRITICISMS DIRECTED AGAINST THE WTO**

- There is increasing concern that global free trade may be doing more harm than good and that human and environmental needs, along with economic sovereignty of individual states, are being sacrificed to the ideals of global free trade.
- Opponents claim that the WTO is supposed to oversee world trade to benefit all, however since its establishment it has developed a reputation for increasing inequality between countries and for favouring citizens in favour of corporations. Rather than assisting with development, opponents believe WTO legislation has made it more difficult for poorer countries to develop their industries, and they cannot compete with large multi national corporations and heavily subsidised US and European farmers. Economic inequalities have not been addressed and WTO policies have ensured that global wealth remains concentrated in the hands of a minority.
- Developing countries are vulnerable to economic penetration by richer nations, and trans-national corporations (TNCs) have been able to exploit developing countries 'open' markets. The expansion of TNCs has had a negative impact on smaller businesses, labour standards, and basic freedoms.
- Opponents believe that the WTO is dictatorial and that members are forced to conform to WTO free trade policies. Critics also argue that membership of the WTO has almost become obligatory, and that individual states are giving away their sovereignty. Developing states, which supposedly have a 'voice' in decision-making, in reality have very little bargaining power. (eg. The Seychelles controls only 0.004% of the vote).

**MEMORABLE MEETINGS OF THE WTO**
**November 1999: Seattle**

In an unprecedented development, talks at the WTO Ministerial meeting in Seattle collapsed. This happened because of an increased awareness that international trade rules remain deeply unfair, and there were intense demonstrations by protestors which brought the meeting to public attention.

**November 2001: Doha, Qatar**

The Doha Declaration launched new trade agreements that were a disaster for poor people around the world. It marks a reckless and dangerous extension of the WTO at a time when the cost of current trade agreements is already being counted in people's lives. Developing countries do not have the capacity or the wish to negotiate these new agreements.

**September 2003, Cancun, Mexico**

The Mexico meeting ended in a deadlock because developing nations refused to be pushed into a corner and sign the agreements from Doha 2001 - and they proved that they were a force to be reckoned with. The E.U. wanted more free trade, fewer barriers and other measures that would have hurt the developing countries ability to compete.





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**GLOSSARY**

<b>Multi-lateral</b>	When an action involves two or more countries
<b>Bi-lateral</b>	an action that involves two sides or countries
<b>Uni-lateral</b>	when an action affects or is performed by only one side or one country
<b>Protectionism</b>	system or policy of restriction eg. trade tarrifs are designed to protect domestic industries from foreign competition.

**RELEVANT LINKS**

[www.wtowatch.org](http://www.wtowatch.org)

[www.wdm.org.uk](http://www.wdm.org.uk)

[www.focusweb.org](http://www.focusweb.org)

[www.citizen.org](http://www.citizen.org)

[www.wto.org](http://www.wto.org)